

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

**FORM S-3
REGISTRATION STATEMENT**
*UNDER
THE SECURITIES ACT OF 1933*

CALIFORNIA RESOURCES CORPORATION
(Exact name of registrant as specified in its charter)

Delaware
(State or Other Jurisdiction of
Incorporation or Organization)

46-5670947
(I.R.S. Employer
Identification No.)

**1 World Trade Center, Suite 1500
Long Beach, California 90831
(888) 848-4754**
(Address, Including Zip Code, and Telephone Number, Including Area Code, of Registrant's Principal Executive Offices)

Michael L. Preston
Executive Vice President, Chief Strategy Officer and General Counsel
California Resources Corporation
1 World Trade Center, Suite 1500
Long Beach, California 90831
(888) 848-4754
(Name, Address, Including Zip Code, and Telephone Number, Including Area Code, of Agent For Service)

Copies to:
Sarah K. Morgan
Scott D. Rubinsky
Vinson & Elkins L.L.P.
845 Texas Avenue, Suite 4700
Houston, Texas 77002
(713) 758-2222

Approximate date of commencement of proposed sale to the public: From time to time after this registration statement becomes effective.

If the only securities being registered on this Form are being offered pursuant to dividend or interest reinvestment plans, please check the following box: ☐

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, other than securities offered only in connection with dividend or interest reinvestment plans, check the following box. ☒

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If this Form is a registration statement pursuant to General Instruction I.D. or a post-effective amendment thereto that shall become effective upon filing with the Commission pursuant to Rule 462(e) under the Securities Act, check the following box. ☒

If this Form is a post-effective amendment to a registration statement filed pursuant to General Instruction I.D. filed to register additional securities or additional classes of securities pursuant to Rule 413(b) under the Securities Act, check the following box: ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 7(a)(2)(B) of the Securities Act. ☐

PROSPECTUS

CALIFORNIA RESOURCES CORPORATION

21,315,707 SHARES OF COMMON STOCK

This prospectus relates to the offer and sale by the selling security holders identified in this prospectus of up to 21,315,707 shares of the common stock, par value \$0.01 per share (“common stock”), of California Resources Corporation (the “Company,” “CRC,” “we,” “our” or “us”). We are not selling any common stock and we will not receive any proceeds from the sale of the shares of common stock by the selling security holders. We have paid the fees and expenses incident to the registration of the shares of common stock for sale by the selling security holders.

Our registration of the shares of common stock covered by this prospectus does not mean that the selling security holders will offer or sell any of the common stock. The selling security holders may sell the common stock covered by this prospectus in a number of different ways and at varying prices. For information on the possible methods of sale that may be used by the selling security holders, you should refer to the section entitled “Plan of Distribution” beginning on page 23 of this prospectus.

We are registering these 21,315,707 shares of our common stock for sale by the selling stockholders named in the section of this prospectus titled “Selling Stockholders” pursuant to that certain Registration Rights Agreement (the “Registration Rights Agreement”), dated July 1, 2024, by and between the Company and each of the seller parties thereto (the “Holders”) entered into in connection with CRC’s business combination (the “Aera Merger”) with the Aera Companies (as defined below). The shares registered hereby are subject to certain lock up restrictions as set forth in the Registration Rights Agreement.

We may amend or supplement this prospectus from time to time by filing amendments or supplements as required. You should read this entire prospectus and any amendments or supplements carefully before you make your investment decision.

Our common stock is quoted on the New York Stock Exchange (“NYSE”) under the symbol “CRC.” On August 2, 2024, the last reported sale price of our common stock on the NYSE was \$47.40 per share.

Investing in our common stock involves a high degree of risk. Please read carefully the information under the heading “[Risk Factors](#)” beginning on page 7 of this prospectus and any applicable prospectus supplement and in the documents incorporated by reference in this prospectus and in any prospectus supplement before you make an investment decision.

Neither the SEC nor any state securities commission has approved or disapproved of these securities or passed upon the accuracy or adequacy of this prospectus. Any representation to the contrary is a criminal offense.

This prospectus is dated August 5, 2024.

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You should rely only on the information contained in or incorporated by reference into this prospectus and any prospectus supplement. We have not, and the selling security holders have not, authorized any dealer, salesman or other person to provide you with additional or different information. If anyone provides you with different or inconsistent information, you should not rely on it. This prospectus and any prospectus supplement are not an offer to sell or the solicitation of an offer to buy any securities other than the securities to which they relate and are not an offer to sell or the solicitation of an offer to buy securities in any jurisdiction to any person to whom it is unlawful to make an offer or solicitation in that jurisdiction. You should not assume that the information contained in this prospectus is accurate as of any date other than the date on the front cover of this prospectus, or that the information contained in any document incorporated by reference is accurate as of any date other than the date of the document incorporated by reference, regardless of the time of delivery of this prospectus or any sale of a security.

ABOUT THIS PROSPECTUS

This prospectus is part of a registration statement that we filed with the Securities and Exchange Commission (the “SEC”), using a “shelf” registration process. Under this shelf registration process, the selling security holders may offer and sell, from time to time, up to 21,315,707 shares of our common stock under this shelf registration statement. This prospectus provides you with a general description of the securities the selling security holders may offer. We may provide you with a prospectus supplement containing specific information about the terms of a particular offering by the selling security holders. The prospectus supplement may also add, update or change information contained in this prospectus. Any statement that we make in this prospectus will be modified or superseded by any inconsistent statement made by us in a prospectus supplement.

Additional information, including our financial statements and the notes thereto, is incorporated in this prospectus by reference to our reports filed with the SEC. Please read “Where You Can Find More Information” below. You are urged to read this prospectus carefully, including “Risk Factors,” any prospectus supplement and the documents incorporated by reference in their entirety before investing in our common stock.

Unless the context requires otherwise or unless otherwise noted, all references in this prospectus or any accompanying prospectus supplement to “CRC,” the “Company,” “we,” “us” or “our” are to California Resources Corporation and its subsidiaries.

WHERE YOU CAN FIND MORE INFORMATION

We file annual, quarterly and current reports and other information with the SEC (File No. 001-36478) pursuant to the Securities Exchange Act of 1934, as amended (the “Exchange Act”). The SEC maintains a website that contains these and other reports, proxy and information statements and other information regarding registrants that file electronically with the SEC. The address of the SEC’s website is www.sec.gov. Our filings are also available to the public on our website at www.crc.com, free of charge. Information on our website does not constitute part of this prospectus. You may inspect a copy of the registration statement through the SEC’s website, as provided herein.

The SEC allows us to “incorporate by reference” the information we have filed with the SEC. This means we can disclose important information to you without actually including the specific information in this prospectus by referring to those documents. The information incorporated by reference is an important part of this prospectus, and the information that we later file with the SEC will automatically update and supersede this information. The following documents that we filed with the SEC pursuant to the Exchange Act are incorporated herein by reference:

- our Annual Report on Form 10-K for the year ended December 31, 2023, filed on [February 28, 2024](#) (the “2023 Annual Report”), including those portions of our definitive proxy statement on Schedule 14A, filed on [March 21, 2024](#), incorporated by reference therein;
- our Quarterly Report on [Form 10-Q](#) for the three months ended March 31, 2024, filed on May 8, 2024;
- our Current Reports on Forms 8-K filed with the SEC on [February 9, 2024](#), [February 14, 2024](#), [March 11, 2024](#), [March 26, 2024](#), [May 7, 2024](#), [May 20, 2024](#), [May 21, 2024](#), [June 5, 2024](#), [June 26, 2024](#) and [July 1, 2024](#) (with respect to each of the foregoing, excluding any information furnished pursuant to Item 2.02 or Item 7.01); and
- the description of our common stock contained in our Registration Statement on [Form 8-A](#), filed on October 27, 2020, including any amendments or reports filed for the purpose of updating the description, including [Exhibit 4.1](#) of the 2023 Annual Report.

These reports contain important information about us, our financial condition and our result of operations.

Any future filings we make with the SEC pursuant to Section 13(a), 13(c), 14 or 15(d) of the Exchange Act (excluding any information furnished pursuant to Item 2.02 or Item 7.01 on any Current Report on Form 8-K) before the termination of each offering under this prospectus shall be deemed to be incorporated in this prospectus by reference and to be a part hereof from the date of filing of such documents. Any statement contained herein, or in a document incorporated or deemed to be incorporated by reference herein, shall be deemed to be modified or superseded for purposes of this prospectus to the extent that a statement contained herein modifies or supersedes such statement.

Upon Request, we will provide a copy of these filings (including certain exhibits that are specifically incorporated by reference therein) to each person, including any beneficial owner, to whom a prospectus is delivered. You may request a copy of any or all of these filings at no cost, by writing or calling us at:

California Resources Corporation
Attention: General Counsel
1 World Trade Center, Suite 1500
Long Beach, California 90831
Phone: (888) 848-4754

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

The information in this prospectus, including the documents incorporated by reference herein, includes “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933 (the “Securities Act”) and Section 21E of the Securities Exchange Act of 1934. All statements other than historical facts are forward-looking statements, and include statements regarding our 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 we believe the expectations and forecasts reflected in our 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 our 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 our actual results to be materially different than those expressed in our forward-looking statements include:

- fluctuations in commodity prices, including supply and demand considerations for our 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 the business of Aera (as defined below);
- regulatory actions and changes that affect the oil and gas industry generally and us in particular, including (1) the availability or timing of, or conditions imposed on, permits and approvals necessary for drilling or development activities or our carbon management business; (2) the management of energy, water, land, greenhouse gases or other emissions, (3) the protection of health, safety and the environment, or (4) the transportation, marketing and sale of our products;
- the impact of inflation on future expenses and changes generally in the prices of goods and services;
- changes in business strategy and our capital plan;
- lower-than-expected production or higher-than-expected production decline rates;
- changes to our estimates of reserves and related future cash flows, including changes arising from our 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 we operate;
- our ability to realize the anticipated benefits from prior or future efforts to reduce costs;

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- 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 our counterparties, including financial institutions, operating partners, carbon capture and storage (CCS) project participants and other parties;
- reorganization or restructuring of our operations;
- our ability to claim and utilize tax credits or other incentives in connection with our CCS projects and clean energy projects;
- our ability to realize the benefits contemplated by our energy transition strategies and initiatives, including CCS projects and other renewable energy efforts;
- our 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 our ability to convert our CDMAs to definitive agreements and enter into other offtake agreements;
- our ability to maximize the value of our carbon management business and operate it on a stand alone basis;
- our ability to successfully develop infrastructure projects and enter into third party contracts on contemplated terms;
- uncertainty around the accounting of emissions and our ability to successfully gather and verify emissions data and other environmental impacts;
- changes to our dividend policy and share repurchase program, and our ability to declare future dividends or repurchase shares under our debt agreements;
- limitations on our financial flexibility due to existing and future debt;
- insufficient cash flow to fund our capital plan and other planned investments and return capital to shareholders;
- changes in interest rates;
- our access to and the terms of credit in commercial banking and capital markets, including our ability to refinance our debt or obtain separate financing for our carbon management business;
- changes in state, federal or international tax rates, including our ability to utilize our net operating loss carryforwards to reduce our income tax obligations;
- effects of hedging transactions;
- the effect of our 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 our 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
- certain risk factors discussed elsewhere in this prospectus.

We caution you not to place undue reliance on forward-looking statements contained in this prospectus, which speaks only as of the date on which such statement is made, and we undertake no obligation to correct or update any forward-looking statement, whether as a result of new information, future events or otherwise, except as required by applicable law. This prospectus may also contain information from third party sources. This data may involve a number of assumptions and limitations, and we have not independently verified them and do not warrant the accuracy or completeness of such third-party information.

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For additional information regarding known material factors that could cause our actual results to differ from projected results please read the risk factors described in the section titled “Risk Factors” beginning on page 8 of this prospectus.

THE COMPANY

We are an independent energy and carbon management company committed to energy transition. We are committed to environmental stewardship while safely providing local, responsibly sourced energy. We are also focused on maximizing the value of our land, mineral ownership, and energy expertise for decarbonization by developing CCS and other emissions-reducing projects.

Our principal executive offices are located at 1 World Trade Center, Suite 1500, Long Beach, California 90831, and our telephone number is (888) 848-4754. Our website address is www.crc.com. Neither our website nor any information contained on our website is part of this prospectus.

Our common stock is quoted on the NYSE under the ticker symbol “CRC.”

RISK FACTORS

An investment in our securities involves a high degree of risk. In addition to the other information included in this prospectus, you should carefully consider each of the risk factors set forth in this prospectus and in our most recent Annual Report on Form 10-K on file with the SEC, any subsequently filed Quarterly Reports on Form 10-Q and any subsequently filed Current Reports on Form 8-K, which are incorporated by reference into this prospectus. Before making an investment decision, you should carefully consider these risks as well as other information we include or incorporate by reference in this prospectus and any prospectus supplement. Any of these risks and uncertainties could have a material adverse effect on our business, financial condition, cash flows and results of operations. If that occurs, the trading price of our common stock could decline materially and you could lose all or part of your investment.

The risks included in this prospectus and the documents we have incorporated by reference into this prospectus are not the only risks we face. We may experience additional risks and uncertainties not currently known to us, or as a result of developments occurring in the future. Conditions that we currently deem to be immaterial may also materially and adversely affect our business, financial condition, cash flows and results of operations.

Risks Relating to the Combined Company

The combined company may not be able to retain customers and retain and hire key personnel and maintain relationships with their suppliers and customers.

As a result of the our business combination with the Aera Companies (the “Aera Merger”), the combined company may experience impacts on relationships with customers and suppliers that may harm the combined company’s business and results of operations. Certain customers or suppliers may seek to terminate or modify contractual obligations following the Aera Merger whether or not contractual rights are triggered as a result of the Aera Merger. There can be no guarantee that customers and suppliers will remain with or continue to have a relationship with the combined company or do so on the same or similar contractual terms following the Aera Merger. If any customers or suppliers seek to terminate or modify contractual obligations or discontinue their relationships with the combined company, then the combined company’s business and results of operations may be harmed. In addition, third parties with whom CRC or the Aera Companies currently have relationships may terminate or otherwise reduce the scope of their relationship with either party in anticipation of the Aera Merger. Any such disruptions could limit the combined company’s ability to achieve the anticipated benefits of the Aera Merger.

The combined company may fail to realize the anticipated benefits of the Aera Merger.

The success of the Aera Merger will depend on, among other things, the combined company’s ability to combine each of CRC’s and the Aera Companies’ businesses in a manner that realizes anticipated synergies and benefits and meets or exceeds the forecasted stand-alone cost savings anticipated by the combined company. CRC anticipates that the combined company will benefit from significant synergies, based on, among other things, increased scale. If the combined company is not able to successfully achieve these synergies, or the cost to achieve these synergies is greater than expected, then the anticipated benefits of the Aera Merger may not be realized fully or at all or may take longer to realize than expected.

The failure to successfully integrate the businesses and operations of CRC and the Aera Companies in the expected time frame may adversely affect the combined company’s future results.

CRC and the Aera Companies have previously operated independently; however, their respective businesses may not be integrated successfully. It is possible that the integration process could result in the loss of customers, distributors, suppliers, vendors, landlords, joint venture partners or other business partners, the disruption of

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either company's or both companies' ongoing businesses, inconsistencies in standards, controls, procedures and policies, potential unknown liabilities and unforeseen expenses, delays, or regulatory conditions following completion of the Aera Merger or higher than expected integration costs and an overall post-completion integration process that takes longer than originally anticipated. Specifically, the following issues, among others, must be addressed in integrating the operations of CRC and the Aera Companies in order to realize the anticipated benefits of the Aera Merger:

- combining the companies' operations and corporate functions and the resulting difficulties associated with managing a larger, more complex, integrated business;
- combining the businesses of CRC and the Aera Companies in a manner that permits the combined company to achieve any cost savings or operating synergies anticipated to result from the Aera Merger;
- reducing additional and unforeseen expenses such that integration costs are not more than anticipated;
- avoiding delays in connection with the integration process;
- minimizing the loss of key employees;
- identifying and eliminating redundant functions and assets;
- maintaining existing agreements with customers, distributors, suppliers, vendors, landlords, joint venture partners or other business partners and avoiding delays in entering into new agreements with prospective customers, providers and vendors or business partners; and
- consolidating the companies' operating, administrative and information technology infrastructure.

In addition, at times the attention of certain members of either company's or both companies' management and resources may be focused on the integration of the businesses of the two companies and diverted from day-to-day business operations or other opportunities that may have been beneficial to such company, which may disrupt the business of the combined company.

CRC may record goodwill and other intangible assets that could become impaired and result in material non-cash charges to the results of operations of the combined company in the future.

CRC accounted for the Aera Merger as an acquisition of a business in accordance with United States generally accepted accounting principles. Under the acquisition method of accounting, the assets and liabilities of the Aera Companies and their consolidated subsidiaries were recorded, as of the date of completion, at their respective fair values and added to CRC's. The combined company's reported financial condition and results of operations for periods after completion of the Aera Merger will reflect CRC's balances and results after completion of the Aera Merger but will not be restated retroactively to reflect the historical financial position or results of operations of the Aera Companies and their consolidated subsidiaries for periods prior to the Aera Merger.

Under the acquisition method of accounting, the total purchase price is allocated to the Aera Companies' and their consolidated subsidiaries' identifiable tangible and intangible assets acquired and liabilities assumed based on their respective fair market values as of the date of completion of the Aera Merger, with any excess purchase price allocated to goodwill. To the extent the value of goodwill or intangibles, if any, becomes impaired in the future, CRC may be required to incur material non-cash charges relating to such impairment. The combined company's operating results may be significantly impacted from both the impairment and the underlying trends in the business that triggered the impairment.

As one of the largest California oil producer, the combined company may face increased scrutiny from certain stakeholders.

As one of the largest California oil producer, the combined company may be subject to greater scrutiny from regulators, advocacy groups, and certain institutional investors or investment funds, among others. This may result in additional pressure on the combined company's exploration and production activities; increased costs; unfavorable reputational impacts; and the diversion management's attention and resources; among other adverse impacts. More onerous stakeholder expectations could make it more challenging for the combined company to realize its mission of delivering long-term investment value by safely and responsibly developing its portfolio of energy assets and reducing carbon emissions through its carbon management business.

USE OF PROCEEDS

The selling security holders will receive all of the net proceeds from the sale of common stock. We will not receive any of the proceeds from the sale of the common stock by the selling security holders. However, pursuant to the Registration Rights Agreement, we are required to pay certain offering fees and expenses in connection with the registration of the selling stockholders' shares and to indemnify the selling stockholders against certain liabilities.

SELLING SECURITY HOLDERS

This prospectus covers the offering for resale from time to time, in one or more offerings, of 21,315,707 shares of common stock owned by the selling security holders.

This common stock was obtained by the selling security holders named below pursuant to the Agreement and Plan of Merger (the “Merger Agreement”), relating to CRC’s business combination with Aera Energy, LLC (together with its wholly-owned subsidiaries, “Aera”) and its operating affiliate Aera Energy Services Company (together with Aera, the “Aera Companies”).

The selling security holders may from time to time offer and sell pursuant to this prospectus any or all of the common stock they own, but make no representation that any of the common stock will be offered for sale.

The table below presents information regarding the selling security holders and the common stock that the selling security holders may offer and sell from time to time under this prospectus.

The following table sets forth:

- the name of the selling security holders;
- the number of shares of common stock owned by the selling security holders prior to the sale of the common stock covered by this prospectus;
- the number of shares of common stock that may be offered by the selling security holders pursuant to this prospectus;
- the number of shares of common stock owned by the selling security holders following the sale of any common stock covered by this prospectus; and
- the percentage of common stock owned by the selling security holders following the sale of any common stock covered by this prospectus.

All information with respect to beneficial ownership of the selling security holders has been furnished to us by or on behalf of the selling security holders. We have not sought to verify such information. We believe, based on information supplied by the selling security holders, that except as may otherwise be indicated in the footnotes to the table below, the selling security holders have sole voting and dispositive power with respect to the common stock reported as beneficially owned by them. Because the selling security holders identified in the table may sell some or all of the common stock owned by them which is included in this prospectus, and because there are currently no agreements, arrangements or understandings with respect to the sale of any of the common stock, no estimate can be given as to the number of common stock available for resale hereby that will be held by the selling security holders upon termination of this offering. In addition, the selling security holders may have sold, transferred or otherwise disposed of, or may sell, transfer or otherwise dispose of, at any time and from time to time, the common stock it holds in exempt or non-exempt transactions after the date on which the selling security holders provided the information set forth on the table below. We have, therefore, assumed for the purposes of the following table, that the selling security holders will sell all of the common stock beneficially owned by them that is covered by this prospectus, but will not sell any other shares of our common stock that they may presently own. The percent of beneficial ownership for the selling security holders is based on 89,202,633 shares of our common stock outstanding as of July 31, 2024.

The amounts and percentages of shares of common stock beneficially owned are reported on the basis of regulations of the SEC governing the determination of beneficial ownership of securities. Under the rules of the SEC, a person is deemed to be a “beneficial owner” of a security if that person has or shares “voting power,” which includes the power to vote or to direct the voting of such security, or “investment power,” which includes the power to dispose of or to direct the disposition of such security. A person is also deemed to be a beneficial

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owner of any securities of which that person has a right to acquire beneficial ownership within 60 days. Under these rules, more than one person may be deemed a beneficial owner of the same securities and a person may be deemed a beneficial owner of securities as to which he has no economic interest. Except as otherwise indicated in the footnotes below, each of the beneficial owners has, to our knowledge, sole voting and investment power with respect to the indicated shares of common stock and has not pledged any such shares of common stock as security.

Name of Selling Security Holder	Shares Beneficially Owned Prior to the Offering		Shares Offered Hereby	Shares Beneficially Owned After the Offering	
	Number	%		Number	%
CPP Investment Board Private Holdings (6), Inc. ⁽¹⁾	10,506,895	11.78%	10,506,895	—	—
IKAV Energy Inc. ⁽²⁾	114,504	*	114,504	—	—
IKAV Impact S.à.r.l. ⁽³⁾	8,371,203	9.38%	8,371,203	—	—
OakTree Huntington Investment Fund II AIF, L.P. – Class C ⁽⁴⁾	17,717	*	17,717	—	—
Oaktree Huntington Investment Fund II AIF, L.P. – Class G ⁽⁴⁾	126,959	*	126,959	—	—
OCM Aera E Holdings, LLC ⁽⁴⁾	915,288	1.03%	915,288	—	—
OCM Opps Xb AIF Holdings (Delaware), L.P. ⁽⁴⁾	199,734	*	199,734	—	—
OCM Opps XI AIV Holdings (Delaware), L.P. ⁽⁴⁾	787,055	*	787,055	—	—
Simlog Inc. ⁽⁵⁾	276,352	*	276,352	—	—
Total	21,315,707	23.90%	21,315,707	—	—

* Less than 1%.

- (1) CPP Investment Board Private Holdings (6), Inc. (“PHI-6”) is the wholly owned subsidiary of CPP Investment Board Private Holdings (5), Inc. (“PHI-5”), which is the wholly owned subsidiary of Canada Pension Plan Investment Board (“CPPIB”). As such, each of the foregoing entities may be deemed to share beneficial ownership of the securities held of record by PHI-6. PHI-6, PHI-5 and CPPIB have shared voting power and shared dispositive power with respect to the shares of common stock. The address of this selling stockholder is 1 Queen Street East, Suite 2500, Toronto, ON M5C 2W5, Canada.
- (2) IKAV Energy Inc. is wholly owned by IKAV Energy Holdings LLC, whose majority managing member is IKAV Inc. The shareholders of IKAV Inc. are IKAV Energy Spain, S.L. and Mr. von Wasserschleben. Mr. von Wasserschleben is the sole owner of IKAV Energy Spain, S.L. As such, each of the foregoing entities and Mr. von Wasserschleben may be deemed to share beneficial ownership of the securities held of record by IKAV Energy Inc. and therefore have shared voting power and dispositive power. The address of this selling stockholder is 1201 Louisiana Street, Suite 3400, Houston, Texas 77002.
- (3) IKAV Impact S.à.r.l. is controlled by IKAV SICAV-FIS SCA, whose general partner is IKAV General Partner S.à.r.l., which is wholly owned by Institut für Kapitalanlagen und Versicherungslösungen GmbH, whose majority owner is Mr. von Wasserschleben. As such, each of the foregoing entities and Mr. von Wasserschleben may be deemed to share beneficial ownership of the securities held of record by IKAV Impact S.à.r.l. and therefore have shared voting power and dispositive power. The address of this selling stockholder is 1201 Louisiana Street, Suite 3400, Houston, Texas 77002.
- (4) The general partner of OCM Opps XB AIF Holdings (Delaware), L.P. and OCM Opps XI AIV Holdings (Delaware), L.P. and manager of OCM Aera E Holdings, LLC is Oaktree Fund GP, LLC. The sole managing member of Oaktree Fund GP, LLC is Oaktree Fund GP I, L.P. The sole general partner of Oaktree Fund GP I, L.P. is Oaktree Capital I, L.P. The sole general partner of Oaktree Capital I, L.P. is Oaktree Capital I GP, LLC. The general partner of Oaktree Huntington Investment Fund II AIF (Delaware), L.P. – Class C and Oaktree Huntington Investment Fund II AIF (Delaware), L.P. – Class G is Oaktree Fund AIF Series, L.P. - Series N. The general partner of Oaktree Fund AIF Series, L.P. - Series N is Oaktree Fund GP AIF, LLC. The managing member of Oaktree Fund GP AIF, LLC is Oaktree Fund GP III, L.P. The sole general partner of Oaktree Fund GP III, L.P. is Oaktree AIF Investments, L.P. The sole managing member of Brookfield OCM Holdings II, LLC (formerly known as OCM Holdings I, LLC) is Brookfield OCM

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Holdings, LLC (formerly known as Oaktree Holdings, LLC). The sole managing member of Brookfield OCM Holdings, LLC is Brookfield Oaktree Holdings, LLC (formerly known as Oaktree Capital Group, LLC). Brookfield Oaktree Holdings, LLC is governed and controlled by its eleven-member board of directors. Each of the foregoing general partners, managing members, and directors, disclaims beneficial ownership of the securities except to the extent of their pecuniary interest therein (if any). The address of each of the foregoing is c/o Oaktree Capital Management, 333 South Grand Ave, 28th Floor, Los Angeles, California 90071.

- (5) SIMLOG Inc. is wholly owned by Simlog S.à r.l., which is controlled by IKAV SICAV-FIS SCA, whose general partner is IKAV General Partner S.à r.l., which is wholly owned by Institut für Kapitalanlagen und Versicherungslösungen GmbH, whose majority owner is Mr. von Wasserschleben. As such, each of the foregoing entities and Mr. von Wasserschleben may be deemed to share beneficial ownership of the securities held of record by SIMLOG Inc. and therefore have shared voting power and dispositive power. The address of this selling stockholder is 1201 Louisiana Street, Suite 3400, Houston, Texas 77002.

Relationships with Selling Security Holders

Except as disclosed below, none of the selling security holders has had any material relationships with the Company within the past three years.

Registration Rights Agreement

In connection with the closing of our business combination with the Aera Companies, we entered into the Registration Rights Agreement with the Holders. Pursuant to the terms of the Registration Rights Agreement, the Holders are entitled to certain registration rights with respect to the shares of common stock issued pursuant to the Merger Agreement. The Registration Rights Agreement also provides the Holders the ability to request CRC conduct certain underwritten offerings and provides the Holders with certain customary piggyback registration rights.

Pursuant to the Registration Rights Agreement, each Holder agreed to certain lock-up provisions whereby such Holder and any of its permitted transferees holding shares of common stock agreed not to transfer (1) any shares of common stock issued to such Holder to any non-affiliate until six months after January 1, 2025; (2) more than one-third of the shares of common stock issued to such Holder to any non-affiliate until July 1, 2025; and (3) more than two-thirds of the shares of common stock issued to such Holder to any non-affiliate until January 1, 2026. Transfers from each Holder to its general partners, limited partners, members or stockholders, or to any corporation, partnership, limited liability company, investment fund or other entity that controls, is controlled by or is under common control with such Holder are exempted from the lock-up restrictions, except for such Holder's portfolio companies. In addition, the lock-up provisions permit transfers pursuant to liquidations, stock exchanges, share repurchase programs and certain hedging arrangements.

Stockholder Agreements

In connection with the closing of our business combination with the Aera Companies, we entered into stockholder agreements with IKAV Energy, Inc. ("IKAV") and CPP Investment Board Private Holdings (6), Inc. ("CPPIB") to set forth certain corporate governance rights of IKAV and CPPIB (each a "Stockholder Agreement"). Pursuant to each Stockholder Agreement, on July 1, 2024, the following members of our Board of Directors (the "Board") were designated to serve on the Board by certain of the selling security holders: (i) Bobby Saadati, who was designated by IKAV and (ii) James Jackson, who was designated by CPPIB. For so long as each of IKAV and CPPIB, together with its respective affiliates, beneficially owns, in the aggregate, 5% or more of the issued and outstanding shares of common stock, they will have the right to nominate one person for appointment to the Board (each such person, a "Stockholder Nominee").

Each Stockholder Agreement contains certain standstill provisions which, among other things, will prohibit the Holder party thereto and certain of its affiliates (such affiliates, the "Restricted Parties") from (i) acquiring additional shares of common stock that would result in such Holder and its Restricted Parties beneficially owning

more than 14.9% of outstanding common stock; (ii) soliciting proxies or influencing any voting of common stock or CRC's other equity securities; (iii) directly or indirectly proposing transactions that would be reasonably likely to result in a change of control of CRC; (iv) seeking additional representation on the Board, or otherwise seeking to control the management of CRC and its controlled affiliates, including through the removal of directors; (v) forming, joining or knowingly encouraging or engaging in discussions regarding the formation of a "group" within the meaning of Section 13(d)(3) of the Exchange Act with non-affiliates with respect to CRC's securities; and (vi) publicly disclosing any intention, plan, or arrangement inconsistent with any of the foregoing. The standstill provisions continue until (a) such Holder, together with its respective Restricted Parties, ceases to beneficially own, in the aggregate, 7.5% or more of outstanding common stock and (b) no Stockholder Nominee designated by such Holder is serving on the Board and such Holder either is no longer entitled to, or has irrevocably waived, the right to appoint a Stockholder Nominee.

DESCRIPTION OF CAPITAL STOCK

The following description of our capital stock, together with the additional information we include in any applicable prospectus supplements, summarizes the material terms and provisions of our capital stock that we may offer, in the case of our common stock, under this prospectus. It may not contain all the information that is important to you. For the complete terms of our common stock and preferred stock, please refer to our Amended and Restated Certificate of Incorporation, as amended (“Certificate of Incorporation”) and our Amended and Restated Bylaws (“Bylaws”), which are incorporated by reference into the registration statement which includes this prospectus. The Delaware General Corporation Law (“DGCL”) may also affect the terms of these securities.

Authorized Capitalization

The Company’s authorized capital stock consists of 220,000,000 shares, which include 200,000,000 shares of the common stock and 20,000,000 shares of preferred stock, par value \$0.01 per share (the “preferred stock”).

Common Stock

Dividends

Subject to the rights granted to any holders of the preferred stock, holders of the common stock will be entitled to dividends and distributions (payable in cash, stock or otherwise) as may be declared on the common stock by the Board at any time and from time to time out of any funds of the Company legally available for the payment of such dividends or distributions.

Voting

Unless otherwise provided by law or in the certificate of designation for any series of preferred stock, each holder of outstanding shares of the common stock is entitled to one vote for each share of the common stock on all matters presented to the stockholders of the Company (including the election of directors). Except as otherwise required by law, the holders of the common stock are not entitled to vote on any amendment to the Certificate of Incorporation that relates solely to the terms of one or more outstanding series of preferred stock if the holders of such affected series are entitled, either separately or together with the holders of one or more other such series, to vote on such amendment pursuant to the Certificate of Incorporation or the DGCL. Except as otherwise provided by law, the rules and regulations of any stock exchange applicable to the Company, the Certificate of Incorporation or in the Bylaws, in all matters other than the election of directors and certain non-binding advisory votes described below, the affirmative vote of a majority in voting power of the shares present in person or represented by proxy at the meeting and entitled to vote on the matters will be the act of the stockholders. In non-binding advisory matters with more than two possible vote choices, the affirmative vote of a plurality of the shares present in person or represented by proxy at the meeting and entitled to vote on the matter will be the recommendation of the stockholders. Directors will be elected by a plurality of the validly cast votes represented in person or by proxy with respect to the election. There are no cumulative voting rights for the election of directors.

Liquidation

The holders of the common stock will share ratably in the Company’s assets on liquidation after payment or provision for all debts and other liabilities and any preferential liquidation rights of any preferred stock then outstanding.

Other Rights

The holders of the common stock do not have preemptive rights to purchase shares of the Company’s stock. The common stock is not convertible, redeemable, assessable or entitled to the benefits of any sinking or repurchase fund. The rights, preferences and privileges of holders of the common stock will be subject to those of the holders of any shares of preferred stock that the Company may issue in the future.

Under the terms of the Certificate of Incorporation and the Bylaws, the Company is prohibited from issuing any non-voting equity securities to the extent required under Section 1123(a)(6) of the Bankruptcy Code and only for so long as Section 1123 of the Bankruptcy Code is in effect and applicable to the Company.

Limitation of Liability of Directors and Officers

The Certificate of Incorporation provides that no director or officer will be personally liable to the Company or its stockholders for monetary damages for breach of fiduciary duty as a director or officer, except to the extent such elimination or limitation of liability is not permitted under the DGCL. The effect of this provision is to eliminate the Company's and its stockholders' rights, through stockholders' derivative suits on the Company's behalf, to recover monetary damages against a director or officer for a breach of fiduciary duty as a director.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to our directors, officers and controlling persons pursuant to the foregoing provisions, or otherwise, we have been advised that, in the opinion of the SEC, such indemnification is against public policy as expressed in the Securities Act, and is, therefore, unenforceable. There is no pending litigation or proceeding naming any of our directors or officers as to which indemnification is being sought, nor are we aware of any pending or threatened litigation that may result in claims for indemnification by any director or officer.

Anti-Takeover Provisions of the Certificate of Incorporation, the Bylaws and the DGCL

The Certificate of Incorporation, the Bylaws and the DGCL contain provisions that may have some anti-takeover effects and may delay or discourage transactions involving an actual or potential change in control or change in the Company's management, or transactions that the Company's stockholders might otherwise deem to be in their best interests or in the Company's best interests, including transactions that might result in a premium over the market price for the Company's stock.

Preferred Stock

The Board is empowered, without further vote or action by the stockholders (except as may otherwise be provided by the terms of any series of then-outstanding preferred stock), to (i) authorize the issuance of the preferred stock in one or more series, (ii) determine the designations and the powers, preferences, rights, qualifications, limitations and restrictions thereof, (iii) divide at its option such preferred stock into one or more series, (iv) determine variations, if any, between any series so established, and (v) increase or decrease the number of shares of any such series to the extent permitted by law.

The issuance of preferred stock may have the effect of delaying, deferring or preventing a change in control of the Company without further action by the stockholders and may adversely affect the voting and other rights of the holders of the common stock. At present, the Company has no plans to issue any preferred stock.

Written Consent of Stockholders; Calling of Special Meeting of Stockholders

The Bylaws provide that any action required or permitted to be taken by the Company's stockholders must be taken at a duly called annual or special meeting of stockholders and not by written consent. Special meetings of stockholders may be called only by the Chairman of the Board or the Board pursuant to a resolution adopted by a majority of the total number of directors then in office. Stockholders may not call or request special meetings of stockholders.

Amendment of the Certificate of Incorporation

The approval by a majority of the directors then in office and the affirmative vote of the holders of a majority in voting power of the outstanding shares of stock of the Company entitled to vote thereon, voting

together as a single class, in addition to any vote of holders of any class or series of stock of the Company required by law or by the Certificate of Incorporation, will be required to amend, alter, restate or repeal any provision of the Certificate of Incorporation.

Amendment of the Bylaws

Under the DGCL, the power to adopt, amend or repeal bylaws is conferred upon the stockholders. A corporation may, however, in its certificate of incorporation also confer upon the board of directors the power to adopt, amend or repeal its bylaws. The Certificate of Incorporation and the Bylaws grant to the Board the power to adopt, amend, restate or repeal the Bylaws. The stockholders may amend, alter or repeal the Bylaws but only by a vote of holders of a majority in voting power of the outstanding shares of the Company entitled to vote thereon.

Advance Notice Bylaws

Advance notice is required for stockholders to nominate directors or to submit proposals for consideration at meetings of stockholders.

Board Size; Director Removal

The Certificate of Incorporation provides that the number of directors on the Board will initially be nine and will be fixed from time to time exclusively pursuant to a resolution adopted by the Board. The Board currently consists of ten directors.

Any director may be removed at any time (i) for cause upon the affirmative vote of the holders of at least a majority in voting power of the outstanding shares of stock of the Company entitled to vote generally for the election of directors or (ii) without cause upon the affirmative vote of the holders of at least 75% in voting power of the outstanding shares of stock of the Company entitled to vote generally for the election of directors.

Vacancies on the Board; Newly Created Directorships

Under the Certificate of Incorporation and the Bylaws, any vacancies on the Board for any reason and any newly created directorships resulting from any increase in the number of directors may only be filled by the affirmative vote of a majority of the total number of directors then in office, even if they constitute less than a quorum of the Board, or by a sole remaining director, and may not be filled by the stockholders.

No Cumulative Voting

The stockholders do not have the right to cumulate votes, as discussed further under “Common Stock—Voting.”

Section 203 of the DGCL

The Company has elected in its Certificate of Incorporation to be subject to Section 203 of the DGCL.

In general, Section 203 prohibits a publicly held Delaware corporation from engaging in a “business combination” with an “interested stockholder” for a three-year period following the time that such stockholder becomes an interested stockholder, unless the business combination is approved in a prescribed manner. A “business combination” includes, among other things, a merger, asset or stock sale, or other transaction resulting in a financial benefit to the interested stockholder. An “interested stockholder” is a person who, together with affiliates and associates, owns, or did own within three years prior to the determination of interested stockholder

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status, 15% or more of the corporation's outstanding voting stock. Under Section 203, a business combination between a corporation and an interested stockholder is prohibited unless it satisfies one of the following conditions:

- before the stockholder became interested, the board of directors approved either the business combination or the transaction that resulted in the stockholder becoming an interested stockholder;
- upon consummation of the transaction that resulted in the stockholder becoming an interested stockholder, the interested stockholder owned at least 85% of the voting stock of the corporation outstanding at the time the transaction commenced, excluding for purposes of determining the voting stock outstanding, shares owned by persons who are directors and also officers, and employee stock plans, in some instances; or
- at or after the time the stockholder became interested, the business combination is approved by the board of directors of the corporation and authorized at an annual or special meeting of the stockholders by the affirmative vote of at least two-thirds of the outstanding voting stock that is not owned by the interested stockholder.

Exclusive Forum

The Certificate of Incorporation provides that, unless the Company consents in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware (or if the Court of Chancery does not have jurisdiction, the federal district court for the District of Delaware) will, to the fullest extent permitted by law, be the exclusive forum for (i) any derivative action or proceeding brought on the Company's behalf, (ii) any action asserting a breach of fiduciary duty, (iii) any action asserting a claim against the Company or any current or former director, officer, employee or agent of the Company arising pursuant to the DGCL, the Certificate of Incorporation or the Bylaws, or (iv) any action asserting a claim governed by the internal affairs doctrine. To the fullest extent permitted by law, any person or entity purchasing or otherwise holding any interest in shares of capital stock of the Company will be deemed to have notice of and consented to the foregoing forum selection provisions.

The forum selection provisions described above do not apply to any action or proceeding asserting a claim under the Securities Act, or the Exchange Act. Unless the Company consents in writing to the selection of an alternative forum, the federal district courts of the United States will be the exclusive forum for the resolution of any complaint asserting a cause of action arising under the Securities Act or the Exchange Act.

Transfer Agent and Registrar

The transfer agent and registrar for the common stock is Equiniti Trust Company, LLC.

Listing

Our common stock is quoted on the NYSE under the symbol "CRC."

PLAN OF DISTRIBUTION

We are registering an aggregate of 21,315,707 shares of common stock. Our registered common stock will trade on the NYSE under the symbol “CRC.”

The common stock being registered is currently owned by the selling security holders. The selling security holders, which as used herein includes donees, pledgees, transferees or other successors-in-interest selling shares of common stock or interests in shares of common stock received after the date of this prospectus from a selling security holder as a gift, pledge, partnership distribution or other transfer, may, from time to time, sell, transfer or otherwise dispose of any or all of their shares of common stock or interests in shares of common stock on any stock exchange, market or trading facility on which the shares are traded or in private transactions. These dispositions may be at fixed prices, at prevailing market prices at the time of sale, at prices related to the prevailing market price, at varying prices determined at the time of sale, or at negotiated prices.

The selling security holders may use any one or more of the following methods when disposing of shares or interests therein:

- ordinary brokerage transactions and transactions in which the broker-dealer solicits purchasers;
- block trades in which the broker-dealer will attempt to sell the shares as agent, but may position and resell a portion of the block as principal to facilitate the transaction;
- purchases by a broker-dealer as principal and resale by the broker-dealer for its account;
- an exchange distribution in accordance with the rules of the applicable exchange;
- privately negotiated transactions;
- short sales effected after the date the registration statement of which this prospectus is a part becomes effective;
- through the writing or settlement of options or other hedging transactions, whether through an options exchange or otherwise;
- broker-dealers may agree with the selling security holder to sell a specified number of such shares at a stipulated price per share;
- one or more underwritten offerings on a firm commitment or best efforts basis;
- distributions of the shares by any selling security holder to its partners, members, managers, affiliates, employees, directors or stockholders;
- a combination of any such methods; and
- any other method permitted by applicable law.

The selling security holders may, from time to time, pledge or grant a security interest in some or all of the shares of common stock owned by them and, if they default in the performance of their secured obligations, the pledgees or secured parties may offer and sell the shares of common stock, from time to time, under this prospectus, or under an amendment to this prospectus under Rule 424(b)(3) or other applicable provision of the Securities Act amending the list of selling security holders to include the pledgee, transferee or other successors in interest as selling security holders under this prospectus. The selling security holders also may transfer the shares of common stock in other circumstances, in which case the transferees, pledgees or other successors in interest will be the selling beneficial owners for purposes of this prospectus.

In connection with the sale of our common stock or interests therein, the selling security holders may enter into hedging transactions with broker-dealers or other financial institutions, which may in turn engage in short sales of the common stock in the course of hedging the positions they assume. The selling security holders may

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also sell shares of our common stock short and deliver these securities to close out their short positions, or loan or pledge the common stock to broker-dealers that in turn may sell these securities. The selling security holders may also enter into option or other transactions with broker-dealers or other financial institutions or the creation of one or more derivative securities which require the delivery to such broker-dealer or other financial institution of shares offered by this prospectus, which shares such broker-dealer or other financial institution may resell pursuant to this prospectus (as supplemented or amended to reflect such transaction).

The aggregate proceeds to the selling security holders from the sale of the common stock offered by them will be the purchase price of the common stock less discounts or commissions, if any. The selling security holders reserve the right to accept and, together with their agents from time to time, to reject, in whole or in part, any proposed purchase of common stock to be made directly or through agents. We will not receive any of the proceeds from this offering.

The selling security holders also may resell all or a portion of the shares in open market transactions in reliance upon Rule 144 under the Securities Act, *provided* that they meet the criteria and conform to the requirements of that rule, or pursuant to other available exemptions from the registration requirements of the Securities Act.

The selling security holders and any underwriters, broker-dealers or agents that participate in the sale of the common stock or interests therein may be “underwriters” within the meaning of Section 2(a)(11) of the Securities Act. Any discounts, commissions, concessions or profit they earn on any resale of the shares may be underwriting discounts and commissions under the Securities Act. Selling security holders who are “underwriters” within the meaning of Section 2(a)(11) of the Securities Act will be subject to the prospectus delivery requirements of the Securities Act.

To the extent required, the shares of our common stock to be sold, the names of the selling security holders, the respective purchase prices and public offering prices, the names of any agents, dealer or underwriter, any applicable commissions or discounts with respect to a particular offer will be set forth in an accompanying prospectus supplement or, if appropriate, a post-effective amendment to the registration statement that includes this prospectus.

In order to comply with the securities laws of some states, if applicable, the common stock may be sold in these jurisdictions only through registered or licensed brokers or dealers. In addition, in some states the common stock may not be sold unless it has been registered or qualified for sale or an exemption from registration or qualification requirements is available and is complied with.

We have advised the selling security holders that the anti-manipulation rules of Regulation M under the Exchange Act may apply to sales of shares in the market and to the activities of the selling security holders and their affiliates. In addition, to the extent applicable, we will make copies of this prospectus (as it may be supplemented or amended from time to time) available to the selling security holders for the purpose of satisfying the prospectus delivery requirements of the Securities Act. The selling security holders may indemnify any broker-dealer that participates in transactions involving the sale of the shares against certain liabilities, including liabilities arising under the Securities Act.

We have agreed with the selling security holders to keep the registration statement of which this prospectus constitutes a part effective until the earliest of (1) such time as all of the shares covered by this prospectus (1) have been disposed of pursuant to and in accordance with the registration statement; (2) have been disposed of pursuant to any section of Rule 144 of the Securities Act under circumstances in which all of the applicable conditions of such Rule (then in effect) are met; or (3) have been sold or disposed of in a transaction in which the selling security holders rights under the Registration Right Agreement are not transferred or assigned pursuant to Section 3.3 of the Registration Rights Agreement.

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There can be no assurance that the selling security holders will sell any or all of the shares of common stock registered pursuant to the registration statement, of which this prospectus forms a part.

Once sold under the registration statement, of which this prospectus forms a part, the shares of common stock will be freely tradable in the hands of persons other than our affiliates.

LEGAL MATTERS

The validity of our common stock offered by this prospectus will be passed upon for us by Vinson & Elkins L.L.P., Houston, Texas. If certain legal matters in connection with an offering of securities made by this prospectus or a related prospectus supplement are passed upon by counsel for the underwriters of such offering, that counsel will be named in the applicable prospectus supplement relating to that offering.

EXPERTS

The consolidated financial statements of California Resources Corporation and subsidiaries as of December 31, 2023 and 2022, and for each of the years in the three-year period ended December 31, 2023, incorporated by reference herein, and the effectiveness of the Company's internal control over financial reporting as of December 31, 2023, have been incorporated by reference herein in reliance upon the report of KPMG LLP, independent registered public accounting firm, incorporated by reference herein, and upon the authority of said firm as experts in accounting and auditing.

The consolidated and combined financial statements of Green Gate Resources Parent, LLC and its subsidiaries, which comprises the consolidated and combined balance sheets as of December 31, 2023 (Successor) and 2022 (Successor) and December 31, 2022 (Predecessor), the consolidated and combined statements of operations and other comprehensive income for the year ended December 31, 2023 (Successor) and the 122 days ended December 31, 2022 (Successor) and the 58 days ended February 27, 2023 (Predecessor) and the years ended December 31, 2022 (Predecessor) and 2021 (Predecessor), members' and stockholders' equity for the year ended December 31, 2023 (Successor) and the period from inception (August 31, 2022) to December 31, 2022 (Successor) and the 58 days ended February 27, 2023 (Predecessor) and the years ended December 31, 2022 (Predecessor) and 2021 (Predecessor), and cash flows for the year ended December 31, 2023 (Successor) and the 122 days ended December 31, 2022 (Successor) and the 58 days ended February 27, 2023 (Predecessor) and the years ended December 31, 2022 (Predecessor) and 2021 (Predecessor), appearing in this prospectus and registration statement, have been audited by BDO USA, P.C., independent auditors, given on the authority of said firm as experts in auditing and accounting.

Certain information included in this prospectus with respect to certain oil and gas reserves associated with California Resources Corporation's oil and gas properties is confirmed in a report of Netherland, Sewell & Associates, Inc., independent petroleum engineers, detailing the audit of the proved reserves as of December 31, 2023 prepared by California Resources Corporation's staff. We have included this information in reliance on the authority of such firm as an expert in these matters.

Certain information incorporated herein by reference into this prospectus with respect to certain oil and gas reserves associated with the Aera Companies' oil and gas properties was prepared in a report of Netherland, Sewell & Associates, Inc., independent petroleum engineers, detailing the proved reserves as of December 31, 2023. We have included this information in reliance on the authority of such firm as an expert in these matters.

CALIFORNIA RESOURCES CORPORATION

21,315,707 SHARES OF COMMON STOCK

Prospectus

August 5, 2024

PART II
INFORMATION NOT REQUIRED IN PROSPECTUS

Item 14. Other Expenses of Issuance and Distribution

The following table sets forth the expenses payable by the Registrant expected to be incurred in connection with the issuance and distribution of common stock being registered hereby (other than underwriting discounts and commissions). All of such expenses are estimates, except for the SEC registration fee.

SEC registration fee	\$ 141,327.23
Financial printer fees and expenses	*
FINRA filing fee	*
Legal fees and expenses	*
Accounting fees and expenses	*
Printing and engraving expenses	*
Transfer agent and registrar fees	*
Miscellaneous	*
Total	\$ *

* These fees are calculated based on the number of issuances and amount of securities offered and accordingly cannot be estimated at this time.

Item 15. Indemnification of Directors and Officers.

Section 145(a) of the DGCL provides that a corporation may indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the corporation) by reason of the fact that the person is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by the person in connection with such action, suit or proceeding if the person acted in good faith and in a manner the person reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe the person's conduct was unlawful. Section 145(b) of the DGCL provides that a corporation may indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the corporation to procure a judgment in its favor by reason of the fact that the person is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against expenses (including attorneys' fees) actually and reasonably incurred by the person in connection with the defense or settlement of such action or suit if the person acted in good faith and in a manner the person reasonably believed to be in or not opposed to the best interests of the corporation and except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable to the corporation unless and only to the extent that the Court of Chancery or the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which the Court of Chancery or such other court shall deem proper. To the extent that a present or former director or officer of a corporation has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in subsections (a) and (b) of Section 145 of the DGCL, or in defense of any claim, issue or matter therein, such person shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by such person in connection therewith.

Any indemnification under subsections (a) and (b) of Section 145 of the DGCL (unless ordered by a court) shall be made by the corporation only as authorized in the specific case upon a determination that

indemnification of the present or former director, officer, employee or agent is proper in the circumstances because the person has met the applicable standard of conduct set forth in subsections (a) and (b) of Section 145. Such determination shall be made, with respect to a person who is a director or officer at the time of such determination, (1) by a majority vote of the directors who are not parties to such action, suit or proceeding, even though less than a quorum, or (2) by a committee of such directors designated by majority vote of such directors, even though less than a quorum, or (3) if there are no such directors, or if such directors so direct, by independent legal counsel in a written opinion, or (4) by the stockholders. Expenses (including attorneys' fees) incurred by an officer or director in defending any civil, criminal, administrative or investigative action, suit or proceeding may be paid by the corporation in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking by or on behalf of such director or officer to repay such amount if it shall ultimately be determined that such person is not entitled to be indemnified by the corporation as authorized in this section. Such expenses (including attorneys' fees) incurred by former directors and officers or other employees and agents may be so paid upon such terms and conditions, if any, as the corporation deems appropriate. The indemnification and advancement of expenses provided by, or granted pursuant to, Section 145 shall not be deemed exclusive of any other rights to which those seeking indemnification or advancement of expenses may be entitled under any bylaw, agreement, vote of stockholders or disinterested directors or otherwise, both as to action in such person's official capacity and as to action in another capacity while holding such office.

Section 145 of the DGCL also empowers a corporation to purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against such person and incurred by such person in any such capacity, or arising out of such person's status as such, whether or not the corporation would have the power to indemnify such person against such liability under Section 145.

The Certificate of Incorporation and Bylaws also contain indemnification rights for the directors and officers. Specifically, the Certificate of Incorporation and Bylaws provide for the indemnity of the officers and directors to the fullest extent authorized by the DGCL.

In addition, the DGCL permits the Company and its subsidiaries to purchase and maintain insurance on behalf of any person who is a director or officer for acts committed in their capacities as such directors or officers. The Company currently maintains such liability insurance.

The general effect of the foregoing is to provide indemnification to officers and directors for liabilities that may arise by reason of their status as officers or directors, other than liabilities arising from willful or intentional misconduct, acts or omissions not in good faith, unlawful distributions of corporate assets or transactions from which the officer or director derived an improper personal benefit.

Any amendment to, or repeal of, these provisions will not eliminate or reduce the effect of these provisions in respect of any act, omission or claim that occurred or arose prior to that amendment or repeal. If the DGCL is amended to provide for further limitations on the personal liability of directors or officers of corporations, then the personal liability of our directors and officers will be further limited to the fullest extent permitted by the DGCL.

In addition, we have entered into indemnification agreements with our current directors and executive officers containing provisions that are in some respects broader than the specific indemnification provisions contained in the DGCL. The indemnification agreements require us, among other things, to (i) indemnify these individuals to the fullest extent permitted under Delaware law against liabilities that may arise by reason of their service to the Company and (ii) advance expenses, to the extent not prohibited by law, incurred in connection with any proceeding not initiated by the indemnitee as to which they could be indemnified. We also intend to enter into indemnification agreements with our future directors and officers.

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We maintain liability insurance policies that indemnify our directors and officers against various liabilities, including certain liabilities under arising under the Securities Act and the Exchange Act, that may be incurred by them in their capacity as such.

The proposed form of Underwriting Agreement to be filed as Exhibit 1.1 to this registration statement provides for indemnification by the underwriters of us, our directors and officers and the selling stockholders, and by us and the selling stockholders of the underwriters, for certain liabilities arising under the Securities Act or otherwise in connection with this offering.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers or persons controlling us pursuant to the foregoing provisions, we have been informed that in the opinion of the SEC, such indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable.

Item 16. Exhibits.

(a) Exhibits.

The following documents are filed as exhibits to this Registration Statement:

Exhibit Number	Description
1.1**	Form of Underwriting Agreement.
2.1#	<u>Agreement and Plan of Merger, dated February 7, 2024, by and among California Resources Corporation, a Delaware corporation, and Petra Merger Sub I, LLC, Petra Merger Sub C, LLC, Petra Merger Sub O, LLC, Petra Merger Sub O2, LLC, Petra Merger Sub O3, LLC, each a Delaware limited liability company and a wholly-owned direct subsidiary of CRC, Petra Merger Sub S, LLC, a Delaware limited liability company and a wholly-owned direct subsidiary of CRC, IKAV Impact USA Inc., a Delaware corporation, CPPIB Vedder US Holdings LLC, a Delaware limited liability company, Opps Xb Aera E CTB, LLC, a Delaware limited liability company, Opps XI Aera E CTB, LLC, a Delaware limited liability company, Green Gate COI, LLC, a Delaware limited liability company and solely for purposes of the Member Provisions (as defined in the Merger Agreement), IKAV Impact S.a.r.l., a Luxembourg corporation, Simlog Inc., a Delaware corporation, and IKAV Energy Inc., a Delaware corporation, CPP Investment Board Private Holdings (6), Inc., a Canadian corporation, OCM Opps Xb AIF Holdings (Delaware), L.P., a Delaware limited partnership, Oaktree Huntington Investment Fund II AIF (Delaware), L.P. – Class C, a Delaware limited partnership, OCM Opps XI AIV Holdings (Delaware), L.P., a Delaware limited partnership and OCM Aera E Holdings, LLC, a Delaware limited liability company, (incorporated by reference to Exhibit 10.1 to CRC's Current Report on Form 8-K filed on February 9, 2024).</u>
2.2	<u>Separation and Distribution Agreement, dated as of November 25, 2014, between Occidental Petroleum Corporation and California Resources Corporation (incorporated by reference to Exhibit 2.1 to CRC's Current Report on Form 8-K filed on December 1, 2014).</u>
2.3	<u>Amended Debtors' Joint Plan of Reorganization Under Chapter 11 of the Bankruptcy Code (incorporated by reference to Exhibit 2.1 to the Registrant's Current Report on Form 8-K filed on October 19, 2020).</u>
4.1	<u>Indenture, dated January 20, 2021, by and among California Resources Corporation, the guarantors party thereto and Wilmington Trust, National Association, as trustee (incorporated by reference to Exhibit 4.1 of the Company's Current Report on Form 8-K filed on January 21, 2021).</u>

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<u>Exhibit Number</u>	<u>Description</u>
4.2	<u>First Supplemental Indenture, dated January 20, 2021, by and among California Resources Corporation, the guarantors party thereto, Elk Hills Power, LLC, EHP Midco Holdings Company, LLC, EHP Topco Holding Company, LLC, and Wilmington Trust, National Association, as trustee (incorporated by reference to Exhibit 4.2 of the Company's Current Report on Form 8-K filed on January 21, 2021).</u>
4.3	<u>Supplemental Indenture to the 2026 Indenture, dated as of July 1, 2024, by and among Aera Energy LLC, a California limited liability company, Aera Energy Services Company, a Delaware corporation, Aera Federal LLC, a Delaware limited liability company, Belridge Farms & Packing LLC, a California limited liability company, Green Gate San Ardo LLC, a Delaware limited liability company, Terrain Technology Inc., a California corporation, Green Gate Intermediate LLC, a Delaware limited liability company, Green Gate Resources E LLC, a Delaware limited liability company, Green Gate Resources S LLC, a Delaware limited liability company, Green Gate Resources Holdings LLC, a Delaware limited liability company, Green Gate Resources Parent LLC, a Delaware limited liability company, Petra Merger Sub S, LLC, a Delaware limited liability company, the other guarantors party thereto, CRC and Wilmington Trust, National Association, as trustee (incorporated by reference to Exhibit 10.6 of the Company's Current Report on Form 8-K filed on July 1, 2024).</u>
4.3	<u>Indenture, dated June 5, 2024, by and among the California Resources Corporation, the guarantors party thereto and Wilmington Trust, National Association, as trustee (incorporated by reference to Exhibit 4.1 of the Company's Current Report on Form 8-K filed on June 5, 2024).</u>
4.4	<u>Supplemental Indenture to the 2029 Indenture, dated as of July 1, 2024, by and among Aera Energy LLC, a California limited liability company, Aera Energy Services Company, a Delaware corporation, Aera Federal LLC, a Delaware limited liability company, Belridge Farms & Packing LLC, a California limited liability company, Green Gate San Ardo LLC, a Delaware limited liability company, Terrain Technology Inc., a California corporation, Green Gate Intermediate LLC, a Delaware limited liability company, Green Gate Resources E LLC, a Delaware limited liability company, Green Gate Resources S LLC, a Delaware limited liability company, Green Gate Resources Holdings LLC, a Delaware limited liability company, Green Gate Resources Parent LLC, a Delaware limited liability company, Petra Merger Sub S, LLC, a Delaware limited liability company, the other guarantors party thereto, CRC and Wilmington Trust, National Association, as trustee (incorporated by reference to Exhibit 10.7 of the Company's Current Report on Form 8-K filed on July 1, 2024).</u>
5.1*	<u>Legal Opinion of Vinson & Elkins L.L.P.</u>
10.1	<u>Registration Rights Agreement, by and between CRC and the Holders, dated as of July 1, 2024 (incorporated by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K filed on July 1, 2024).</u>
10.2	<u>Stockholder Agreement, by and between CRC and IKAV, dated as of July 1, 2024 (incorporated by reference to Exhibit 10.2 of the Company's Current Report on Form 8-K filed on July 1, 2024).</u>
10.3	<u>Stockholder Agreement, by and between CRC and CPPIB dated as of July 1, 2024 (incorporated by reference to Exhibit 10.3 of the Company's Current Report on Form 8-K filed on July 1, 2024).</u>
23.1*	<u>Consent of Independent Registered Public Accounting Firm, KPMG LLP.</u>
23.2*	<u>Consent of Independent Auditor, BDO USA, P.C..</u>
23.3*	<u>Consent of Netherland, Sewell & Associates, Inc. (California Resources Corporation)</u>
23.4*	<u>Consent of Netherland, Sewell & Associates, Inc. (Aera Companies)</u>
23.5*	<u>Consent of Vinson & Elkins L.L.P. (included as part of Exhibit 5.1).</u>

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<u>Exhibit Number</u>	<u>Description</u>
24.1*	Power of Attorney (included on the signature page).
99.1*	The consolidated and combined financial statements of Green Gate Resources Parent, LLC and its subsidiaries, which comprises the consolidated and combined balance sheets as of December 31, 2023 (Successor) and 2022 (Successor) and December 31, 2022 (Predecessor), the consolidated and combined statements of operations and other comprehensive income for the year ended December 31, 2023 (Successor) and the 122 days ended December 31, 2022 (Successor) and the 58 days ended February 27, 2023 (Predecessor) and the years ended December 31, 2022 (Predecessor) and 2021 (Predecessor), members' and stockholders' equity for the year ended December 31, 2023 (Successor) and the period from inception (August 31, 2022) to December 31, 2022 (Successor) and the 58 days ended February 27, 2023 (Predecessor) and the years ended December 31, 2022 (Predecessor) and 2021 (Predecessor), and cash flows for the year ended December 31, 2023 (Successor) and the 122 days ended December 31, 2022 (Successor) and the 58 days ended February 27, 2023 (Predecessor) and the years ended December 31, 2022 (Predecessor) and 2021 (Predecessor).
99.2*	The consolidated and combined financial statements of Green Gate Resources Parent, LLC and its subsidiaries as of and for the three months ended March 31, 2024.
99.3*	Netherland, Sewell & Associates, Inc. Estimated Future Reserves Attributable to Certain Leasehold and Royalty Interests as of December 31, 2023.
107*	Filing Fee Table

* Filed herewith.

** To be filed by amendment or as an exhibit to a document that is incorporated by reference herein.

This filing excludes certain schedules and exhibits pursuant to Item 601(a)(5) of Regulation S-K, which the registrant agrees to furnish supplementally to the SEC upon request by the SEC; provided, however, that the registrant may request confidential treatment pursuant to Rule 24b-2 of the Securities Exchange Act of 1934, as amended, for any schedules or exhibits so furnished.

Item 17. Undertakings.

(a) The undersigned registrant hereby undertakes:

(1) To file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement:

(i) To include any prospectus required by Section 10(a)(3) of the Securities Act;

(ii) To reflect in the prospectus any facts or events arising after the effective date of this registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in this registration statement. Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the SEC pursuant to Rule 424(b) of the Securities Act if, in the aggregate, the changes in volume and price represent no more than 20% change in the maximum aggregate offering price set forth in the "Calculation of Registration Fee" table in the effective registration statement; and

(iii) To include any material information with respect to the plan of distribution not previously disclosed in this registration statement or any material change to such information in this registration statement;

Provided, however, that paragraphs (1)(i), (1)(ii) and (1)(iii) above do not apply if the registration statement is on Form S-3 and the information required to be included in a post-effective amendment by those paragraphs is contained in reports filed with or furnished to the SEC by the registrant pursuant to Section 13 or Section 15(d) of the Exchange Act that are incorporated by reference in the registration statement, or, as to a registration statement on Form S-3, is contained in a form of prospectus filed pursuant to Rule 424(b) of the Securities Act that is a part of the registration statement.

- (2) That, for the purpose of determining any liability under the Securities Act, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof;
- (3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering;
- (4) That, for the purpose of determining liability under the Securities Act to any purchaser:
 - (i) if the registrant is relying on Rule 430B of the Securities Act:
 - (A) Each prospectus filed by the registrant pursuant to Rule 424(b)(3) of the Securities Act shall be deemed to be part of the registration statement as of the date the filed prospectus was deemed part of and included in the registration statement; and
 - (B) Each prospectus required to be filed pursuant to Rule 424(b)(2), (b)(5), or (b)(7) of the Securities Act as part of a registration statement in reliance on Rule 430B relating to an offering made pursuant to Rule 415(a)(1)(i), (vii), or (x) of the Securities Act for the purpose of providing the information required by Section 10(a) of the Securities Act shall be deemed to be part of and included in the registration statement as of the earlier of the date such form of prospectus is first used after effectiveness or the date of the first contract of sale of securities in the offering described in the prospectus. As provided in Rule 430B of the Securities Act, for liability purposes of the issuer and any person that is at that date an underwriter, such date shall be deemed to be a new effective date of the registration statement relating to the securities in the registration statement to which that prospectus relates, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof. *Provided, however,* that no statement made in a registration statement or prospectus that is part of the registration statement or made in a document incorporated or deemed incorporated by reference into the registration statement or prospectus that is part of the registration statement will, as to a purchaser with a time of contract of sale prior to such effective date, supersede or modify any statement that was made in the registration statement or prospectus that was part of the registration statement or made in any such document immediately prior to such effective date.
- (5) That, for the purpose of determining liability of the registrant under the Securities Act to any purchaser in the initial distribution of the securities, the undersigned registrant undertakes that in a primary offering of securities of the undersigned registrant pursuant to this registration statement, regardless of the underwriting method used to sell the securities to the purchaser, if the securities are offered or sold to such purchaser by means of any of the following communications, the undersigned registrant will be a seller to the purchaser and will be considered to offer or sell such securities to such purchaser:
 - (i) Any preliminary prospectus or prospectus of the undersigned registrant relating to the offering required to be filed pursuant to Rule 424 of the Securities Act;
 - (ii) Any free writing prospectus relating to the offering prepared by or on behalf of the undersigned registrant or used or referred to by the undersigned registrant;
 - (iii) The portion of any other free writing prospectus relating to the offering containing material information about the undersigned registrant or its securities provided by or on behalf of the undersigned registrant; and

(iv) Any other communication that is an offer in the offering made by the undersigned registrant to the purchaser.

The undersigned registrant hereby undertakes that, for purposes of determining any liability under the Securities Act, each filing of the registrant's annual report pursuant to Section 13(a) or Section 15(d) of the Exchange Act (and, where applicable, each filing of an employee benefit plan's annual report pursuant to Section 15(d) of the Exchange Act) that is incorporated by reference in the registration statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the SEC such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized in the City of Long Beach, State of California, on August 5, 2024.

CALIFORNIA RESOURCES CORPORATION

By: /s/ Francisco J. Leon
Name: Francisco J. Leon
Title: President and Chief Executive Officer

POWER OF ATTORNEY

Each person whose signature appears below hereby constitutes and appoints Francisco J. Leon, Michael L. Preston, Jody L. Johnson and Ulrik Damborg, and each of them, any of whom may act without the joinder of the other, as his or her true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, for him or her and in his or her name, place and stead, in any and all capacities, to sign any or all amendments (including post-effective amendments) to this registration statement and any registration statement (including any amendment thereto) for this offering that is to be effective upon filing pursuant to Rule 462(b) under the Securities Act of 1933, and to file the same, with all exhibits thereto, and all other documents in connection therewith, with the Securities and Exchange Commission, and hereby grants to such attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done, as fully to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents or any of them, or his, her or their substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed by the following persons in the capacities indicated below on August 5, 2024.

Signature	Title
<u>/s/ Francisco J. Leon</u> Francisco J. Leon	President, Chief Executive Officer and Director (Principal Executive Officer)
<u>/s/ Manuela (Nelly) Molina</u> Manuela (Nelly) Molina	Executive Vice President and Chief Financial Officer (Principal Financial Officer)
<u>/s/ Noelle M. Repetti</u> Noelle M. Repetti	Senior Vice President and Controller (Principal Accounting Officer)
<u>/s/ Tiffany (TJ) Thom Cepak</u> Tiffany (TJ) Thom Cepak	Chair of the Board
<u>/s/ Andrew B. Bremner</u> Andrew B. Bremner	Director
<u>/s/ James N. Chapman</u> James N. Chapman	Director
<u>/s/ James Jackson</u> James Jackson	Director

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Signature	Title
/s/ Chris Kendall Chris Kendall	Director
/s/ Mark A. (Mac) McFarland Mark A. (Mac) McFarland	Director
/s/ William B. Roby William B. Roby	Director
/s/ A. Alejandra Veltmann A. Alejandra Veltmann	Director
/s/ Bobby Saadati Bobby Saadati	Director



August 5, 2024

California Resources Corporation
1 World Trade Center, Suite 1500
Long Beach, California 90831

Re: Registration Statement on Form S-3

Ladies and Gentlemen:

We have acted as counsel for California Resources Corporation, a Delaware corporation (the “**Company**”), with respect to certain legal matters in connection with the preparation and filing of a Registration Statement on Form S-3 (the “**Registration Statement**”) filed on or about the date hereof with the U.S. Securities and Exchange Commission (the “**Commission**”) in connection with the registration by the Company under the Securities Act of 1933, as amended (the “**Securities Act**”), of the offer and sale by the selling security holders identified in the Registration Statement of up to 21,315,707 shares of common stock, par value \$0.01 per share, of the Company (the “**Selling Stockholder Shares**”) . We have also participated in the preparation of a prospectus relating to the Selling Stockholder Shares (the “**Prospectus**”), which is contained in the Registration Statement to which this opinion is an exhibit.

In connection with the opinion expressed herein, we have examined, among other things, originals or copies, certified or otherwise identified to our satisfaction, of (i) the Amended and Restated Certificate of Incorporation and Amended and Restated Bylaws of the Company, each as amended to the date hereof, (ii) the Registration Statement, (iii) the Prospectus, and (iv) the records of corporate proceedings that have occurred prior to the date hereof with respect to the Registration Statement. We have also reviewed such questions of law as we have deemed necessary or appropriate. As to matters of fact relevant to the opinion expressed herein, and as to factual matters arising in connection with our examination of corporate documents, records and other documents and writings, we have relied upon certificates and other communications of corporate officers of the Company, without further investigation as to the facts set forth therein.

In connection with rendering the opinion set forth below, we have assumed that (i) all information contained in all documents reviewed by us is true and correct, (ii) all signatures on all documents examined by us are genuine, (iii) all documents submitted to us as originals are authentic and all documents submitted to us as copies conform to the originals of those documents, (iv) the Registration Statement, and any amendments thereto (including any post-effective amendments), will have become effective and comply with all applicable laws, and (v) the Selling Stockholder Shares will be sold in the manner specified in the Registration Statement and the Prospectus.

Vinson & Elkins LLP Attorneys at Law
Austin Dallas Dubai Houston London Los Angeles
New York Richmond San Francisco Tokyo Washington

Texas Tower, 845 Texas Avenue, Suite 4700
Houston, TX 77002
Tel +1.713.758.2222 **Fax** +1.713.758.2346 velaw.com

Based upon the foregoing, and subject to the qualifications, assumptions and limitations stated herein, we are of the opinion that the Selling Stockholder Shares have been legally issued and are fully paid and nonassessable.

We express no opinion concerning the enforceability of indemnification provisions to the extent they purport to relate to liabilities resulting from or based upon negligence or any violation of federal or state securities or blue sky laws.

The foregoing opinion is limited to the General Corporation Law of the State of Delaware (including the applicable provisions of the Delaware Constitution and the reported judicial decisions interpreting these laws) and the federal laws of the United States of America and we are expressing no opinion as to the effect of the laws of any other jurisdiction, domestic or foreign.

We hereby consent to the filing of this opinion as an exhibit to the Registration Statement and to the use of our name in the Prospectus forming a part of the Registration Statement under the caption "Legal Matters." In giving this consent, we do not admit that we are within the category of persons whose consent is required under Section 7 of the Securities Act.

Very truly yours,

/s/ Vinson & Elkins L.L.P.

Vinson & Elkins L.L.P.

Consent of Independent Registered Public Accounting Firm

We consent to the use of our report dated February 28, 2024, with respect to the consolidated financial statements of California Resources Corporation, and the effectiveness of internal control over financial reporting, incorporated herein by reference, and to the reference to our firm under the heading “Experts” in the prospectus.

/s/ KPMG LLP

Los Angeles, California
August 5, 2024

Consent of Independent Auditor

We hereby consent to the use in the Prospectus constituting a part of this Registration Statement of California Resources Corporation of our report dated April 16, 2024, relating to the consolidated and combined financial statements of Green Gate Resources Parent, LLC and its subsidiaries, which appears in this Registration Statement.

We also consent to the reference to us under the caption “Experts” in the Prospectus.

/s/ BDO USA, P.C.

Houston, Texas

August 5, 2024



CONSENT OF INDEPENDENT PETROLEUM ENGINEERS AND GEOLOGISTS

We hereby consent to the incorporation by reference into this Registration Statement on Form S-3 (the "Registration Statement") of our letter dated February 13, 2024 relating to our audit of California Resources Corporation's proved oil and gas reserves as of December 31, 2023. We further consent to the reference to our firm under the heading "Experts" in the Registration Statement.

NETHERLAND, SEWELL & ASSOCIATES, INC.

By: /s/ Richard B. Talley, Jr.

Richard B. Talley, Jr., P.E.

Chairman and Chief Executive Officer

Houston, Texas
August 5, 2024



CONSENT OF INDEPENDENT PETROLEUM ENGINEERS AND GEOLOGISTS

We hereby consent to the incorporation by reference into this Registration Statement on Form S-3 (the "Registration Statement") of our letter dated April 22, 2024 relating to our report of Aera Energy, LLC and Aera Energy Services Company's proved oil and gas reserves as of December 31, 2023. We further consent to the reference to our firm under the heading "Experts" in the Registration Statement.

NETHERLAND, SEWELL & ASSOCIATES, INC.

By: /s/ Richard B. Talley, Jr.

Richard B. Talley, Jr., P.E.

Chairman and Chief Executive Officer

Houston, Texas
August 5, 2024

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Independent Auditor’s Report

Board of Managers and Management
Green Gate Resources Parent, LLC
Houston, Texas

Opinion

We have audited the consolidated and combined financial statements of Green Gate Resources Parent, LLC and its subsidiaries (the “Company”), which comprise the consolidated and combined balance sheets as of December 31, 2023 (Successor) and 2022 (Successor) and December 31, 2022 (Predecessor), and the related consolidated and combined statements of operations and other comprehensive income for the year ended December 31, 2023 (Successor) and the 122 days ended December 31, 2022 (Successor) and the 58 days ended February 27, 2023 (Predecessor) and the years ended December 31, 2022 (Predecessor) and 2021 (Predecessor), members’ and stockholders’ equity for the year ended December 31, 2023 (Successor) and the period from inception (August 31, 2022) to December 31, 2022 (Successor) and the 58 days ended February 27, 2023 (Predecessor) and the years ended December 31, 2022 (Predecessor) and 2021 (Predecessor), and cash flows for the year ended December 31, 2023 (Successor) and the 122 days ended December 31, 2022 (Successor) and the 58 days ended February 27, 2023 (Predecessor) and the years ended December 31, 2022 (Predecessor) and 2021 (Predecessor), and the related notes to the consolidated and combined financial statements.

In our opinion, the accompanying consolidated and combined financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023 (Successor) and 2022 (Successor) and December 31, 2022 (Predecessor), and the results of its operations and its cash flows for the year ended December 31, 2023 (Successor) and the 122 days ended December 31, 2022 (Successor) and the 58 days ended February 27, 2023 (Predecessor) and the years ended December 31, 2022 (Predecessor) and 2021 (Predecessor) in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated and combined financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated and combined financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and combined financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company’s ability to continue as a going concern within one year after the date that the consolidated and combined financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated and combined financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated and combined financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated and combined financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated and combined financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated and combined financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

/s/ BDO USA, P.C.

Houston, Texas
April 16, 2024

Green Gate Resources Parent, LLC
Consolidated and Combined Statements of Operations and Other Comprehensive Income

(in thousands of dollars)

	Successor		Predecessor		
	Year Ended December 31, 2023	122-days Ended December 31, 2022	58-days Ended February 27, 2023	Years Ended December 31, 2022 2021	
Revenue and Other Income					
Crude oil, natural gas and NGL sales	\$ 1,762,721	\$ —	\$ 5,621	\$ 47,782	\$ 37,711
Crude oil, natural gas and NGL sales to related parties	—	—	341,218	2,755,581	2,084,423
Other revenue	6,641	—	969	4,506	2,812
Gain/(loss) on acquisition/sale of assets, net	13,287	—	—	1,036	(171)
(Loss) on commodity derivatives, net	(127,921)	—	—	—	—
Total Revenue and Other Income	1,654,728	—	347,808	2,808,905	2,124,775
Operating Expenses					
Operating costs	\$ 394,466	\$ —	\$ 68,807	\$ 463,186	\$ 396,246
General and administrative expenses	159,717	—	30,474	219,995	240,493
Depreciation, depletion and amortization	291,491	—	76,656	567,728	748,870
Accretion expense on abandonment liability	122,321	—	13,168	86,609	92,793
Exploration expenses including dry hole	273	—	40	315	424
Purchased natural gas marketing expense	170,198	—	228,605	359,680	212,770
Electricity generation expenses	55,338	—	10,393	54,733	46,012
Taxes other than on income	84,443	—	14,435	75,479	71,053
Research expenses	733	—	3	325	112
Other operating expenses	71,733	—	8,208	45,614	3,910
Total Operating Expenses	1,350,713	—	450,789	1,873,664	1,812,683
Operating Income (Loss)	304,016	—	(102,980)	935,241	312,092
Non-Operating (Expenses) Income					
Interest income	4,485	—	1,114	5,652	—
Interest (expense)	(109,693)	—	—	—	—
Income/(Loss) from equity investments	6,850	—	501	(162)	280
Other non-operating (expenses)/income	(2,245)	—	(144)	12,074	8,970
Income (Loss) Before Income Taxes	203,413	—	(101,509)	952,805	321,342
Federal and state income tax benefit/(expense)	1,302	—	264	(11,337)	1,744
Net Income (Loss)	204,715	—	(101,245)	941,468	323,086
Other Comprehensive Income (Loss)					
Unrealized gain/(loss) on investments	1,002	—	(193)	(2,131)	1,454
Amortization of prior service cost	—	—	—	453	908
Amortization of net actuarial gain	988	—	197	1,065	2,999
Net actuarial gain arising during the period	9,069	—	361	6,864	22,279
Comprehensive Income (Loss)	\$ 215,774	\$ —	\$(100,880)	\$ 947,719	\$ 350,726

* All items of other comprehensive income/(loss) are displayed net of a tax benefit of (\$4,129) thousand, (\$218) thousand, (\$3,257) thousand, and (\$10,175) thousand for the Successor year ended December 31, 2023, the Predecessor 58-day period ended February 27, 2023, and years ended December 31, 2022 and 2021, respectively.

The accompanying notes are an integral part of these statements.

Green Gate Resources Parent, LLC
Consolidated and Combined Balance Sheets

(in thousands of dollars)

	Successor		Predecessor
	December 31, 2023	December 31, 2022	December 31, 2022
Assets			
Current Assets			
Cash	\$ 29,376	\$ —	\$ 343,681
Restricted cash	15,840	—	—
Accounts receivable			
Due from related parties	50,000	—	191,102
Trade	174,532	—	6,049
Other	1,760	—	9,155
Inventories			
Crude oil and condensate	389	—	934
Materials and supplies	17,101	—	15,241
Other current assets, net	4,542	—	—
Total Current Assets	293,541	—	566,162
Equity investments	34,865	—	8,140
Property, plant and equipment, at cost, less accumulated depreciation, depletion and amortization	2,923,569	—	4,508,315
Deferred income tax asset, net	14,687	—	18,108
Other assets, net	98,867	169,000	163,903
Total Assets	\$ 3,365,528	\$ 169,000	\$ 5,264,628
Liabilities and Members' & Stockholders' Equity			
Current Liabilities			
Accounts payable			
Trade	\$ 140,860	\$ —	\$ 172,716
Taxes payable	14,589	—	14,476
Fair value of derivative contracts	31,032	—	—
Accrued liabilities	161,304	—	88,596
Current portion of long term debt	100,000	—	—
Accrued restoration, removal and environmental costs	82,320	—	149,374
Total Current Liabilities	530,106	—	425,162
Accrued restoration, removal and environmental costs	1,022,265	—	1,078,771
Long term debt, net	811,419	—	—
Long term - fair value of derivative instruments	79,366	—	—
Other long term liabilities	56,888	—	77,989
Total Liabilities	2,500,044	—	1,581,922
Commitments and Contingencies (Note 9 and Note 10)			
Members' and Stockholders' Equity			
Common stock, \$1.00 par value for the predecessor (2,000 shares authorized and outstanding)	—	—	2
Retained earnings	854,425	169,000	3,714,630
Accumulated other comprehensive income (loss)	11,059	—	(31,926)
Total Members' & Stockholders' Equity	865,484	169,000	3,682,706
Total Liabilities and Members' & Stockholders' Equity	\$ 3,365,528	\$ 169,000	\$ 5,264,628

The accompanying notes are an integral part of these statements.

Green Gate Resources Parent, LLC
Consolidated and Combined Statements of Members' and Stockholders' Equity

(in thousands)

	Predecessor				
	Common Stock		Retained Earnings	Accumulated Other Comprehensive Loss	Total Members' and Stockholders' Equity
	Shares	Amount			
Balance as of December 31, 2020	2	\$ 2	\$ 4,600,076	\$ (65,817)	\$ 4,534,261
Net income			323,086	—	323,086
Distributions			(900,000)	—	(900,000)
Other comprehensive gain			—	27,640	27,640
Balance as of December 31, 2021	2	\$ 2	\$ 4,023,162	\$ (38,177)	\$ 3,984,987
Net income			\$ 941,468	\$ —	\$ 941,468
Distributions			(1,250,000)	—	(1,250,000)
Other comprehensive gain			—	6,251	6,251
Balance as of December 31, 2022	2	\$ 2	\$ 3,714,630	\$ (31,926)	\$ 3,682,706
Net loss			\$ (101,245)	\$ —	\$ (101,245)
Other comprehensive gain			—	365	365
Balance as of February 27, 2023	2	\$ 2	\$ 3,613,385	\$ (31,561)	\$ 3,581,826

	Retained Earnings	Successor Accumulated Other Comprehensive Loss	Total Members' and Stockholders' Equity
Balance as of August 31, 2022 (Inception)	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>
Net income	—	—	—
Contributions	169,000	—	169,000
Balance as of December 31, 2022	<u>\$ 169,000</u>	<u>\$ —</u>	<u>\$ 169,000</u>
Net income	\$ 204,715	\$ —	\$ 204,715
Distributions	(135,290)	—	(135,290)
Contributions	616,000	—	616,000
Other comprehensive gain	—	11,059	11,059
Balance as of December 31, 2023	<u>\$ 854,425</u>	<u>\$ 11,059</u>	<u>\$ 865,484</u>

The accompanying notes are an integral part of these statements.

Green Gate Resources Parent, LLC
Consolidated and Combined Statements of Cash Flows

(in thousands of dollars)

	Successor		Predecessor		
	Year Ended December 31, 2023	122-days Ended December 31, 2022	58-days Ended February 27, 2023	Years Ended December 31, 2022 2021	
Cash Flows From Operating Activities					
Net income (loss)	\$ 204,715	\$ —	\$(101,245)	\$ 941,468	\$ 323,086
Adjustments for non-cash items					
Depreciation, depletion and amortization	291,492	—	76,656	567,728	748,870
Accretion expense on abandonment liability	122,321	—	13,168	86,609	92,793
Amortization of debt issuance costs	9,529	—	—	—	—
Loss on commodity derivatives	127,921	—	—	—	—
(Gain)/loss on sale of assets	(13,278)	—	—	(1,036)	171
Deferred income tax charges	(1,152)	—	446	9,089	(3,189)
Cash payments on derivative settlements, net	(18,666)	—	—	—	—
Dismantlement, restoration and abandonment expenditures	(64,431)	—	(13,598)	(112,665)	(93,749)
Change in fair value of contingent consideration	1,518	—	—	—	—
Dividends from equity income	2,287	—	(501)	5,483	(1,249)
Changes in operating working capital					
Accounts receivable - due from related parties	116,679	—	24,422	(5,221)	(49,872)
Accounts receivable	(140,952)	—	(14,882)	(8,738)	—
Inventories	(602)	—	(712)	215	1,488
Accounts payable and accrued liabilities	58,436	—	(81,254)	78,363	21,670
Taxes payable	5,162	—	(5,048)	3,880	(1,008)
Other accrued liabilities	(71,979)	—	9,589	4,042	(46,056)
All other items, net	50,393	—	65,025	(84,506)	54,410
Net Cash Provided/(Used) by Operating Activities	679,393	—	(27,935)	1,484,711	1,047,365
Cash Flows From Investing Activities					
Additions to property, plant and equipment	(215,060)	—	(38,620)	(263,877)	(107,757)
Proceeds from sale of assets	8,434	—	256	52,321	3,839
Investment in equity companies	—	—	—	(1,143)	(1,589)
Deposits paid to Sellers	—	(169,000)	—	—	—
Business Combination, net	(1,791,133)	—	—	—	—
Payments of acquisition related contingent consideration	(8,933)	—	—	—	—
Net Cash Used in Investing Activities	(2,006,691)	(169,000)	(38,364)	(212,699)	(105,507)

The accompanying notes are an integral part of these statements.

Green Gate Resources Parent, LLC
Consolidated and Combined Statements of Cash Flows

(in thousands of dollars)

	Successor		Predecessor		
	Year Ended December 31, 2023	122-days Ended December 31, 2022	58-days Ended February 27, 2023	Years Ended December 31, 2022	2021
Cash Flows From Financing Activities					
Distributions to Aera Member Companies:					
Regular Distribution	\$ (50,000)	\$ —	\$ —	\$(1,250,000)	\$(900,000)
Tax based	(85,290)	—	—	—	—
Contributions from Aera Member Companies	616,000	169,000	—	—	—
Debt issuance costs	(48,110)	—	—	—	—
Finance lease obligations - reduction	(1,422)	—	—	(1,365)	(1,099)
Proceeds from Term Loan	600,000	—	—	—	—
Repayments of Term Loan	(50,000)	—	—	—	—
Proceeds from RBL Facility	445,000	—	—	—	—
Repayments of RBL Facility	(45,000)	—	—	—	—
Payments of acquisition related contingent consideration	(8,665)	—	—	—	—
Net Cash (Used)/Provided in Financing Activities	1,372,513	169,000	—	(1,251,365)	(901,099)
Net Increase/(decrease) in Cash and Restricted Cash	45,216	—	(66,299)	20,647	40,759
Cash and Restricted Cash					
Beginning of the period	—	—	343,681	323,034	282,275
End of the period	\$ 45,216	\$ —	\$ 277,382	\$ 343,681	\$ 323,034
Supplemental Disclosure of Cash Flow Information					
Cash paid for income taxes	\$ 197	\$ —	\$ —	\$ 1,421	\$ 1
Interest paid, net of amount capitalized, included in cash flows from operating activities	89,161	—	—	—	—
Capitalized interest paid, included in cash flows from investing activities	6,646	—	—	—	—
Supplemental Disclosure of Non-cash Investing and Financing					
Accrued capital expenditures	9,106	—	14,764	17,277	9,488
Changes in asset retirement obligations	(36,590)	—	—	(78,247)	(94,188)
Right of use assets obtained in exchange for operating lease liabilities	5,367	—	1,035	6,197	5,951
Right of use assets obtained in exchange for finance lease liabilities	397	—	182	98	338

The accompanying notes are an integral part of these statements.

1. Nature of Operations

Green Gate Resources Parent, LLC (“GGRP”) is the sole member of Green Gate Resources Holdings LLC (“GGRH”) and is held 49% by CPPIB Vedder US Holdings LLC, an affiliate of Canada Pension Plan Investment Board and 51% by Green Gate COI LLC which is held 18.75% by OCM Aera E Holdings, LLC (“OCM AE”) and 81.25% by Green Gate ICOI LLC (“GG ICOI”). OCM AE is an affiliate of Oaktree Capital Group Holdings and Green Gate ICOI is an affiliate of IKAV SICAV – FIS SCA – IEII. The ownership group of GGRP will collectively be referred to as the “Member Companies”. The Member Companies respective shares in each item of income, gain, loss and deduction is in accordance with their respective sharing ratios. GGRH is the sole member of each of Green Gate Resources E LLC (“GGRE”) and Green Gate Resources S LLC (“GGRS”). GGRE and GGRS hold Green Gate Intermediate LLC (“GGI”) by 48.2% and 51.8%, respectively.

On February 28, 2023, GGRH acquired (the “Acquisition”) Aera Energy LLC and Aera Energy Services Company (collectively, “Aera Companies”). After the Acquisition, Aera Companies’ sole member company is GGI.

Aera Energy LLC, a California limited liability company (“Aera LLC”), is primarily engaged in the exploration, development, and production of crude oil, condensate, natural gas, and natural gas liquids in California. Prior to the Acquisition, Aera LLC’s member companies were Shell Onshore Ventures Inc. (“SOVI”) and Mobil California Exploration & Producing Asset Company (“MCEPAC”). SOVI is an affiliate of Shell plc and MCEPAC is an affiliate of ExxonMobil Corporation (collectively the “Prior Member Companies”). The Prior Member Companies’ respective sharing ratios were: SOVI – 51.8% and MCEPAC – 48.2%.

Aera Energy Services Company (“Aera Services”), a Delaware corporation, was formed in May 1997 for the purpose of providing the human resource needs of Aera LLC. Prior to the Acquisition, SOVI and MCEPAC equally owned the voting shares of Aera Services.

In connection with the change of control, as a result of the Acquisition, Aera Companies assets and liabilities were adjusted to fair value on the closing date of the Acquisition. The consolidated financial statements distinguish between the predecessor periods (“Predecessor”) relating to the combined activity of the Aera Companies for periods prior to the Acquisition on February 28, 2023 and the successor period (“Successor”) relating to GGRH for periods subsequent to the incorporation of GGRH on August 31, 2022.

GGRH was reorganized in a common control transaction under GGRP on December 28, 2023 resulting in a change in reporting entity. As this was a reorganization under common control, the assets and liabilities were recognized on a carryover basis and therefore GGRP is also considered the Successor.

The Successor financial information includes the activity and accounts of GGRP, together with its consolidated subsidiaries (collectively, “GGRP Companies”), as of and for the year ended December 31, 2023, which includes the activity and accounts of Aera Companies, prospectively for the 307-day period following completion of the Acquisition, beginning on February 28, 2023. The accounts and operating activity for the Successor periods from August 31, 2022 to December 31, 2022 and from January 1, 2023 to February 28, 2023 consist solely of the activity of GGRH prior to the close of the Acquisition, which primarily related to a capital contribution made in order to finance the Acquisition.

The Predecessor financial information represents the historical basis of presentation for the Aera Companies for all periods prior to the Acquisition. As a result of the valuation of assets acquired and liabilities assumed at fair value at the time of the Acquisition, the financial statements for the Successor period are presented on a measurement basis different than the Predecessor period (Aera Companies’ historical cost) and are, therefore, not comparable.

2. Summary of Significant Accounting Policies

The GGRP Companies have adopted accounting practices that are in conformity with accounting principles generally accepted in the United States of America ("GAAP").

Principles of Consolidation and Combination – The accompanying consolidated and combined financial statements include the consolidated accounts of GGRP together with all its consolidated subsidiaries. Combined financial statements are provided herein due to common ownership, management, and the nature of Aera Services' operations as they relate to Aera LLC. All significant inter-company and intracompany accounts and transactions have been eliminated.

Use of Estimates – The preparation of financial statements in conformity with GAAP requires management of the GGRP Companies to make estimates and assumptions that affect the amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. These estimates and assumptions may differ from those of an individual Member Company. Actual results could differ from these estimates.

Subsequent Events – Subsequent events have been evaluated through April 16, 2024, which is the date these consolidated and combined financial statements were available to be issued. The detailed disclosure is included in Note 15, Subsequent Events.

Business Combinations – The GGRP Companies evaluates acquisitions of assets and other similar transactions to assess whether or not the transaction should be accounted for as a business combination or asset acquisition by first applying a screen to determine if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets. If the screen is met, the transaction is accounted for as an asset acquisition. If the screen is not met, further determination is required as to whether or not the GGRP Companies have acquired inputs and processes that have the ability to create outputs, which would meet the requirements of a business. If determined to be a business combination, the GGRP Companies account for the transaction under the acquisition method of accounting in accordance with *ASC 805, Business Combinations*, which requires the acquiring entity in a business combination to recognize the fair value of all assets acquired, liabilities assumed, and any non-controlling interest in the acquiree and establishes the acquisition date as the fair value measurement point. Accordingly, the GGRP Companies recognize assets acquired and liabilities assumed in business combinations, including contingent assets and liabilities based on the fair value estimates as of the date of acquisition. In accordance with *ASC 805*, the GGRP Companies recognize and measures goodwill as of the acquisition date, as the excess of the fair value of the consideration paid over the fair value of the identified net assets acquired.

The consideration for the GGRP Companies' business acquisitions may include future payments that are contingent upon the occurrence of a particular event or events. The obligations for such contingent consideration payments are recorded at fair value on the acquisition date. The contingent consideration obligations are then evaluated each reporting period. Changes in the fair value of contingent consideration, other than changes due to payments, are recognized as a gain or loss and recorded in the Consolidated and Combined Statement of Operations and Other Comprehensive Income in the amount of \$5.9 million for the Successor year ended December 31, 2023.

If determined to be an asset acquisition, the GGRP Companies account for the transaction under *ASC 805-50*, which requires the acquiring entity in an asset acquisition to recognize assets acquired and liabilities assumed based on the cost to the acquiring entity on a relative fair value basis, which includes transaction costs in addition to consideration given. No gain or loss is recognized as of the date of acquisition unless the fair value of non-cash assets given as consideration differs from the assets' carrying amounts on the acquiring entity's books.

Consideration transferred that is non-cash will be measured based on either the cost (which shall be measured based on the fair value of the consideration given) or the fair value of the assets acquired and liabilities assumed, whichever is more reliably measurable. Goodwill is not recognized in an asset acquisition and any excess consideration transferred over the fair value of the net assets acquired is allocated to the identifiable assets based on relative fair values.

Contingent consideration payments in asset acquisitions are recognized when the contingency is resolved and the consideration is paid or becomes payable (unless the contingent consideration meets the definition of a derivative, in which case the amount becomes part of the basis in the asset acquired). Upon recognition of the contingent consideration payment, the amount is included in the cost of the acquired asset or group of assets.

Cash – Cash from time-to-time may exceed the amount of deposit insurance available and which are subject to an insignificant risk of changes in value or loss.

Restricted Cash – As of the Successor year ended December 31, 2023, cash included restricted cash of \$15.8 million which represents funds held in escrow in connection with abandonment and remediation obligations as required under terms of the Newport Banning Ranch land sale.

Accounts Receivable – Accounts receivable are from both non-affiliates and affiliates for the Successor as of December 31, 2023 and primarily from affiliates of the Prior Member Companies for the Predecessor as of December 31, 2022. Accounts receivable are generally collected within 20 days after the end of the month. Aera LLC reviews all outstanding accounts receivable balances and records a reserve for amounts that are not expected to be fully recovered. As of the Successor year ended December 31, 2023 and the Predecessor combined year ended December 31, 2022, no expected credit losses were recorded.

Inventories – Inventories of crude oil and condensate are carried at the lower of cost or market, on a last-in, first-out (“LIFO”) basis, and include certain costs directly related to the production process. Materials and supplies are carried at average cost and did not exceed replacement cost.

Equity Investments – Aera LLC’s equity investments consist primarily of land development and cogeneration facility partnerships. Aera LLC accounts for its corporate joint ventures under the equity method of accounting in accordance with FASB ASC Topic 323 “Investments – Equity Method and Joint Ventures”. Aera LLC applies the equity method of accounting to investments over which Aera LLC exercises significant influence but does not have control. Under the equity method of accounting, Aera LLC’s share of the investee’s earnings or losses are recognized in the Consolidated and Combined Statements of Operations and Other Comprehensive Income.

In December 2022, Aera LLC sold its’ ownership in the Newport Banning Ranch land asset. As a result, Newport Banning Ranch Limited Liability Company (“NBR LLC”), wrote off its’ assets associated with the development of that land and investment in the equity company. Aera LLC recognized a net gain of \$1.1 million for the year 2022, which was comprised of \$45.8 million of proceeds less the land value of \$19.5 million and investment of \$12.4 million at the time of sale, and the associated asset retirement obligation of \$12.6 million. As the part of the Purchase Sale Agreement, Aera LLC maintained the remediation obligation. In September 2023, Aera LLC purchased the partnership interest from Cherokee Newport Beach, LLC representing an additional interest including an additional \$7.9 million in an escrow account related to the land sale. Because Aera LLC now owns 99% of the remaining remediation obligation and related \$15.8 million escrow account, NBR LLC is now consolidated and not accounted for as an equity investment.

For the Successor year ended December 31, 2023 and the Predecessor combined year ended December 31, 2022, \$1.8 million and \$5.5 million of dividends in excess of equity income were received relating to equity investments, respectively.

Revenue Recognition – Revenues associated with the sales of crude oil, natural gas, and other products are recognized at a point in time when Aera LLC’s performance obligation under these contracts is satisfied, which generally occurs when control of oil and natural gas transfers to the customer and collection of the consideration is considered probable.

Concentration of Customers – Aera LLC sells crude oil, natural gas and NGLs to marketers, refineries and other customers that have access to transportation and storage facilities. Considering the ongoing energy deficit in California and strong demand for in-state crude oil production, we do not believe that the loss of any single customer would have a material adverse effect on our consolidated and combined financial statements taken as a whole. If multiple significant customers were to discontinue purchasing our production abruptly, we believe we would have the resources needed to access alternative customers or markets and avoid or materially mitigate associated sales disruptions.

For the Successor year ended December 31, 2023, two customers each accounted for at least 10%, and collectively 96% of our sales (before the effects of hedging). For the Predecessor combined 58-day period ended February 27, 2023, year ended December 31, 2022, and year ended December 31, 2021 all sales were to related parties and our Prior Member Companies accounted for 100% of our sales. We continue to sell crude oil and natural gas to affiliates of our Prior Member Companies. The detailed disclosure is included in Note 7, Transactions with Related Parties.

Exploration and Development – The “successful efforts” method of accounting is used for crude oil and natural gas exploration, development, production, and acquisition activities.

Property Acquisition Costs – Costs of acquiring proved reserves including lease bonus, brokerage, and other fees are capitalized. The costs of non-producing properties that become productive are transferred to a producing property account.

Exploratory Costs – Costs of exploratory wells are initially capitalized but, should efforts be determined to be unsuccessful, they are then charged against income. All other exploratory costs are charged to expense as incurred.

Development Costs – Costs of development wells, including dry holes, well equipment, and attendant production facilities are capitalized.

Depreciation, Depletion, and Amortization – Depreciation, depletion, and amortization of the capitalized cost of producing properties, both tangible and intangible, are provided on a unit of production basis. On a field basis, proved developed oil and natural gas reserve volumes are used for depreciating drilling and development costs, and total proved oil and natural gas reserve volumes are used for depleting producing leasehold costs. Amortization of non-producing leasehold costs from the date of acquisition is based primarily upon experience in establishing rates to fully amortize the cost of those leases that may be unproductive over the holding period. Estimated dismantlement, restoration, abandonment costs, and residual salvage values are considered in determining amortization and depreciation rates.

Other plant and equipment and management information systems are depreciated on a straight-line basis over their estimated useful lives. Gains or losses are not recognized for normal retirements of plant and equipment subject to the composite or group method. Gains or losses from abnormal retirements or sales are recognized in current income. Expenditures for maintenance and repairs are expensed as incurred.

Impairment – Aera LLC evaluates proved and unproved properties for indicators of impairment. Proved and unproved properties are evaluated for indicators of impairment when facts and circumstances indicate that their carrying value may not be recoverable, or at least annually. If a triggering event is deemed to have occurred, an impairment assessment is undertaken. In general, the Aera LLC does not view temporarily low prices or margins as an indication of impairment. Management believes that prices over the long term must be sufficient to generate investments in energy supply to meet global demand. Although prices will occasionally drop significantly, industry prices over the long term will continue to be driven by market supply and demand fundamentals. Because the lifespan of most of the Aera LLC major assets are measured in decades, the future cash flows of these assets are predominantly based on long-term oil and natural gas commodity prices and industry margins, development costs, and production costs. Aera LLCs assesses impairment of proved oil and natural gas properties by comparing net capitalized costs, on a field-by-field basis, to estimated undiscounted future net cash flows using management's expectations of future oil and natural gas prices. If an impairment is indicated, a charge is recognized in the period in which the impairment occurred based on estimated fair value, which considers estimated future discounted cash flows. Unproved properties are assessed for impairment at least annually on a property-by-property basis and any impairment is charged to income. If the unproved properties are determined to be productive, the related costs are transferred to a producing property account.

Asset Retirement Obligations – Aera LLC incurs retirement obligations related to its exploration and production assets. The fair values of these obligations are recorded as liabilities on a discounted basis adjusted annually. Due to the large number of wells being placed in and removed from service, the fair value of the obligations is reviewed and updated annually, based on the most current information available. The costs associated with these liabilities are capitalized as part of the related assets and depreciated as the reserves are produced. Over time, the liabilities are accreted for the change in present value, based on Aera LLC's risk-adjusted discount rate. Liabilities for environmental costs are recorded when the costs are considered probable and can be reasonably estimated. Specified environmental liabilities are retained by the Prior Member Companies specified in terms and conditions of the preceding Aera Master Agreement.

Capitalized Interest – Interest from external borrowings is capitalized on capital projects using the weighted average borrowing rate of outstanding borrowings until the project is substantially complete and ready for its intended use. Capitalized interest is determined by multiplying our weighted average borrowing cost on debt by the average amount of qualifying costs incurred. Capitalized interest is depreciated in the same manner as the depreciation of the underlying assets.

Income Taxes – Income taxes relate only to GGRP Companies' incorporated subsidiaries and Aera Services. Aera LLC does not report income taxes since the income or loss before income taxes is allocated to the Member Companies for inclusion in their respective income tax returns. Deferred income taxes reflect the impact of temporary differences between the amount of assets and liabilities recognized for financial reporting purposes and such amounts recognized for tax purposes.

Other Assets, Net – Other assets, net is comprised primarily of prepaid pension assets and Greenhouse Gas Cap-and-Trade Program Compliance Instruments. Aera LLC's operating facilities subject to California's Cap-and-Trade Program must obtain compliance instruments (allowances) for ultimate surrender to meet program compliance obligations. Aera LLC manages its holding of compliance instruments as part of its annual business planning activities and adjusts throughout the year.

Other Long Term Liabilities – Other long term liabilities are comprised primarily of the post-retirement plan benefit obligation, derivative liabilities, and lease liabilities.

Leases – Aera LLC accounts for leases according to *Leases (Topic 842)*. The detailed disclosure is included in Note 10, Leases and Other Commitments.

Fair Value of Financial Instruments – Financial instruments consist of cash, crude oil and natural gas receivables, joint interest billing (“JIB”) receivables, accounts payable, debt and derivatives. The carrying amounts of cash, crude oil and natural gas receivables, JIB receivables, and accounts payable approximate fair value due to the highly liquid nature of these short-term instruments. The detailed disclosure is included in Note 11, Fair Value of Financial Instruments).

Derivative Instruments – Aera LLC utilizes derivative instruments, primarily swaps, to manage its exposure to fluctuations in the underlying commodity prices of crude oil sold and natural gas purchased by Aera LLC. Aera LLC nets derivative assets and liabilities for counter parties where it has a legal right to offset. The derivative transactions are not designated as cash flow hedges. Accordingly, these derivative contracts are marked-to-market and any changes in the estimated value of derivative contracts held at the balance sheet date are recognized in the Consolidated and Combined Statements of Operations and Other Comprehensive Income as net gains or losses on commodity derivatives. Unless otherwise indicated, we use the term “hedge” to describe derivatives instruments that are designed to achieve our hedging program goals, even though they are not accounted for as cash-flow or fair-value hedges. The detailed disclosure is included in Note 12, Derivatives.

Cash Distributions – Aera LLC periodically make cash distributions of excess earnings to the Member Companies as requested by the Member Companies.

Recently Adopted Accounting Standards – Effective January 1, 2023, the GGRP Companies adopted *Accounting Standards Update (“ASU”) 2021-08, Business Combinations (Topic 805), Accounting for Contract Assets and Contract Liabilities from Contracts with Customers* on a prospective basis. Under this *ASU*, contract assets and contract liabilities acquired in a business combination are measured in accordance with *ASC 606, Revenue from Contracts with Customers* instead of at fair value. The GGRP Companies’ application of this *ASU* for the measurement of contract assets and contract liabilities did not have a material impact on the GGRP Companies’ financial position and results of operations.

The GGRP Companies adopted *ASU 2016-13, Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments (“ASC 326”)* on current expected credit losses on January 1, 2023. The new rules changed the measurement of credit losses for financial assets and certain other instruments, including trade and other receivables with a right to receive cash, and require the use of a new forward-looking expected loss model that results in the earlier recognition of an allowance for losses. The adoption of these new rules did not have a significant impact on our consolidated and combined financial statements.

Recently Issued but not Adopted Accounting Standards – In December 2023, the Financial Accounting Standard Board (FASB) issued new disclosure requirements for *Income Taxes (ASC 740)*. The rule is effective for annual periods beginning after December 15, 2024, but early adoption is permitted. We do not expect the adoption of these rules to have a significant impact on our consolidated and combined financial statements.

Reclassifications – Certain items in the 2022 and 2021 financial statements have been reclassified for comparability purposes with the 2023 financial statements. These reclassifications had no effect on previously reported net income or equity.

3. Significant Transactions

Purchase of Aera Companies

On February 28, 2023, GGRH acquired 100% of the issued and outstanding membership interests of Aera LLC, and 100% of the issued and outstanding membership interests of Aera Energy Services. The Acquisition allows GGRH to assist the Aera Companies with energy transition efforts while balancing the need to continue meeting California’s conventional energy demands by investing in a renewable energy portfolio that will power Aera Companies’ existing operations. Over time, renewable power will be deployed across Aera Companies’ land holdings, while selected legacy oil and gas infrastructure will be repurposed to create carbon capture and storage capability. The Acquisition was accounted for as a business combination. There was no goodwill, measured as the excess of the fair value of the consideration paid over the fair value of the identified net assets, resulting from the Acquisition.

The following table summarizes the consideration paid for the Aera Companies:

Consideration	
<i>(in thousands of dollars)</i>	
Cash	\$ 1,280,000
Contingent Consideration	45,187
Deferred Payments and Price Adjustments not paid at close	<u>1,009,943</u>
Fair value of total consideration transferred	<u>\$ 2,335,130</u>

The contingent consideration arrangement requires the GGRP Companies to make a series of payments to the Prior Member Companies based on separate calculations for hedged and unhedged oil volumes. The hedged contingent consideration payments are calculated as 70% of the difference between hedged price, adjusted for the delta in local market pricing and Brent index price, and the reference Brent price, multiplied by the reference hedged oil volumes. The unhedged contingent consideration payments are calculated as 35% of the difference between actual Brent index price, adjusted for the delta in local market pricing and Brent index price, and the reference Brent price, multiplied by the volume of unhedged oil. Unhedged oil is calculated as the lesser of actual produced oil volume or the reference production floor volume, minus reference hedged oil volumes. Reference prices and volumes set per the purchase agreements. All contingent consideration payments were measured at fair value at the Acquisition date based on the ICE Brent price futures. As of the Acquisition date, the potential undiscounted amount of all future payments that GGRH could be required to make under the contingent consideration arrangement is between \$44.5 million and \$55.4 million.

During the period ended December 31, 2023, GGRH paid \$17.6 million to settle contingent consideration as it came due under the terms of the membership purchase agreements.

For the period ended December 31, 2023, the loss recognized for changes in the fair value of contingent consideration arrangement in the amount of \$1.5 million is included in Other Non-Operating Expense in the Consolidated and Combined Statement of Operations and Other Comprehensive Income.

As of December 31, 2023, the range of outcomes that GGRH could be required to make under the contingent consideration arrangement is between \$24.6 million and \$30.6 million. The assumptions used to develop the estimates have not changed. Contingent consideration is split between Accrued Liabilities and Other Long-term Liabilities in the Balance Sheet. See note 11 for details.

Fair Value of total consideration transferred

Acquisition-related costs of \$43.9 million were included in Other Operating Expenses in the Consolidated and Combined Statement of Operations and Other Comprehensive Income for the Successor year ended December 31, 2023.

Recognized amounts of identifiable assets acquired and liabilities assumed

(in thousands of dollars)

Purchase Price Allocation:

Current Assets	\$ 491,035
Equity investments	34,023
Property, plant and equipment, at cost, less accumulated depreciation, depletion and amortization	3,049,853
Deferred income tax asset	23,943
Other assets, net	141,162
Current Liabilities	(186,972)
Accrued restoration, removal and environmental costs	(1,083,279)
Other long term liabilities	(128,287)
Deferred income tax liability	(6,348)
Net assets acquired	<u>\$ 2,335,130</u>

4. Revenue

Aera LLC and its subsidiaries sell crude oil, natural gas, natural gas liquids and other products under long-term agreements, with periodic price adjustments to reflect market conditions. Revenue is recognized upon transfer of control, based on the terms of delivery and collectability of the consideration is considered probable. Production is priced on the average monthly prevailing index prices less certain deductions related to quality and physical location. Payment for revenue transactions is typically due within 20 days.

Revenue is recognized at the point in time when Aera LLC's performance obligation under these contracts is satisfied, which generally occurs when control of crude oil and natural gas transfers to the customer and collection of the consideration is considered probable. In accordance with *Revenue from Contracts with Customers (Topic 606)*, Aera LLC considers the indicators of the transfer of control to determine the point in time. Aera LLC does not believe that significant judgements are required with respect to the determination of transfer of control or transaction price. Aera LLC's performance obligations arise upon the production of produced crude oil, natural gas, and natural gas liquids from wells in which the Company has an ownership interest. Disaggregated revenue sales of crude oil, natural gas and natural gas liquids (NGLs) to customers includes the following:

Crude oil, natural gas and NGL sales

(in thousands of dollars)

	Successor		Predecessor		
	Year Ended	122-days	58-days	Years Ended	
	December 31,	Ended	Ended	December 31,	
	2023	December 31, 2022	February 27, 2023	2022	2021
Crude oil	\$ 1,759,631	\$ —	\$ 5,168	\$40,708	\$30,484
Natural gas	(1,195)	—	(1,452)	(3,128)	(2,192)
NGLs	4,284	—	1,904	10,202	9,419
Crude oil, natural gas and NGL sales	<u>\$ 1,762,721</u>	<u>\$ —</u>	<u>\$ 5,621</u>	<u>\$47,782</u>	<u>\$37,711</u>

Crude oil, natural gas and NGL sales to related parties

(in thousands of dollars)

	Successor		Predecessor		
	Year Ended December 31, 2023	122-days Ended December 31, 2022	58-days Ended February 27, 2023	Years Ended December 31, 2022 2021	
Crude oil	\$ —	\$ —	\$ 341,218	\$2,755,581	\$2,084,423
Crude oil, natural gas and NGL sales to related parties	\$ —	\$ —	\$ 341,218	\$2,755,581	\$2,084,423

For the Successor year ended December 31, 2023, the Predecessor combined 58-day period ended February 27, 2023, year ended December 31, 2022 and year ended December 31, 2021, “Crude oil, natural gas and NGL sales” primarily arise from contracts with customers. For the Successor year ended December 31, 2023, “Accounts receivable – Trade” and “Accounts receivable – Other” are primarily from customers.

For the Predecessor combined 58-day period ended February 27, 2023, year ended December 31, 2022 and year ended December 31, 2021, “Crude oil, natural gas and NGL sales to related parties” primarily arise from contracts with related parties. For the Predecessor combined year ended December 31, 2022, “Accounts receivable – Due from related parties” are primarily from related parties (see further discussion in Note 7, Transactions with Related Parties).

5. Inventories

Crude oil and condensate inventories are carried on a LIFO basis. Replacement cost exceeded LIFO by \$1.5 million and \$3.2 million at the Successor year ended December 31, 2023 and the Predecessor combined year ended December 31, 2022, respectively.

6. Property, Plant, and Equipment and Asset Retirement Obligations

Property, plant, and equipment consist of the following:

(in thousands of dollars)

	Successor 2023			Predecessor 2022		
	Cost	Reserve*	Net	Cost	Reserve*	Net
Exploration and production	\$ 12,549,918	\$ 9,648,112	\$ 2,901,806	\$ 13,926,839	\$ 9,439,064	\$ 4,487,775
Land held for development	21,552	—	21,552	20,329	—	20,329
Other	1,634	1,422	211	1,633	1,422	211
	<u>\$ 12,573,104</u>	<u>\$ 9,649,534</u>	<u>\$ 2,923,569</u>	<u>\$ 13,948,801</u>	<u>\$ 9,440,486</u>	<u>\$ 4,508,315</u>

* Accumulated depreciation, depletion, amortization, retirements and impairments

Exploration and production costs of \$417.3 million, \$380.3 million, and \$355.0 million consisting primarily of assets under construction and land were not subject to depletion for the Successor year ended December 31, 2023 and the Predecessor combined 58-day period ended February 27, 2023 and year ended December 31, 2022, respectively.

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Amounts capitalized related to information systems are amortized on a straight-line basis over a period of three to fourteen years. Aera LLC amortized \$10.8 million, \$2.3 million, \$10.9 million and \$9.1 million in software costs for the Successor year ended December 31, 2023 and the Predecessor combined 58-day period ended February 27, 2023 and years ended December 31, 2022 and 2021, respectively. These amounts are recorded in the table above in Exploration and Production.

The analysis for impairments of long-lived assets is conducted under the authoritative guidance on accounting for the impairment or disposal of long-lived assets. For the Successor consolidated year ended December 31, 2023 and the Predecessor combined year ended December 31, 2021, Aera LLC did not incur an impairment loss. For the Predecessor combined year ended December 31, 2022, \$0.1 million of impairment losses were incurred.

Under the authoritative guidance for asset retirement obligations (“AROs”), the fair values of AROs are recorded as liabilities on a discounted basis when they are incurred, which is typically at the time the assets are installed. Amounts recorded for the related assets will be increased by the amount of these obligations. In the estimation of fair value, Aera LLC uses assumptions and judgments regarding such factors as the existence of a legal obligation for an asset retirement obligation, technical assessments of the assets, estimated amounts and timing of settlements, discount rates, and inflation rates. AROs incurred in the current period were Level 3 (unobservable inputs) fair value measurements. Over time, the liabilities are accreted for the change in their present value and the initial capitalized costs are depreciated as the reserves are produced.

The below table summarizes the ARO activity for the Successor year ended December 31, 2023, and the Predecessor combined 58-day period ended February 27, 2023 and year ended December 31, 2022:

<i>(in thousands of dollars)</i>		Successor	
		December 31,	
		2023	
Balance at February 28, 2023		\$ 1,083,285	
Accretion expense on abandonment liability		122,321	
Dismantlement, restoration and abandonment expenditures		(64,431)	
Liabilities incurred		238	
Revisions in estimated cash flows		(36,828)	
Balance at December 31		1,104,585	
Less: current portion		(82,320)	
Long-term obligations		\$ 1,022,265	

<i>(in thousands of dollars)</i>		Predecessor	
		February 27,	December 31,
		2023	2022
Balance at January 1		\$ 1,228,145	\$ 1,332,448
Accretion expense on abandonment liability		13,168	86,609
Dismantlement, restoration and abandonment expenditures		(13,598)	(112,665)
Liabilities incurred		—	609
Revisions in estimated cash flows		—	(78,856)
Balance at December 31		1,227,715	1,228,145
Less: current portion		(133,685)	(149,374)
Long-term obligations		\$ 1,094,030	\$ 1,078,771

7. Transactions with Related Parties

Prior to the sale of the Aera Companies on February 28, 2023, Shell Treasury Center (West) Inc. (“STCW”) and Exxon Overseas Corporation (“EOC”), affiliates of the Prior Member Companies, provided cash management services to Aera LLC and Aera Services. Prior to February 28, 2023, excess cash was held by STCW and EOC, proportionally, based on the respective sharing ratios of the Prior Member Companies. There were no restrictions on access to cash held by STCW and EOC. STCW and EOC paid interest on the cash they held based on a defined market index rate. For the Predecessor combined 58-day period ended February 27, 2023 and year ended December 31, 2022, the Aera Companies earned approximately \$2.2 million and \$6.8 million in interest income attributable to the cash management agreement. For the Predecessor combined year ended December 31, 2021, no interest income was earned. The cash balance held by STCW and EOC, including interest, was \$350.8 million as of the Predecessor combined year ended December 31, 2022. After the sale, the cash on deposit within accounts managed by STCW and EOC including accumulated interest, totaling \$231.7 million was transferred to accounts managed by Aera LLC on March 1, 2023 and February 28, 2023, respectively.

Aera LLC purchases natural gas from Shell Energy North America, an affiliate of the Prior Member Companies. Aera LLC did not pay any natural gas purchases for the Predecessor combined 58-day period ended February 27, 2023 and paid approximately \$86.2 million and \$81.6 million for the Predecessor combined year ended December 31, 2022 and year ended December 31, 2021. After the sale, Aera LLC continues to purchase natural gas from Shell Energy North America as a non-related party. Aera LLC did not have any related party payable balances with Shell Energy North America for the Successor year ended December 31, 2023 or the Predecessor combined year ended December 31, 2022.

Aera LLC sells natural gas to Mobil Pacific Pipeline Company (“MPPCO”), which is an affiliate of the Prior Member Companies. Aera LLC earned approximately \$ 0.17 million, \$0.27 million and \$0.22 million for natural gas sales for the Predecessor combined 58-day period ended February 28, 2023, year ended December 31, 2022 and year ended December 31, 2021, respectively. After the sale, Aera LLC no longer sells natural gas to MPPCO. Aera LLC did not have any related party receivable balance from MPPCO for the Successor consolidated period ended December 31, 2023 or the Predecessor combined year ended December 31, 2022.

Aera LLC sold 100% of its operated crude oil and condensate production for the Predecessor combined 58-day period ended February 27, 2023, year ended December 31, 2022 and year ended December 31, 2021, to affiliates of the Prior Member Companies, Shell Trading (US) Company and ExxonMobil Oil Corporation. The volume of crude oil and condensate sold is split in proportion to the respective sharing ratios that the Prior Member Companies held in Aera LLC. For the Predecessor combined 58-day period ended February 27, 2023, year ended December 31, 2022 and year ended December 31, 2021, Aera LLC realized approximately \$341 million, \$2,756 million and \$2,084 million respectively, in gross crude and condensate sales to these related parties. Aera LLC’s related party receivable balance for crude and condensate sales was \$190.1 million for the Predecessor combined year ended December 31, 2022. After the sale, Aera continues to sell a portion of its operated crude oil and condensate to Shell Trading (US) Company as a non-related party and no longer sells its operated crude oil and condensate to ExxonMobil Oil Corporation.

The Prior Member Companies and their affiliates provide various services to the Aera Companies. For the Predecessor combined 58-day period ended February 27, 2023, year ended December 31, 2022 and year ended December 31, 2021, the Aera Companies incurred approximately \$1.0 million, \$3.7 million and \$4.4 million, respectively, for these services. After the sale, Shell performed various services for Aera LLC as a non-related party. Aera LLC did not have any related party payable balances with the Prior Member Companies for the Successor year ended December 31, 2023 and the Predecessor combined year ended December 31, 2022.

8. Benefit Plans

Aera Services provides defined benefit pension plans and other post-retirement benefit plans for employees. The benefit obligations and plan assets associated with these plans are measured at December 31.

Obligations and Funded Status

Weighted-average assumptions used to determine benefit obligations are as follows:

	Successor				Predecessor					
	Year Ended December 31, 2023		122-days Ended December 31, 2022		58-days Ended February 27, 2023		Year Ended December 31, 2022		Year Ended December 31, 2021	
	Pension Benefits	Other Postretirement Benefits	Pension Benefits	Other Postretirement Benefits	Pension Benefits	Other Postretirement Benefits	Pension Benefits	Other Postretirement Benefits	Pension Benefits	Other Postretirement Benefits
Discount rate	5.01%	4.99%	—	—	5.01%	4.99%	5.21%	5.19%	2.77%	2.68%
Long term rate of compensation increase	5.00%	—	—	—	5.00%	—	4.00%	—	4.00%	—

The changes in benefit obligation are as follows:

(in thousands of dollars)

	Successor				Predecessor					
	Year Ended December 31, 2023		122-days Ended December 31, 2022		58-days Ended February 27, 2023		Year Ended December 31, 2022		Year Ended December 31, 2021	
	Pension Benefits	Other Postretirement Benefits	Pension Benefits	Other Postretirement Benefits	Pension Benefits	Other Postretirement Benefits	Pension Benefits	Other Postretirement Benefits	Pension Benefits	Other Postretirement Benefits
Benefit obligation-beginning balance	\$264,910	\$ 69,007	\$ —	\$ —	\$265,209	\$ 69,384	\$336,814	\$ 89,173	\$336,814	\$ 89,173
Service cost	8,667	2,148	—	—	1,733	430	15,193	4,308	15,193	4,308
Interest cost	11,048	2,952	—	—	2,210	590	9,077	2,348	9,077	2,348
Benefits paid*	(30,996)	(4,530)	—	—	(6,199)	(906)	(22,921)	(3,687)	(22,921)	(3,687)
Actuarial loss/(gain)	9,787	(2,455)	—	—	1,957	(491)	(72,954)	(22,758)	(72,954)	(22,758)
Benefit obligation-ending balance	<u>\$263,416</u>	<u>\$ 67,122</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$264,910</u>	<u>\$ 69,007</u>	<u>\$265,209</u>	<u>\$ 69,384</u>	<u>\$265,209</u>	<u>\$ 69,384</u>
Accumulated benefit obligation at end of period	\$263,416	—	—	—	\$264,910	—	\$265,209	—	\$336,814	—

* Benefit payments for funded and unfunded plans.

The changes in plan assets are as follows:

(in thousands of dollars)

	Successor				Predecessor					
	Year Ended December 31, 2023		122-days Ended December 31, 2022		58-days Ended February 27, 2023		Year Ended December 31, 2022		Year Ended December 31, 2021	
	Pension Benefits	Other Postretirement Benefits	Pension Benefits	Other Postretirement Benefits	Pension Benefits	Other Postretirement Benefits	Pension Benefits	Other Postretirement Benefits	Pension Benefits	Other Postretirement Benefits
Fair value at beginning of period	\$315,277	\$ 48,511	\$ —	\$ —	\$315,445	\$ 47,978	\$348,369	\$ 58,172	\$335,162	\$ 54,824
Actual return on plan assets	28,500	4,407	—	—	5,700	881	(52,028)	(8,548)	27,413	4,950
Company contribution	1,655	1,043	—	—	331	209	42,025	395	9,729	426
Benefits paid	(30,996)	(2,787)	—	—	(6,199)	(557)	(22,921)	(2,041)	(23,935)	(2,028)
Fair value at end of period	<u>\$314,436</u>	<u>\$ 51,174</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$315,277</u>	<u>\$ 48,511</u>	<u>\$315,445</u>	<u>\$ 47,978</u>	<u>\$348,369</u>	<u>\$ 58,172</u>

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A summary of pension plans with an accumulated benefit obligation and projected benefit obligation in excess of plan assets is shown in the table below:

(in thousands of dollars)

	Successor		Predecessor		
	Year Ended December 31, 2023	122-days Ended December 31, 2022	58-days Ended February 27, 2023	Year Ended December 31, 2022	Year Ended December 31, 2021
For funded pension plans with an accumulated benefit obligation in excess of plan assets:					
Accumulated benefit obligation	\$ 263,416	\$ —	\$ 264,910	\$ 265,209	\$ 336,814
Fair value of plan assets	314,436	—	315,277	315,445	348,369
For funded pension plans with a projected benefit obligation in excess of plan assets:					
Accumulated benefit obligation	\$ 263,416	\$ —	\$ 264,910	\$ 265,209	\$ 336,814
Fair value of plan assets	314,436	—	315,277	315,445	348,369
For unfunded pension plans:					
Accumulated benefit obligation	\$ 67,122	\$ —	\$ 69,007	\$ 69,384	\$ 89,173
Fair value of plan assets	51,174	—	48,511	47,978	58,172

The assumed health care cost trend rates are as follows:

	Successor				Predecessor					
	Year Ended December 31, 2023		122-days Ended December 31, 2022		58-days Ended February 27, 2023		Year Ended December 31, 2022		Year Ended December 31, 2021	
	Pre 65	Post 65	Pre 65	Post 65	Pre 65	Post 65	Pre 65	Post 65	Pre 65	Post 65
Initial rate	6.00%	5.00%	—	—	6.00%	5.00%	6.25%	5.00%	6.50%	5.00%
Ultimate rate	4.50%	—	—	—	4.50%	—	4.50%	—	4.50%	—
Year ultimate rate reached	2030	—	—	—	2030	—	2030	—	2030	—

A summary comparing the total plan assets to the total benefit obligation is shown in the table below:

(in thousands of dollars)

	Successor				Predecessor					
	Year Ended December 31, 2023		122-days Ended December 31, 2022		58-days Ended February 27, 2023		Year Ended December 31, 2022		Year Ended December 31, 2021	
	Pension Benefits	Other Postretirement Benefits	Pension Benefits	Other Postretirement Benefits	Pension Benefits	Other Postretirement Benefits	Pension Benefits	Other Postretirement Benefits	Pension Benefits	Other Postretirement Benefits
Funded status (assets in excess of (less than) benefit obligation)*										
Balance at end of period										
Funded status	\$58,890	\$ 8,379	\$ —	\$ —	\$58,883	\$ 1,397	\$58,882	\$ 4,208	\$ 22,502	\$ 3,805
Unfunded status	(7,870)	(24,327)	—	—	(8,517)	(25,400)	(8,646)	(25,614)	(10,947)	(34,805)
Total	<u>\$51,020</u>	<u>\$ (15,948)</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$50,366</u>	<u>\$ (24,003)</u>	<u>\$50,236</u>	<u>\$ (21,406)</u>	<u>\$ 11,555</u>	<u>\$ (31,000)</u>
Amounts recorded in combined balance sheet										
Other assets, net	\$58,890	\$ 8,379	\$ —	\$ —	\$58,883	\$ 1,397	\$58,882	\$ 4,208	\$ 22,502	\$ 3,805
Accrued liabilities	(793)	(2,884)	—	—	(852)	(3,011)	(1,041)	(2,984)	(1,161)	(3,293)
Other long term liabilities	(7,077)	(21,443)	\$ —	\$ —	(7,665)	(22,389)	(7,605)	(22,630)	(9,786)	(31,512)
Total	<u>\$51,020</u>	<u>\$ (15,948)</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$50,366</u>	<u>\$ (24,003)</u>	<u>\$50,236</u>	<u>\$ (21,406)</u>	<u>\$ 11,555</u>	<u>\$ (31,000)</u>

Components of Net Periodic Benefit Cost

Weighted-average assumptions used to determine net periodic benefit cost:

	Successor				Predecessor					
	Year Ended		122-days Ended		58-days Ended		Year Ended		Year Ended	
	December 31, 2023		December 31, 2022		February 27, 2023		December 31, 2022		December 31, 2021	
	Pension Benefits	Other Postretirement Benefits	Pension Benefits	Other Postretirement Benefits	Pension Benefits	Other Postretirement Benefits	Pension Benefits	Other Postretirement Benefits	Pension Benefits	Other Postretirement Benefits
Discount rate	5.21%	5.20%	—	—	5.21%	5.20%	2.77%	2.69%	2.42%	2.24%
Long term rate of return on funded assets	6.50%	—	—	—	6.50%	—	6.50%	—	6.50%	—
Long term rate of compensation increase	5.00%	—	—	—	5.00%	—	4.00%	—	4.00%	—

Aera Services establishes the long-term expected rate of return on plan assets by reviewing a long-term return assumption for each asset class and consideration of historical returns.

The components of net periodic benefit cost are as follows:

(in thousands of dollars)

	Successor				Predecessor					
	Year Ended		122-days Ended		58-days Ended		Year Ended		Year Ended	
	December 31, 2023		December 31, 2022		February 27, 2023		December 31, 2022		December 31, 2021	
	Pension Benefits	Other Postretirement Benefits	Pension Benefits	Other Postretirement Benefits	Pension Benefits	Other Postretirement Benefits	Pension Benefits	Other Postretirement Benefits	Pension Benefits	Other Postretirement Benefits
Service cost	\$ 8,667	\$ 2,148	\$ —	\$ —	\$ 1,733	\$ 430	\$ 15,193	\$ 4,308	\$ 17,737	\$ 4,949
Interest cost	11,048	2,952	—	—	2,210	590	9,077	2,348	8,301	2,103
Expected return on plan assets	(16,588)	(2,534)	—	—	(3,318)	(507)	(22,110)	(3,716)	(21,288)	(3,511)
Amortization of prior service cost	—	—	—	—	—	—	—	629	—	1,261
Amortization of net actuarial loss/(gain)	1,527	(154)	—	—	305	(31)	1,398	81	3,556	608
Net periodic benefit cost	\$ 4,653	\$ 2,412	\$ —	\$ —	\$ 931	\$ 482	\$ 3,558	\$ 3,650	\$ 8,306	\$ 5,410

The authoritative guidance for defined benefit pension and other postretirement benefits requires recognition of a net liability or asset to report the funded status of a defined benefit pension and other postretirement plans on the balance sheet and recognition (as a component of other comprehensive income) of changes in the funded status in the year in which the changes occur.

For Successor year ended December 31, 2023, the Predecessor combined 58-day combined period ended February 27, 2023, and years ended December 31, 2022 and 2021 service cost of \$10.8 million, \$2.2 million, \$19.5 million, and \$22.7 million were recorded in Operating Expenses and non-service cost/(income) of \$0.7 million, \$0.2 million, (\$12.1 million), and (\$13.7 million) were recorded in Other Non-Operating Expenses/(Income), net. There were no service or non-service costs/(income) for the Successor year ended December 31, 2022.

Green Gate Resources Parent, LLC
Notes to Consolidated and Combined Financial Statements

Amounts recorded in Other Comprehensive Income (Loss) are as follows:

(in thousands of dollars)

	Successor				Predecessor					
	Year Ended December 31, 2023		122-days Ended December 31, 2022		58-days Ended February 27, 2023		Year Ended December 31, 2022		Year Ended December 31, 2021	
	Other		Other		Other		Other		Other	
	Pension Benefits	Postretirement Benefits	Pension Benefits	Postretirement Benefits	Pension Benefits	Postretirement Benefits	Pension Benefits	Postretirement Benefits	Pension Benefits	Postretirement Benefits
Amortization of prior service cost	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	(629)	\$ —	\$ (1,261)
Amortization of actuarial (loss)/gain	(1,527)	154	—	—	(305)	31	(1,398)	(81)	—	—
Net actuarial loss/(gain) arising during the period	(2,125)	(4,328)	—	—	(425)	(866)	964	(10,494)	(3,556)	(608)
Net actuarial loss/(gain) due to settlement	(4,468)	—	—	—	(894)	—	—	—	(20,695)	(10,240)
Total recorded in other comprehensive loss/ (gain), before tax	<u>\$ (8,120)</u>	<u>\$ (4,173)</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ (1,624)</u>	<u>\$ (835)</u>	<u>\$ (434)</u>	<u>\$ (11,204)</u>	<u>\$ (24,251)</u>	<u>\$ (12,109)</u>

Amounts included in accumulated Other Comprehensive Income (Loss) that have not yet been recognized in net periodic benefit cost:

(in thousands of dollars)

	Successor				Predecessor					
	Year Ended December 31, 2023		122-days Ended December 31, 2022		58-days Ended February 27, 2023		Year Ended December 31, 2022		Year Ended December 31, 2021	
	Other		Other		Other		Other		Other	
	Pension Benefits	Postretirement Benefits	Pension Benefits	Postretirement Benefits	Pension Benefits	Postretirement Benefits	Pension Benefits	Postretirement Benefits	Pension Benefits	Postretirement Benefits
Prior service cost	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	—	\$ 629
Net actuarial loss	35,668	(9,771)	—	—	7,134	(1,954)	52,545	(6,718)	52,979	3,858
Total recorded in accumulated other comprehensive loss, before tax	35,668	(9,771)	—	—	7,134	(1,954)	52,545	(6,718)	52,979	4,487
Charge to income tax	(9,982)	2,734	—	—	(1,996)	547	(14,704)	1,880	(14,826)	(1,256)
Total recorded in accumulated other comprehensive loss, after tax	<u>\$ 25,687</u>	<u>\$ (7,037)</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 5,137</u>	<u>\$ (1,407)</u>	<u>\$ 37,841</u>	<u>\$ (4,838)</u>	<u>\$ 38,153</u>	<u>\$ 3,231</u>

The estimated amounts to be amortized from accumulated Other Comprehensive Income (Loss) during 2024 are:

(in thousands of dollars)

	Successor	
	Pension Benefits	Other Postretirement Benefits
	2024	2024
Prior service cost	\$ 953	\$ (315)
Net actuarial loss/(gain) Settlement	28	—

The tables below set forth by level, within the fair value hierarchy, Aera Services' benefit plan assets at fair value as follows:

(in thousands of dollars)

(in thousands of dollars)	Successor						Predecessor		
	Year Ended December 31, 2023			Year Ended December 31, 2022			Year Ended December 31, 2022		
	Pension Benefits								
	Level 1	Level 2	Total	Level 1	Level 2	Total	Level 1	Level 2	Total
Asset category									
Domestic equity	\$ —	\$ 73,438	\$ 73,438	\$ —	\$ —	\$—	\$ —	\$ 59,583	\$ 59,583
International equity	—	41,426	41,426	—	—	—	—	46,026	46,026
Domestic fixed income	—	199,242	199,242	—	—	—	—	201,879	201,879
Cash & cash equivalents	330	—	330	—	—	—	7,957	—	7,957
Total plan assets	\$ 330	\$314,106	\$314,436	\$ —	\$ —	\$—	\$7,957	\$307,488	\$315,445

(in thousands of dollars)

(in thousands of dollars)	Successor						Predecessor		
	Year Ended December 31, 2023			Year Ended December 31, 2022			Year Ended December 31, 2022		
	Other Postretirement Benefits								
	Level 1	Level 2	Total	Level 1	Level 2	Total	Level 1	Level 2	Total
Asset category									
Domestic equity	\$ —	\$ 11,952	\$ 11,952	\$ —	\$ —	\$ —	\$ —	\$ 9,061	\$ 9,061
International equity	—	6,742	6,742	—	—	—	—	7,000	7,000
Domestic fixed income	—	32,426	32,426	—	—	—	—	30,704	30,704
Cash & cash equivalents	54	—	54	—	—	—	1,213	—	1,213
Total plan assets	\$ 54	\$ 51,120	\$ 51,174	\$ —	\$ —	\$ —	\$ 1,213	\$ 46,765	\$ 47,978

The weighted-average asset allocations are as follows:

Asset Allocation	Percentage of Plan Assets				Predecessor	
	Successor		Year Ended December 31, 2022		Year Ended December 31, 2022	
	Pension Benefits	Other Postretirement Benefits	Pension Benefits	Other Postretirement Benefits	Pension Benefits	Other Postretirement Benefits
Equity securities	37%	33%	0%	0%	33%	36%
Debt securities	63%	64%	0%	0%	64%	63%
Cash	0%	3%	0%	0%	3%	1%
Total	<u>100%</u>	<u>100%</u>	<u>0%</u>	<u>0%</u>	<u>100%</u>	<u>100%</u>

The defined benefit pension plan long-term asset allocation is 37 percent equity and 63 percent fixed income with a target range of 50 – 70 percent for equity and 30 – 50 percent for fixed income, which includes cash. The Aera Services investment strategy for the defined benefit pension plan assets is designed to result in a diversified portfolio of equities and fixed income securities, to achieve an investment mix that will attain the highest total return consistent with a reasonable degree of risk.

Cash Flows

The funding policy for the other post-retirement benefit plans is to pay medical costs as they are due. Medical costs paid were \$2.7 million, \$0.6 million, \$2.0 million, and \$2.0 million during the Successor year ended December 31, 2023, the Predecessor 58-day combined period ended February 27, 2023, and years ended December 31, 2022 and 2021, respectively. There were no medical costs paid for the Successor year ended December 31, 2022.

The following table presents expected cash flow information for the year ended December 31, 2023:

(in thousands of dollars)

	Successor	
	Pension Benefits	Other Postretirement Benefits
Contributions expected in 2024	\$ 813	\$ 2,956
Benefit payments expected in:		
2024	\$16,402	\$ 5,345
2025	18,417	5,187
2026	19,060	5,169
2027	17,389	5,276
2028	20,650	5,325
2029-2033	94,362	27,655

Defined Contribution Plan

The Aera Energy Services Company Savings Plan (the “Savings Plan”) is a defined contribution plan covering substantially all employees of Aera Services and provides for contributions by Aera Services based on a stated percentage of the employees’ salaries and wages. Employees may also contribute up to a stated percentage. Aera Services contributed approximately \$7.6 million, \$2.7 million, \$10.7 million, and \$11.0 million under the provisions of this plan for the Successor year ended December 31, 2023, and the Predecessor combined 58-day period ended February 27, 2023 and years ended December 31, 2022 and 2021, respectively. There were no contributions for the Successor year ended December 31, 2022.

Aera Services also provides a non-qualified defined contribution plan, the Aera Energy Services Company Savings Restoration Plan, to certain employees. Aera Services contributed approximately \$2.0 million and \$1.4 million under the provisions of this plan for the Successor year ended December 31, 2023 and year ended December 31, 2022, respectively. Aera Services did not make a contribution for the Successor year ended December 31, 2022, the Predecessor combined 58-day period ended February 27, 2023 or the year ended December 31, 2021.

9. Litigation and Other Contingencies

The GGRP Companies are subject to lawsuits, environmental and other claims and other contingencies in the normal course of business that seek, among other things, compensation for alleged personal injury, breach of contract, property damage or other losses, punitive damages, civil penalties, or injunctive or declaratory relief. We record an accrual for currently outstanding lawsuits, claims and proceedings when it is probable that a liability has been incurred and the liability can be reasonably estimated.

In September 2020, the County of Ventura, California formally approved an update to its General Plan. The update includes certain provisions related to oil and gas well setbacks, a prohibition on trucking of produced water and fluids, flaring, and electrification requirements. Aera LLC, along with other plaintiffs, filed a lawsuit against the County of Ventura in response to the General Plan update in Ventura County Superior Court. Additionally, in November 2020, the County of Ventura approved amendments to its Non-Coastal Zoning Ordinance that would make certain oil and gas related ministerial permitting processes discretionary, thus providing the County of Ventura significantly more latitude in the approval determinations. Aera LLC and other plaintiffs amended their original lawsuits (or in some cases filed new lawsuits) against the County of Ventura in response to the amendments. In June 2022, an Aera LLC supported referendum passed in the county election to strike down the Non-Coastal Zoning Ordinance amendments. In June of 2023 all parties reached a settlement requiring the County Board of Supervisors to (1) adopt resolutions which included clarification that Aera's Conditional Use Permits would not be subject to the General Plan update (Clarifying Resolutions) and (2) making certain amendments to the General Plan update to account for the potential that some requirements may be infeasible and (3) requiring dismissal of the litigation. The settlement agreement was approved by the court. The Board adopted the Clarifying Resolutions in September 2023. NCZO amendments were sent back to staff for additional analysis in September 2023. The Commission approved the settlement 4 to 1 in February 2024. The Board of Supervisors hearing on the settlement is scheduled for April 2024. The net impact of this matter on the GGRP Companies' consolidated and combined financial results cannot be reasonably estimated at this time.

Aera LLC filed a lawsuit on March 30, 2022, challenging denial by the Geologic Energy Management division of the California Department of Conservation ("CalGEM") of permits for well stimulation treatments ("WST") on CalGEM's asserted basis that denial would protect public health and safety and environmental quality, including the reduction and mitigation of greenhouse gas emissions and challenging CalGEM's de facto moratorium on WST permits. Aera LLC seeks a writ of mandamus, damages, and declaratory relief and just compensation for the taking of its property. CalGEM lost a demurrer motion on July 6, 2022. Trial is currently set for October 14, 2024. The net impact of this matter on the GGRP Companies' consolidated and combined financial results cannot be reasonably estimated at this time.

On August 31, 2022, Senate Bill 1137 passed, which was written to prohibit CalGEM from approving any notice of intent requested under Public Resources Code Section 3203 that is within a setback zone as defined by proximity to Sensitive Receptors identified in the law. A referendum was qualified preventing the law taking effect unless approved at the next statewide general or special election after November 8, 2022. The net impact of this matter on the GGRP Companies' consolidated and combined financial results cannot be reasonably estimated at this time.

In 2022, Aera Energy was authorized to negotiate a settlement with a Kern County entity regarding claims for 2022 and beyond. The entity claims contamination from oil field produced water and based on available information. The claim was settled for \$33 million. As of the Successor year ended December 31, 2023, GGRP has \$13 million remaining in Other Long Term Liabilities. For the Successor year ended December 31, 2023 and the Predecessor combined year ended December 31, 2022, settlement costs of \$7.0 million and \$26.0 million related to this claim were recorded in Other Operating Expenses in the Consolidated and Combined Statements of Operations and Other Comprehensive Income.

Management cannot presently predict the ultimate resolution of any pending matters, nor can it estimate the amount or range of a potential loss in cases where a loss is probable. In management's opinion, it does not currently appear that the resolution of any pending matters will have a material adverse effect on the consolidated and combined financial position, liquidity, or results of operations of the GGRP Companies.

10. Leases and Other Commitments

The Aera Companies generally purchase the property, plant and equipment used in operations, but there are situations where assets are leased, primarily for office buildings, vehicles, and other moveable equipment. Right of use assets and lease liabilities are established on the balance sheet for leases with an expected term greater than one year, by discounting the amounts fixed in the lease agreement for the duration of the lease, which is reasonably certain, considering the probability of exercising any early termination and extension options. Typically, assets are leased only for a portion of their useful lives and are accounted for as operating leases. The typical lease terms range within 5-10 years. In limited situations assets are leased for nearly all their useful lives and are accounted for as finance leases.

Variable payments under these lease agreements are not significant. Residual value guarantees, restrictions, or covenants related to leases, and transactions with related parties are also not significant. In general, leases are capitalized using the incremental borrowing rate determined by the Aera Companies and activities as a lessor are not significant.

Lease costs are reported in Operating costs on the Consolidated and Combined Statements of Operations and Other Comprehensive Income as follows:

(in thousands of dollars)

	Successor		Predecessor		
	Year Ended December 31, 2023	Year Ended December 31, 2022	58-days Ended February 27, 2023	Years Ended December 31, 2022	2021
Operating lease cost	\$ 5,412	\$ —	\$ 1,091	\$6,486	\$6,241
Variable lease cost	1,063	—	181	1,335	493
	<u>\$ 6,475</u>	<u>\$ —</u>	<u>\$ 1,272</u>	<u>\$7,821</u>	<u>\$6,734</u>
Finance lease cost:					
Amortization of right of use assets	\$ 1,177	\$ —	\$ 245	\$1,365	\$1,099
Interest on lease liabilities	56	—	10	71	102
	<u>\$ 1,233</u>	<u>\$ —</u>	<u>\$ 255</u>	<u>\$1,436</u>	<u>\$1,201</u>
Total lease cost	<u>\$ 7,708</u>	<u>\$ —</u>	<u>\$ 1,527</u>	<u>\$9,257</u>	<u>\$7,935</u>

Right of use assets and lease liabilities on the Consolidated and Combined Balance Sheets at the Successor year ended December 31, 2023 and the Predecessor combined year ended December 31, 2022:

(in thousands of dollars)

	Operating leases		Finance leases	
	Successor Year Ended December 31, 2023	Predecessor Year Ended December 31, 2022	Successor Year Ended December 31, 2023	Predecessor Year Ended December 31, 2022
Assets:				
Right of use assets included in Property, plant and equipment	\$ 3,498	\$ 9,358	\$ 2,218	\$ 2,737
Liabilities:				
Lease liability due within one year included in accrued liabilities	2,815	6,680	1,019	1,314
Long-term lease liability included in other long term liabilities	790	2,678	1,235	1,423
Total lease liability	<u>\$ 3,605</u>	<u>\$ 9,358</u>	<u>\$ 2,254</u>	<u>\$ 2,737</u>

Future minimum lease payments as of the Successor year ended December 31, 2023:

(in thousands of dollars)

	Successor	
	Operating leases	Finance leases
2024	\$ 2,853	\$1,059
2025	680	792
2026	26	418
2027	26	87
2028	27	14
2029 and beyond	119	—
Total lease payments	\$ 3,731	\$2,370
Discount to present value	(126)	(116)
Total lease liability	\$ 3,605	\$2,254

	Successor		Predecessor	
	December 31, 2023		December 31, 2022	
	Operating leases	Finance leases	Operating leases	Finance leases
Weighted average remaining lease terms-years	1.20	2.64	6.78	5.55
Weighted average discount rate-percent	3.59%	2.48%	3.61%	2.25%

The table below presents supplemental cash flow information:

(in thousands of dollars)

	Successor		Operating leases		
	Year Ended December 31, 2023	Year Ended December 31, 2022	58-days Ended February 27, 2023	Year Ended December 31, 2022	Year Ended December 31, 2021
Cash paid for amounts included in measurement of lease liabilities					
Cash flows from operating activities	\$ 7,747	\$ —	\$ 1,272	\$ 7,821	\$ 6,734
Cash flows from investing activities	—	—	—	—	—
Cash flows from financing activities	—	—	—	—	—
Total	\$ 7,747	\$ —	\$ 1,272	\$ 7,821	\$ 6,734

	Successor		Finance leases		
	Year Ended December 31, 2023	Year Ended December 31, 2022	58-days Ended February 27, 2023	Year Ended December 31, 2022	Year Ended December 31, 2021
Cash paid for amounts included in measurement of lease liabilities					
Cash flows from operating activities	\$ 66	\$ —	\$ —	\$ —	\$ —
Cash flows from investing activities	—	—	10	71	102
Cash flows from financing activities	1,422	—	245	1,365	1,099
Total	\$ 1,488	\$ —	\$ 255	\$ 1,436	\$ 1,201

Total rental costs were reported in Operating costs on the Consolidated and Combined Statements of Operations and Other Comprehensive Income as follows:

(in thousands of dollars)

	Successor		Predecessor		
	Year Ended December 31, 2023	Year Ended December 31, 2022	58-days Ended February 27, 2023	Year Ended December 31, 2022 2021	
Total rental costs	\$ 7,708	\$ —	\$ 1,527	\$9,257	\$7,935

Other Commitments

Under long-term purchase and transportation agreements with pipeline and energy companies, Aera LLC is required to purchase specified quantities of natural gas pipeline capacity. At the Successor year ended December 31, 2023, Aera LLC's maximum exposure related to the agreements was estimated to be approximately \$27 million. For the Successor year ended December 31, 2023 and the Predecessor combined 58-day period ended February 27, 2023, year ended December 31, 2022 and year ended December 31, 2021, \$3.5 million, \$0.6 million, \$3.6 million and \$3.5 million, respectively were incurred for costs related to these long-term purchase and transportation agreements.

For the Successor year ended December 31, 2023, Aera LLC had commitments related to agreements for the future purchase of materials and services, all made in the normal course of business. All such commitments and guarantees are expected to be fulfilled with no material adverse consequences to Aera LLC's operations or financial condition.

11. Fair Value of Financial Instruments

Fair value is defined as the price that would be received upon the sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements are classified and disclosed in one of the following categories:

Level 1 – Unadjusted quoted market prices for identical assets or liabilities in an active market.

Level 2 – Quoted market prices for identical assets or liabilities in an active market that have been adjusted for items such as effects of restriction for transferability and those that are not quoted but are observable through corroboration with observable market data, including quoted market prices for similar assets; and

Level 3 – Unobservable inputs for the asset or liability only used when there is little, if any, market activity for the asset or liability at the measurement date.

Financial assets and liabilities are classified based on the lowest level of input that is significant to the fair value measurement. Management's assessment of the significance of a particular input to the fair value measurement requires judgement and may affect the valuation of the fair value of assets and liabilities and their placement within the fair value hierarchy levels.

Fair Value on a Recurring Basis

The following table set forth, by level within the fair value hierarchy, Aera LLC's financial assets and liabilities that were accounted for at a fair value on recurring basis as of the Successor year ended December 31, 2023:

(in thousands of dollars)

	Successor December 31, 2023			
	Active Market for Identical Assets (Level 1)	Observable Inputs (Level 2)	Unobservable Input (Level 3)	Total Carrying Value
Other current assets, net	\$ —	\$ 1,143	\$ —	\$ 1,143
Liabilities:				
Contingent Consideration in Current - Accrued liabilities		(23,176)		(23,176)
Current - Fair value of derivative contracts	—	(31,032)	—	(31,032)
Current Consideration in Other long term liabilities		(5,930)		(5,930)
Long term - fair value of derivative instruments	—	(79,366)	—	(79,366)
Total	\$ —	<u><u>\$(138,362)</u></u>	<u><u>\$ —</u></u>	<u><u>\$(138,362)</u></u>

Contingent consideration liabilities related to the Acquisition are classified as Level 2 in the requirement fair value hierarchy and are reported at fair value based on hedged and unhedged oil volumes as defined in the Acquisition purchase agreements at the ICE Brent price futures price on the date of Acquisition. There were no contingent consideration liabilities for the Successor year ended December 31, 2022 or the Predecessor year ended December 31, 2022.

Aera LLC's derivative instruments, which consist of derivative swaps, are classified as Level 2 as of the Successor year ended December 31, 2023 as swaps generally have observable inputs. Derivative instruments are also subject to the risk that counterparties will be unable to meet their obligations. Such non-performance risk is considered in the valuation of Aera LLC's derivative instruments, but to date has not had a material impact on estimates of fair values. Significant changes in the quoted forward prices for commodities and changes in market volatility generally lead to corresponding changes in the fair market value measurement of Aera LLC's derivative instruments. There were no derivative instruments for the Successor year ended December 31, 2022 or the Predecessor year ended December 31, 2022.

Fair Value on a Non-Recurring Basis

Nonfinancial assets and liabilities measured at fair value on a non-recurring basis include certain nonfinancial assets acquired and liabilities assumed in the benefit plans, for which fair value is used. These assets and liabilities are recorded at fair value when acquired/incurred but not re-measured at fair value in subsequent periods (see further discussion in Note 8, Benefit Plans).

Asset retirement obligation estimates are derived from historical data as well as management's expectation of future cost environments and other unobservable inputs (see further discussion in Note 6, Property, Plant and Equipment and Asset Retirement Obligations). As there is no corroborating market activity to support the assumptions used, Aera LLC has designated these measurements as Level 3.

Fair Value of Other Financial Instruments

The carrying value of the Aera LLC's long-term debt approximates its fair value because the interest rate is variable and reflective of market rates, which are level 2 inputs within the fair value hierarchy.

12. Derivatives

Due to the volatility of crude oil and natural gas price, Aera LLC began entering price-risk management transactions (e.g. crude oil and natural gas commodity swaps) for a portion of its crude oil production on February 28, 2023, and natural gas purchases on May 31, 2023, to achieve a more predictable cash flow, as well as to reduce exposure from price fluctuations. While the use of these arrangements limits Aera LLC's ability to benefit from certain increase in prices of crude oil production and natural gas purchases, it also reduces Aera LLC's potential exposure to adverse price movements. Aera LLC did not have any commodity derivatives designated as accounting hedges as of and during the Successor year ended December 31, 2023 and the Predecessor combined year ended December 31, 2022. Unless otherwise indicated, we use the term "hedge" to describe derivatives instruments that are designed to achieve our hedging requirements and program goals, even though they are not accounted for as accounting hedges. Aera LLC's RBL Facility and Term Loan, both dated February 28, 2023, include covenants that require Aera LLC to hedge 85% in 2023 and 2024, 75%, 58% and 25% for years 2025-2027 respectively. on initial Proved Developed Producing crude reserves and a rolling forward 36-month, minimum 50% hedge requirement up through loan maturity (August 2026). Aera LLC has also entered into natural gas hedges outside of debt requirements to reduce exposure from price fluctuations and will continue to evaluate the hedging strategy based on prevailing market prices and conditions. For more information on the requirements of the RBL Facility and Term Loan, see Note 14, Debt.

Aera LLC reported gains and losses on derivative contracts related to crude oil sold and natural gas purchased in Revenue and Other Income on our Consolidated and Combined Statements of Operations and Other Comprehensive Income for the Successor year ended December 31, 2023 as shown in the table below:

(in thousands of dollars)

	Successor		
	December 31, 2023		
	Crude Oil	Natural Gas	Total
Settlement payments from commodity derivatives	\$ (9,116)	\$ (9,549)	\$ (18,666)
Non-cash commodity derivative loss	(76,507)	(32,748)	(109,255)
Loss on commodity derivatives, net	<u>\$ (85,624)</u>	<u>\$ (42,297)</u>	<u>\$ (127,921)</u>

Aera LLC estimates the fair value of commodity swaps based on published forward commodity price curves for the underlying commodities as of the date of the estimate for those commodities for which published forward pricing is readily available. The determination of the fair values above incorporates various factors including the impact of Aera LLC's non-performance risk and the credit standing of the counterparties involved in Aera LLC's derivative contracts. Aera LLC routinely monitors the creditworthiness of its counterparties. As of the Successor year ended December 31, 2023, Aera LLC's counterparties to its derivative contract are Citigroup Global Markets, BP Energy Company, Key Bank, Deutsche Bank AG, Macquarie Bank Limited, Wells Fargo Bank, N.A., and RBC Bank.

The carrying value of Aera LLC's derivative contracts are measured at fair value using industry-standard models with various inputs, including quoted forward prices, and are classified as Level 2 in the required fair value hierarchy for the periods presented.

Green Gate Resources Parent, LLC
Notes to Consolidated and Combined Financial Statements

The following table presents the fair values of Aera LLC's outstanding commodity derivatives as of the Successor year ended December 31:

Balance Sheet Classification

(in thousands of dollars)

	Successor December 31, 2023
Assets:	
Other current assets, net	<u>\$ 1,143</u>
Liabilities:	
Current - Fair value of derivative contracts	<u>\$ (31,032)</u>
Long term - Fair value of derivative contracts	<u>(79,366)</u>
	<u>\$ (110,398)</u>

Aera LLC held the following swap contracts as of December 31, 2023:

	Volumes (MBbls)	Weighted- Average Price Per Bbl
Brent Swaps 2023	<u>51,460</u>	<u>\$ 71.55</u>
	Volumes (MmBtu)	Weighted- Average Price Per Btu
Gas Swaps 2023	<u>27,895</u>	<u>\$ 4.80</u>

13. Taxes

Taxes incurred by the Aera Companies were reported on the Consolidated and Combined Statements of Operations and Other Comprehensive Income as follows for the periods ended:

(in thousands of dollars)

	Successor		58-days Ended February 27, 2023	Predecessor Year Ended December 31, 2022	Year Ended December 31, 2021
	Year Ended December 31, 2023	Year Ended December 31, 2022			
Federal and State Income Taxes					
Current - Federal	\$ (204)	\$ —	\$ 486	\$ (1,632)	\$ (1,440)
Current - State	354	—	224	(616)	(5)
Deferred - Federal	788	—	(305)	(6,218)	2,182
Deferred - State	364	—	(141)	(2,871)	1,007
Federal and state income tax (expense)/benefit	<u>\$ 1,302</u>	<u>\$ —</u>	<u>\$ 264</u>	<u>\$ (11,337)</u>	<u>\$ 1,744</u>
Taxes Other Than Income					
Real and personal property	\$ 25,854	\$ —	\$ 5,439	\$ 30,115	\$ 33,041
Oil and gas production	58,589	—	8,996	45,364	21,437
Total taxes other than on income	<u>\$ 84,443</u>	<u>\$ —</u>	<u>\$ 14,435</u>	<u>\$ 75,479</u>	<u>\$ 54,478</u>

Real and personal property tax expense includes refunds of \$0.5 million and \$0.1 million received for the Successor year ended December 31, 2023 and the combined Predecessor year ended December 31, 2021 to account for well abandonments and miscellaneous revisions in the property tax valuations. Real and personal property tax expense includes refunds of \$0.7 million for the combined Predecessor year ended December 31, 2022 for prior-year valuation related property tax appeals. No real and personal property tax refunds were received for the Successor year ended December 31, 2022 or the combined Predecessor 58-day period ended February 27, 2023.

Deferred tax assets/(liabilities) are comprised of the following:

(in thousands of dollars)

	Successor December 31, 2023	Predecessor December 31, 2022
Tax effects of temporary differences for:		
Pension plan	\$ (12,179)	\$ (11,442)
Other post retirement plans	20,661	21,788
Other employee benefits	6,205	7,762
Total deferred income tax asset, net	<u>\$ 14,687</u>	<u>\$ 18,108</u>

14. Debt

For the Successor year ended December 31, 2023, Aera LLC's long term debt consisted of the following:

(in thousands of dollars)

	Successor December 31, 2023	Interest Rate	Maturity
RBL Facility	\$ 400,000	SOFR plus 3.50%-4.50% ABR plus 2.50%-3.50% ¹	August 28, 2026 ²
Unamortized deferred debt issuance costs - RBL facility	(23,780)		
Term Loan	550,000	14.5%	February 28, 2029
Unamortized deferred debt issuance costs - Term Loan	(14,800)		
Total debt	<u>\$ 911,419</u>		
Less: Current portion of long term debt	<u>(100,000)</u>		
Long term debt, net of current portion	<u>\$ 811,419</u>		

¹ At Aera LLC's election, borrowings under the amended RBL Facility may be alternate base rate (ABR) loans or term SOFR loans, plus an applicable margin. ABR loans bear interest at a rate equal to the highest of (i) the federal funds effective rate plus 0.50%, (ii) the administrative agent prime rate and (iii) the one-month SOFR rate plus 1%. Term SOFR loans bear interest at term SOFR, plus an additional 10 basis points per annum credit spread adjustment. The applicable margin is adjusted based on the commitment utilization percentage and will vary from (i) in the case of ABR loans, 2.50% to 3.5% and (ii) in the case of the SOFR loans, 3.50% to 4.5%.

² The RBL Facility is subject to a prepayment of principal if there is a reduction in the borrowing base as a result of a scheduled redetermination or a termination or reduction of the original aggregate commitment.

Maturities of long term debt at the Successor year ended December 31, excluding debt issuance costs, are as follows:

(in thousands of dollars)

	Successor		
	December 31, 2023		
	RBL Facility	Term Loan	Total
2024	\$ —	\$100,000	\$100,000
2025	—	100,000	100,000
2026	400,000	100,000	500,000
2027	—	100,000	100,000
2028	—	100,000	100,000
2029	—	50,000	50,000
Total long term debt	<u>\$400,000</u>	<u>\$550,000</u>	<u>\$950,000</u>

Deferred Debt Issuance Costs

Aera LLC incurred legal and bank fees related to the issuance of debt. As of the Successor year ended December 31, 2023, debt issuance costs for the RBL facility in the amount of \$23.8 million and the Term Loan in the amount of \$14.7 million were reported in "Long term debt" on the Consolidated and Combined Balance Sheets, net of amortization. For the Successor year ended December 31, 2023, Aera LLC incurred approximately \$31.2 million of legal and bank fees related to the issuance of the RBL Facility and \$16.9 million related to the issuance of the Term Loan.

The debt issuance costs for the RBL Facility and Term Loan are amortized using straight-line method which approximates the effective rate method over the term of the loans. The amortization of debt issuance costs for the year ended December 31, 2023, was approximately \$9.6 million and is presented in "Interest expense" on the Consolidated and Combined Statements of Operations and Other Comprehensive Income.

RBL Facility

On February 28, 2023, Aera LLC entered into a credit agreement with Citibank, N.A., as administrative agent, and certain other lenders, which provided for a revolving loan with an original aggregate commitment up to \$800 million, subject to a reserve borrowing base (RBL Facility). The RBL Facility also includes a sub-limit of \$100 million for the issuance of letters of credit, which reduce the borrowing availability for revolving loans under the RBL Facility on a dollar-for-dollar basis. As of the Successor year ended December 31, 2023, Aera LLC had approximately \$275 million available for borrowing under the RBL Facility and no outstanding letters of credit.

The proceeds of all or a portion of the RBL Facility may be used for Aera LLC's working capital needs and for other purposes subject to meeting certain criteria.

Security - The lenders have a first-priority lien on a substantial majority of the Aera Companies' assets.

Interest Rate - Aera LLC can elect to borrow at either an adjusted SOFR rate or an alternate base rate (ABR), plus an applicable margin. The ABR is equal to the highest of (i) the federal funds effective rate plus 0.50%, (ii) the administrative agent prime rate and (iii) the one-month SOFR rate plus 1%. The applicable margin is adjusted based on the borrowing base utilization percentage and will vary from (i) in the case of SOFR loans, 3.5% to 4.5% and (ii) in the case of ABR loans, 2.5% to 3.5%. The unused portion of the facility is subject to a commitment fee of 0.5% per annum based on the borrowing base utilization payable every three months. Interest on the ABR loans is payable quarterly in arrears. Interest on the SOFR loans is payable at the end of each SOFR period, but not less than quarterly. Aera LLC has the right to prepay any borrowings under the RBL Facility with prior notice at any time without a prepayment penalty.

Interest expense on the Consolidated and Combined Statement of Operations and Other Comprehensive Income is comprised of the following:

<i>(in thousands of dollars)</i>		<u>Successor</u>
		<u>2023</u>
Interest expense		\$105,431
Capitalized interest		(6,650)
Amortization of debt issuance costs		9,529
Unused commitment fees		1,383
Total interest expense, net		<u>\$109,693</u>

Amortization Payments - The RBL Facility does not include any obligation to make amortizing payments prior to the maturity date of August 28, 2026. The RBL Facility is subject to a prepayment of principal if there is a reduction in the borrowing base as a result of a scheduled redetermination or a termination or reduction of the original aggregate commitment.

Borrowing Base - The borrowing base, currently \$675 million, must be redetermined semi-annually each April and October. The scheduled redeterminations generally become effective on the date specified by the Administrative Agent, Citibank, N.A. If the scheduled redeterminations have not been determined by the end of April and October, there is an automatic reduction to the borrowing base based on a schedule prescribed in the RBL Facility. Aera LLC may make one interim determination between scheduled borrowing base redeterminations. In 2023, there were two scheduled borrowing base redeterminations by the Successor. An initial redetermination was completed in July 2023 resulting in a decrease in the borrowing base to \$740 million and became effective August 7, 2023. The second redetermination was completed in December 2023 resulting in a decrease in the borrowing base to \$675 million and became effective December 15, 2023.

Financial Covenants - The RBL Facility includes the following financial covenants:

<u>Ratio</u>	<u>Components</u>	<u>Required Levels</u>	<u>Tested</u>
Net Leverage Ratio	Ratio of Total Debt to EBITDAX ¹	Not greater than 2.00 to 1.00	Quarterly
Current Ratio	Ratio of consolidated current assets to consolidated current liabilities ²	Not less than 1.00 to 1.00	Quarterly

¹ EBITDAX is calculated as defined in the RBL Facility.

² The available credit under the RBL Facility is included in consolidated current assets as part of the calculation of the current ratio.

Other Covenants - Aera LLC's RBL Facility includes covenants that, among other things, restrict our ability to incur additional indebtedness, grant liens, make asset sales and investments, repay existing indebtedness, make subsidiary distributions, and enter into transactions that would result in fundamental changes.

Aera LLC's RBL Facility, among other things, has a maturity date of August 28, 2026; permits us to make certain restricted payments (such as distributions) and certain investments; provides for the release of liens on certain assets securing the loans made under the RBL Facility; permits us to designate entities that hold certain of our assets as unrestricted subsidiaries subject to meeting certain conditions; sets the period for which we can enter into hedges on our production at 60 months and no more than 85% of proved reserves; and provides for our capacity to issue letters of credit of \$100 million.

The RBL required Aera LLC to enter into acceptable commodity hedges covering (i) at least 85% of projected production as forecasted on the initial reserve report calculated on a quarterly basis from oil and gas properties constituting proved developed producing reserves for the calendar period including the first through 24th month (ii) at least 75% for the 25th through 36th month (iii) at least 58% for the 37th through 48th month and (iv) at least 25% for the 49th through 60th month. Ongoing, Aera LLC is required to maintain hedges on a minimum amount of crude oil production (determined on (i) the date of delivery of annual and quarterly financial statements and (ii) the date of delivery of a reserve report delivered in connection with an interim borrowing base redetermination) of no less than 50% of our reasonably anticipated oil production from our proved developed producing reserves for each quarter during the period ending the earlier of (1) the maturity date of the RBL Facility and (2) 36 months after the delivery of the compliance certificate for the relevant test period.

Furthermore, the restricted payment and investments covenants permit unlimited investments and/or restricted payments in amounts not to exceed 100% of distributable free cash flow so long as either (a) (i) no default, event of default or borrowing base deficiency shall have occurred and be continuing under the RBL Facility, (ii) the undrawn availability of the RBL Facility at such time is not less than 25% of the total commitment, (iii) the Net Leverage Ratio is less than or equal to 1.5:1.0 and (iv) distributable free cash flow is greater than or equal to zero on such date of determination; or without limit so long as (b) (i) no default, event of default or borrowing base deficiency shall have occurred and be continuing under the RBL Facility at the time of such investment or restricted payment, (ii) the undrawn availability under the RBL Facility at such time is not less than 25% of the total commitment and (iii) the net leverage ratio is less than or equal to 1.0:1.0.

If the outstanding principal balance of the revolving loans and aggregate face amount of all letters of credit under the RBL Facility exceeds the borrowing base at any time as a result of a redetermination of the borrowing base, we have the option within 30 days to take any of the following actions, either individually or in combination: make a lump sum payment curing the deficiency, deliver reserve engineering reports and mortgages covering additional oil and gas properties sufficient in certain lenders' opinion to increase the borrowing base and cure the deficiency or making equal monthly principal payments that will cure the deficiency within the next six-month period. Otherwise, the unpaid principal will be due at maturity.

The RBL Facility requires Aera LLC to maintain on a consolidated basis as of each quarter-end (i) a net leverage ratio of not more than 2.0 to 1.0 and (ii) a current ratio of not less than 1.0 to 1.0. In addition, the RBL Facility currently provides that, to the extent we incur unsecured indebtedness, including any amounts raised in the future, the borrowing base will be reduced by an amount equal to 25% of the amount of such unsecured debt. We were in compliance with all financial covenants under the RBL Facility as of December 31, 2023.

Events of default and change of control – The RBL Facility provides for certain events of default, including upon a change of control, as defined in the RBL Facility, which entitles our lenders to declare the outstanding loans immediately due and payable, subject to certain limitations and conditions.

Term Loan

On February 28, 2023, Aera LLC borrowed \$600 million under a six-year Term Loan agreement (Term Loan) secured by a second-priority lien on a substantial majority of the Aera Company's assets. The Term Loan matures in February 2029 and bears interest at a rate of 14.5%.

The Term Loan contains restrictive covenants including a requirement that the Aera Companies maintain a consolidated total debt to EBITDAX ratio of no greater than 2.0 to 1.0 and a current ratio of no greater than 1.0 to 1.0, consistent with the financial covenants in Aera Companies' RBL Facility. Aera Companies were in compliance with the Term Loan covenants at December 31, 2023.

Principal payments are due quarterly in the amount of \$25 million, limited to the calculated free cash flow available for distribution per the financial covenant calculations. Any unpaid principal payments are due with the next quarterly payment.

15. Subsequent Events

Derivatives

Subsequent to December 31, 2023 Aera LLC entered into the following derivative contracts:

	Period	Volumes	Weighted-Average Price
Gas		MmBtu	
	Q2 2024	1,729,000	\$ 4.47
	Q3 2024	1,748,000	\$ 2.99
	Q4 2024	2,081,426	\$ 5.03
	Q1 2025	2,201,940	\$ 5.83

Merger Agreement

On February 7, 2024, the Owners of the GGRP Companies entered into a definitive agreement and plan of merger ("Merger Agreement") to combine with California Resources Corporation ("CRC"), a Delaware corporation, in an all-stock transaction ("CRC Merger") with an effective date of January 1, 2024. CRC is an independent oil and natural gas exploration and production and carbon management company operating properties exclusively within California.

Pursuant to the Merger Agreement, CRC has agreed to issue 21,170,357 shares of common stock (subject to customary adjustments in the event of stock splits, dividend paid in stock and similar items) plus an additional number of shares determined by reference to the dividends declared by CRC having a record date between the effective date and closing as more fully described in the Merger Agreement. Under the terms of the Merger Agreement, CRC has also agreed to assume Aera LLC's outstanding long-term indebtedness of \$950 million at closing.

Closing of the CRC Merger is subject to certain conditions, including, among others, approval of the stock issuance by CRC's stockholders, expiration of the applicable waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, prior authorization by the Federal Energy Regulatory Commission under Section 203 of the Federal Power Act and other customary closing conditions.

Upon completion of the transaction, GGRP Companies will receive 21.2 million shares of CRC's common stock, equivalent to approximately 22.9% of CRC's fully diluted shares. The CRC Merger is expected to close in the second half of 2024.

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Results of Operations

Results of operations for oil and gas producing activities are shown below. Total revenues and expenses exclude sales and costs for steam and electricity amounts recorded in the Consolidated and Combined Statements of Operations and Other Comprehensive Income. In addition, expenses per the accompanying schedule exclude research, administrative overhead, and interest costs.

(in thousands of dollars)

	Successor		Predecessor		
	Year Ended December 31,	122-days Ended December 31,	58-days Ended February 27,	Years Ended December 31,	
	2023	2022	2023	2022	2021
Results of Operations					
Crude oil, natural gas and NGL sales	\$ 1,762,721	\$ —	\$ 5,621	\$ 47,782	\$ 37,540
Crude oil, natural gas and NGL sales to related parties	—	—	341,218	2,755,581	2,084,422
Total Operating Revenues	1,762,721	—	346,839	2,803,363	2,121,962
Production costs	798,100	—	342,230	1,132,253	836,711
Exploration expenses	273	—	40	315	424
Depreciation, depletion, amortization, retirements, impairments and accretion	457,237	—	89,824	654,337	841,663
Results of Operations	<u>\$ 507,111</u>	<u>\$ —</u>	<u>\$ (85,255)</u>	<u>\$ 1,016,457</u>	<u>\$ 443,164</u>

Capitalized Costs

Capitalized costs related to oil and gas producing activities are shown below.

(in thousands of dollars)

	Successor		Predecessor
	December 31, 2023	December 31, 2022	December 31, 2022
Capitalized Costs			
Proved properties	\$12,328,690	\$ —	\$13,639,456
Unproved properties	4,628	—	4,628
Support equipment and facilities	180,009	—	204,508
Total Capitalized Costs	12,513,327	—	13,848,592
Accumulated depreciation, depletion, amortization retirements and impairments	9,648,112	—	9,439,063
Net Capitalized Costs	<u>\$ 2,865,215</u>	<u>\$ —</u>	<u>\$ 4,409,529</u>

Costs Incurred

Costs incurred in oil and gas property acquisition, exploration and development are shown below.

(in thousands of dollars)	Successor		Predecessor		
	Year Ended December 31,	122-days Ended December 31,	58-days Ended February 27,	Years Ended	
				December 31,	
	2023	2022	2023	2022	2021
Costs Incurred in Property Acquisition, Exploration and Development Activities					
Acquisition of properties	\$ 390	\$ —	\$ —	\$ 410	\$ 1,800
Development costs	176,732	—	35,290	240,708	90,201
Exploration costs	273	—	40	315	424
Total Costs Incurred	<u>\$ 177,395</u>	<u>\$ —</u>	<u>\$ 35,330</u>	<u>\$241,433</u>	<u>\$92,425</u>

Proved Reserve Estimates

Independent petroleum engineering firm Netherland, Sewell & Associates, Inc. estimated an aggregate of 100% of our estimated proved reserves (by volume) as of the Successor year ended December 31, 2023. For the Predecessor combined year ended December 31, 2022, and December 31, 2021, reserves were prepared internally by technical staff who worked directly with the oil and gas properties using industry standard reserve estimation principles, definitions, and methodologies. All proved reserves are in California.

Revisions to reserves are based on engineering analysis of individual reservoirs at the field level. Proved reserves are those quantities of oil and gas volumes that, upon analysis of geological and engineering data appear with reasonable certainty to be economically producible in the future given following requirements:

- Using known oil and gas reservoirs under current prices and costs as of the date the estimate is made.
- Using existing equipment and operating methods from existing wells
- Using new wells on undrilled acreage where a relatively major capital expenditure is required.
- Proved reserves are calculated by using an unweighted arithmetic average of the first-day-of-the-month price for each month during the 12-month period.
- Net proved reserves represent the estimated recoverable volumes excluding royalties and quantities due others.

In accordance with the *Accounting Standards Codification* (“ASC”) amended rules, the year-end reserves volumes for 2023, 2022, and 2021, as well as the reserves change categories for each year are shown in the following tables.

Oil and gas proved reserves cannot be measured exactly. Reserve estimates are based on many factors related to reservoir performance that require evaluation by engineers interpreting the available data as well as price and other economic factors such as detailed below:

- The reliability of these estimates at any point in time depends on both the quality and quantity of the technical and economic data, the production performance of the reservoirs as well as extensive engineering judgment.

- Consequently, reserve estimates are subject to revision as additional data becomes available during the producing life of a reservoir or as prices change significantly from one year to the next.
- When a commercial reservoir is discovered, proved reserves are initially determined based on limited data from the first well or wells.
- Subsequent data may better define the extent of the reservoir and additional production performance, well tests and engineering studies will likely improve the reliability of the reserve estimate.
- The evolution of technology may also result in the application of improved recovery techniques such as supplemental or enhanced recovery projects, or both, that have the potential to increase reserves beyond those envisioned during the early years of a reservoir's producing life.

Estimated quantities of net proved oil, natural gas and natural gas liquids reserves and changes in net quantities of proved developed and undeveloped reserves were as follows for the years ended December 31:

(in thousands of barrels of oil equivalent)

	Successor	Predecessor	
	2023	December 31,	
		2022	2021
Reserves Summary			
Net Proved Developed and Undeveloped			
Beginning of year	260,622	302,572	265,008
Revisions of previous estimates	6,332	(11,410)	70,103
Production	(28,251)	(30,539)	(32,539)
End of year	238,703	260,622	302,572
Net change	(21,919)	(41,950)	37,564
Net Proved Developed			
Beginning of year	239,933	248,757	216,130
Revisions of previous estimates	12,928	21,716	65,166
Production	(28,251)	(30,539)	(32,539)
End of year	224,610	239,933	248,757
Net change	(15,324)	(8,823)	32,626
Net Proved Undeveloped			
Beginning of year	20,689	53,816	48,878
Revisions of previous estimates	(6,595)	(33,127)	4,938
Production	0	0	0
End of year	14,094	20,689	53,816
Net change	(6,595)	(33,127)	4,938

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(in thousands of barrels of crude oil and condensate)

	Successor	Predecessor	
	2023	December 31,	
		2022	2021
Oil Reserves			
Net Proved Developed and Undeveloped			
Beginning of year	247,657	289,819	253,022
Revisions of previous estimates	5,121	(13,056)	67,883
Production	(26,800)	(29,106)	(31,086)
End of year	225,978	247,657	289,819
Net change	(21,679)	(42,162)	36,797
Net Proved Developed			
Beginning of year	226,968	237,080	206,383
Revisions of previous estimates	12,061	18,994	61,783
Production	(26,800)	(29,106)	(31,086)
End of year	212,229	226,968	237,080
Net change	(14,739)	(10,112)	30,697
Net Proved Undeveloped			
Beginning of year	20,689	52,739	46,639
Revisions of previous estimates	(6,940)	(32,050)	6,100
Production	0	0	0
End of year	13,749	20,689	52,739
Net change	(6,940)	(32,050)	6,100

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(in millions of cubic feet of natural gas)

	Successor	Predecessor	
		December 31,	
	2023	2022	2021
Natural Gas Reserves			
Net Proved Developed and Undeveloped			
Beginning of year	62,470	60,543	52,647
Revisions of previous estimates	11,255	9,109	15,127
Production	(7,200)	(7,181)	(7,231)
End of year	66,525	62,470	60,543
Net change	4,055	1,927	7,896
Net Proved Developed			
Beginning of year	62,470	54,514	40,108
Revisions of previous estimates	9,325	15,138	21,637
Production	(7,200)	(7,181)	(7,231)
End of year	64,595	62,470	54,514
Net change	2,125	7,956	14,406
Net Proved Undeveloped			
Beginning of year	—	6,029	12,539
Revisions of previous estimates	1,930	(6,029)	(6,510)
Production	—	—	—
End of year	1,930	—	6,029
Net change	1,930	(6,029)	(6,510)

(in thousands of barrels of natural gas liquids)

	Successor	Predecessor	
		December 31,	
	2023	2022	2022
Natural Gas Liquids Reserves			
Net Proved Developed			
Beginning of year	1,810	1,942	1,942
Revisions of previous estimates	(798)	19	19
Production	(166)	(151)	(151)
End of year	846	1,810	1,810
Net change	(964)	(132)	(132)

No PUDS are left for Natural Gas Liquids

Standardized Measure

The following disclosures concerning the standardized measure of future cash flows from net proved oil and gas reserves are presented in accordance with the authoritative guidance regarding disclosures about oil and gas producing activities. As prescribed by this guidance, the first-day-of-the-month average prices, year-end costs, enacted tax rates and a ten percent (10%) annual discount factor were applied. Effects of income taxes on the future cash flows presented below are the responsibility of the Member Companies and, therefore, not included in this disclosure. Since prices and costs do not remain static and no price or cost changes have been considered, the results are not necessarily indicative of the fair market value of estimated net proved reserves, but they do provide a common benchmark as prescribed by the authoritative guidance.

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For the purposes of this disclosure, individual estimates of Aera LLC's production quantities, revenues and costs were developed for each field, net of royalties and quantities due others. Extensive judgments are involved in estimating the timing of production and the costs to be incurred throughout the remaining lives of these fields. Therefore, the results may not be comparable to estimates disclosed by other oil and gas producers.

The table below sets forth the standardized measure of discounted future cash flows relating to Aera LLC's estimated recoverable volumes excluding royalties and quantities due others. Since the estimates reflect net proved reserves only, they exclude revenues that could result from unproved reserves that could become productive in later years.

Standardized Measure of Discounted Future Cash Flows as of December 31:

(in millions of dollars)

	Successor	Predecessor	
		December 31,	
	2023	2022	2021
Future cash inflows	\$ 18,327	\$ 24,547	\$ 18,870
Future operating costs	(10,027)	(13,326)	(10,396)
Future development costs	(3,000)	(3,180)	(4,372)
Future net cash flows	\$ 5,300	\$ 8,041	\$ 4,102
Discount	(1,603)	(2,398)	(923)
Standardized measure of discounted future cash flows	\$ 3,697	\$ 5,643	\$ 3,179

The aggregate change in the standardized measure of discounted future cash flows was a decrease of \$1,946 million in 2023, an increase of \$2,464 million in 2022, and an increase of \$3,217 million in 2021. The principal sources of change were as follows:

Changes in Standardized Measure of Discounted Future Cash Flows for the years ended December 31:

(in millions of dollars)

	Successor	Predecessor	
		December 31,	
	2023	2022	2021
Beginning of year	\$ 5,643	\$ 3,179	\$ (38)
Net change in sales and transfer prices and in production (lifting) costs related to future production	(1,325)	2,641	2,416
Changes in estimated future development costs	(35)	495	(209)
Sales and transfers of oil and gas produced during the period	(1,453)	(1,068)	(515)
Net change due to revisions in quantity estimates	66	(366)	1,245
Previously estimated development costs incurred during the period	285	473	295
Accretion of discount	516	289	(15)
End of year	\$ 3,697	\$ 5,643	\$ 3,179

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Green Gate Resources Parent, LLC
Condensed Consolidated and Combined Statements of Operations and Other Comprehensive Income (Loss)
(Unaudited)

(in thousands of dollars)

	Successor		Predecessor
	Three Months Ended March 31, 2024	Three Months Ended March 31, 2023	58-days Ended February 27, 2023
Revenue and Other Income			
Crude oil, natural gas and NGL sales	\$ 493,730	\$ 171,598	\$ 5,621
Crude oil, natural gas and NGL sales to related parties	—	—	341,218
Other revenue	246	286	969
Loss on acquisition/sale of assets, net	(6,712)	(4,803)	—
(Loss)/gain on commodity derivatives, net	(337,535)	69,641	—
Total Revenue and Other Income	149,729	236,721	347,808
Operating Expenses			
Operating costs	\$ 112,246	\$ 37,855	\$ 68,807
General and administrative expenses	46,608	15,762	30,474
Depreciation, depletion and amortization	74,696	27,094	76,656
Accretion expense on abandonment liability	37,418	12,232	13,168
Exploration expenses including dry hole	65	3	40
Purchased natural gas marketing expense	45,412	25,220	228,605
Electricity generation expenses	13,925	2,139	10,393
Taxes other than on income	23,742	8,346	14,435
Research expenses	—	1	3
Other operating expenses	6,011	42,338	8,208
Total Operating Expenses	360,122	170,989	450,789
Operating (Loss) Income	(210,393)	65,732	(102,980)
Non-Operating Income (Expenses)			
Interest income	2,506	1,349	1,114
Interest expense	(30,084)	(9,899)	—
Income from equity investments	1,708	908	501
Other non-operating income/(expenses)	2,096	(72)	(144)
(Loss) Income Before Income Taxes	(234,167)	58,018	(101,509)
Federal and state income tax (expense)/benefit	(212)	(14)	264
Net (Loss) Income	(234,379)	58,004	(101,245)
Other Comprehensive (Loss) Income			
Unrealized gain/(loss) on investments	546	386	(193)
Amortization of net actuarial gain	115	100	197
Net actuarial gain arising during the period	6	(400)	361
Comprehensive (Loss) Income	\$ (233,712)	\$ 58,090	\$ (100,880)

*All items of other comprehensive income/(loss) are displayed net of a tax (benefit)/expense of (\$48) thousand, \$117 thousand, and (\$218) thousand for the Successor three month periods ended March 31, 2024 and 2023, and the Predecessor combined 58-day period ended February 27, 2023, respectively.

Green Gate Resources Parent, LLC
Condensed Consolidated and Combined Balance Sheets
(Unaudited)

(in thousands of dollars)

	Successor	
	March 31, 2024	December 31, 2023
Assets		
Current Assets		
Cash	\$ 89,065	\$ 29,376
Restricted cash	25,840	15,840
Accounts receivable		
Due from related parties	50,000	50,000
Trade	184,680	174,532
Other	2,406	1,760
Inventories		
Crude oil and condensate	293	389
Materials and supplies	16,869	17,101
Other current assets, net	2,541	4,542
Total Current Assets	371,694	293,541
Equity investments	35,409	34,865
Property, plant and equipment, at cost, less accumulated depreciation, depletion and amortization	2,879,550	2,923,569
Deferred income tax asset, net	14,288	14,687
Other assets, net	87,703	98,867
Total Assets	\$3,388,644	\$3,365,528
Liabilities and Members' & Stockholders' Equity		
Current Liabilities		
Accounts payable		
Trade	\$ 126,597	\$ 140,860
Taxes payable	14,157	14,589
Fair value of derivative contracts	199,807	31,032
Accrued liabilities	125,706	161,304
Current portion of long term debt	100,000	100,000
Accrued restoration, removal and environmental costs	87,396	82,320
Total Current Liabilities	653,663	530,106
Accrued restoration, removal and environmental costs	1,040,673	1,022,265
Long term debt, net	814,584	811,419
Long term – fair value of derivative instruments	209,530	79,366
Other long term liabilities	49,422	56,888
Total Liabilities	2,767,872	2,500,044
Contingencies (Note 9)		
Members' and Stockholders' Equity		
Retained earnings	609,046	854,425
Accumulated other comprehensive income	11,726	11,059
Total Members' & Stockholders' Equity	620,772	865,484
Total Liabilities and Members' & Stockholders' Equity	\$3,388,644	\$3,365,528

Green Gate Resources Parent, LLC
Condensed Consolidated and Combined Statements of Members' and Stockholders' Equity (Unaudited)
(in thousands)

	Predecessor				
	Common Stock		Retained Earnings	Accumulated Other Comprehensive Loss	Total Members' and Stockholders' Equity
	Shares	Amount			
Balance as of December 31, 2022	<u>2</u>	<u>\$ 2</u>	<u>\$3,714,630</u>	<u>\$ (31,926)</u>	<u>\$ 3,682,706</u>
Net loss			\$ (101,245)	\$ —	\$ (101,245)
Other comprehensive gain			—	365	365
Balance as of February 27, 2023	<u>2</u>	<u>\$ 2</u>	<u>\$3,613,385</u>	<u>\$ (31,561)</u>	<u>\$ 3,581,826</u>

	Successor		
	Retained Earnings	Accumulated Other Comprehensive Loss	Total Members' and Stockholders' Equity
Balance as of December 31, 2022	<u>\$ 169,000</u>	<u>\$ —</u>	<u>\$ 169,000</u>
Net income	\$ 58,004	\$ —	\$ 58,004
Distributions	—	—	—
Contributions	616,000	—	616,000
Other comprehensive gain	—	86	86
Balance as of March 31, 2023	<u>\$ 843,004</u>	<u>\$ 86</u>	<u>\$ 843,090</u>
Balance as of December 31, 2023	<u>\$ 854,425</u>	<u>\$ 11,059</u>	<u>\$ 865,484</u>
Net loss	\$(234,379)	\$ —	\$ (234,379)
Distributions	(11,000)	—	(11,000)
Other comprehensive gain	—	667	667
Balance as of March 31, 2024	<u>\$ 609,046</u>	<u>\$ 11,726</u>	<u>\$ 620,772</u>

Green Gate Resources Parent, LLC
Condensed Consolidated and Combined Statements of Cash Flows (Unaudited)

(in thousands of dollars)

	Successor		Predecessor
	Three Months Ended March 31, 2024	Three Months Ended March 31, 2023	58-days Ended February 27, 2023
Cash Flows From Operating Activities			
Net (loss)/income	\$ (234,379)	\$ 58,004	\$(101,245)
Adjustments for non-cash items			
Depreciation, depletion and amortization	74,696	27,094	76,656
Accretion expense on abandonment liability	37,418	12,232	13,168
Amortization of debt issuance costs	3,164	963	—
Loss/(gain) on commodity derivatives	337,535	(69,641)	—
(Gain)/loss on sale of assets	—	9	—
Deferred income tax charges	351	2,081	446
Cash payments on derivative settlements, net	(37,453)	678	—
Dismantlement, restoration and abandonment expenditures	(13,934)	(7,474)	(13,598)
Change in fair value of contingent consideration	6,712	4,795	—
Dividends from equity income	(545)	(908)	(501)
Changes in operating working capital			
Accounts receivable – due from related parties	—	166,679	24,422
Accounts receivable	(10,794)	(222,116)	(14,882)
Inventories	328	(663)	(712)
Accounts payable and accrued liabilities	(39,697)	8,411	(81,254)
Taxes payable	(432)	4,854	(5,048)
Other accrued liabilities	(5,756)	(48,157)	9,589
All other items, net	12,697	(6,075)	65,025
Net Cash Provided/(Used) by Operating Activities	129,912	(69,232)	(27,935)
Cash Flows From Investing Activities			
Additions to property, plant and equipment	(35,110)	(34,903)	(38,620)
Proceeds from sale of assets	734	905	256
Business Combination, net	—	(1,126,611)	—
Payments of acquisition related contingent consideration	—	(8,933)	—
Net Cash Used in Investing Activities	(34,376)	(1,169,542)	(38,364)

Green Gate Resources Parent, LLC
Condensed Consolidated and Combined Statements of Cash Flows (Unaudited)

(in thousands of dollars)

	Successor		Predecessor
	Three Months Ended March 31, 2024	Three Months Ended March 31, 2023	58-days Ended February 27, 2023
Cash Flows From Financing Activities			
Distributions to Aera Member Companies:			
Regular Distribution	\$ (11,000)	\$ —	\$ —
Contributions from Aera Member Companies	—	616,000	—
Debt issuance costs	—	(47,336)	—
Finance lease obligations – reduction	(292)	—	—
Proceeds from Term Loan	—	600,000	—
Proceeds from RBL Facility	—	225,000	—
Payments of acquisition related contingent consideration	(14,555)	—	—
Net Cash (Used)/Provided by Financing Activities	(25,847)	1,393,664	—
Net Increase/(decrease) in Cash and Restricted Cash	69,688	154,890	(66,299)
Cash and Restricted Cash			
Beginning of the period	45,216	—	343,681
End of the period	<u>\$ 114,904</u>	<u>\$ 154,890</u>	<u>\$ 277,382</u>
Supplemental Disclosure of Cash Flow Information			
Interest paid, net of amount capitalized, included in cash flows from operating activities	\$ 26,312	\$ 8,708	\$ —
Capitalized interest paid, included in cash flows from investing activities	4,114	—	—
Supplemental Disclosure of Non-cash Investing and Financing			
Accrued capital expenditures	6,890	14,462	14,764
Right of use assets obtained in exchange for operating lease liabilities	1,572	(515)	1,035
Right of use assets obtained in exchange for finance lease liabilities	296	(70)	182

1. Nature of Operations

Green Gate Resources Parent, LLC (“GGRP”) is the sole member of Green Gate Resources Holdings LLC (“GGRH”) and is held 49% by CPPIB Vedder US Holdings LLC, an affiliate of Canada Pension Plan Investment Board and 51% by Green Gate COI LLC which is held 18.75% by OCM Aera E Holdings, LLC (“OCM AE”) and 81.25% by Green Gate ICOI LLC (“GG ICOI”). OCM AE is an affiliate of Oaktree Capital Group Holdings and Green Gate ICOI is an affiliate of IKAV SICAV – FIS SCA – IEII. The ownership group of GGRP will collectively be referred to as the “Member Companies”. The Member Companies respective shares in each item of income, gain, loss and deduction is in accordance with their respective sharing ratios. GGRH is the sole member of each of Green Gate Resources E LLC (“GGRE”) and Green Gate Resources S LLC (“GGRS”). GGRE and GGRS hold Green Gate Intermediate LLC (“GGI”) by 48.2% and 51.8%, respectively.

On February 28, 2023, GGRH acquired (the “Acquisition”) Aera Energy LLC and Aera Energy Services Company (collectively, “Aera Companies”). After the Acquisition, Aera Companies’ sole member company is GGI.

Aera Energy LLC, a California limited liability company (“Aera LLC”), is primarily engaged in the exploration, development, and production of crude oil, condensate, natural gas, and natural gas liquids in California. Prior to the Acquisition, Aera LLC’s member companies were Shell Onshore Ventures Inc. (“SOVI”) and Mobil California Exploration & Producing Asset Company (“MCEPAC”). SOVI is an affiliate of Shell plc and MCEPAC is an affiliate of ExxonMobil Corporation (collectively the “Prior Member Companies”). The Prior Member Companies’ respective sharing ratios were: SOVI – 51.8% and MCEPAC – 48.2%.

Aera Energy Services Company (“Aera Services”), a Delaware corporation, was formed in May 1997 for the purpose of providing the human resource needs of Aera LLC. Prior to the Acquisition, SOVI and MCEPAC equally owned the voting shares of Aera Services.

In connection with the change of control, as a result of the Acquisition, Aera Companies assets and liabilities were adjusted to fair value on the closing date of the Acquisition. These condensed consolidated and combined financial statements distinguish between the predecessor period (“Predecessor”) relating to the combined activity of the Aera Companies for the 58-day period prior to the Acquisition on February 28, 2023 and the successor period (“Successor”) relating to GGRH for periods subsequent to the Acquisition.

GGRH was reorganized in a common control transaction under GGRP on December 28, 2023 resulting in a change in reporting entity. As this was a reorganization under common control, the assets and liabilities were recognized on a carryover basis and therefore GGRP is also considered the Successor.

The Successor financial information includes the activity and accounts of GGRP, together with its consolidated subsidiaries (collectively, “GGRP Companies”), for the three months ended March 31, 2024 and 2023, and for the year ended December 31, 2023, which includes the activity and accounts of Aera Companies, prospectively for the 307-day period following completion of the Acquisition, beginning on February 28, 2023.

The Predecessor financial information represents the historical basis of presentation for the Aera Companies for all periods prior to the Acquisition. As a result of the valuation of assets acquired and liabilities assumed at fair value at the time of the Acquisition, the financial statements for the Successor period are presented on a measurement basis different than the Predecessor period (Aera Companies’ historical cost) and are, therefore, not comparable.

2. Summary of Significant Accounting Policies

The condensed consolidated and combined financial statements and related notes have been prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”) and are presented in U.S. dollars unless otherwise indicated. The condensed consolidated and combined financial statements and related notes contain all adjustments (consisting of only normal recurring accruals) necessary to present fairly the GGRP Companies’ financial position as of March 31, 2024 and the results of its operations and cash flows for the three month periods ended March 31, 2024 and March 31, 2023. Interim period results are not necessarily indicative of the results to be expected for the full fiscal year.

The preparation of condensed consolidated and combined financial statements under U.S. GAAP requires us to make assumptions and estimates concerning the future that affect the reported amounts of assets, liabilities, revenue and expenses. Estimates and assumptions are particularly important in accounting for items such as impairment of long-lived assets, financial instruments, asset retirement obligations, and post-retirement benefits. Estimates and assumptions used are based on factors such as historical experience, observance of trends in the industries in which we operate and information available from our customers and other outside sources.

These condensed consolidated and combined financial statements are unaudited and have been prepared on substantially the same basis as the GGRP Companies’ audited annual consolidated and combined financial statements and related notes for the year ended December 31, 2023. The condensed consolidated and combined balance sheet as of December 31, 2023 has been derived from those audited financial statements.

These condensed consolidated and combined financial statements should be read in conjunction with the audited annual consolidated financial statements and related notes for the year ended December 31, 2023.

The accounting policies used in preparing these condensed consolidated and combined financial statements are the same as those applied in the prior year.

Subsequent Events - Subsequent events have been evaluated through May 15, 2024, which is the date these condensed consolidated and combined financial statements were available to be issued. The detailed disclosure is included in Note 14, Subsequent Events.

Restricted Cash - As of March 31, 2024 (Successor) and December 31, 2023 (Successor), restricted cash included \$15.8 million held in escrow in connection with abandonment and remediation obligations required under terms of the Newport Banning Ranch land sale. As of March 31, 2024 (Successor), there is additional restricted cash in the amount of \$10.0 million for cash on deposit as collateral for secured letters of credit.

Accounts Receivable - Accounts receivable are from both non-affiliates and affiliates for the Successor as of March 31, 2024 and December 31, 2023. As of March 31, 2024 (Successor) and December 31, 2023 (Successor), no allowance for expected credit losses were recorded.

Concentration of Customers - For the Successor three month periods ended March 31, 2024 and 2023, two customers each accounted for at least 10%, and collectively 94.6% of our sales (before the effects of hedging). For the Predecessor 58-day period ended February 28, 2023, all sales were to related parties and our Prior Member Companies accounted for 100% of our sales.

3. Significant Transactions

Purchase of Aera Companies

On February 28, 2023, GGRH acquired 100% of the issued and outstanding membership interests of Aera LLC, and 100% of the issued and outstanding membership interests of Aera Energy Services. The Acquisition allows GGRH to assist the Aera Companies with energy transition efforts while balancing the need to continue meeting California’s conventional energy demands by investing in a renewable energy portfolio that will power Aera Companies’ existing operations. Over time, renewable power will be deployed across Aera Companies’ land holdings, while selected legacy oil and gas infrastructure will be repurposed to create carbon capture and storage capability. The Acquisition was accounted for as a business combination. There was no goodwill, measured as the excess of the fair value of the consideration paid over the fair value of the identified net assets, resulting from the Acquisition.

The following table summarizes the consideration paid for the Aera Companies:

Consideration (in thousands of dollars)	
Cash	\$1,280,000

Consideration	
<i>(in thousands of dollars)</i>	
Contingent Consideration	45,187
Deferred Payments and Price Adjustments not paid at close	1,009,943
Fair value of total consideration transferred	<u>\$2,335,130</u>

The contingent consideration arrangement requires the GGRP Companies to make a series of payments to the Prior Member Companies based on separate calculations for hedged and unhedged oil volumes. The hedged contingent consideration payments are calculated as 70% of the difference between hedged price, adjusted for the delta in local market pricing and Brent index price, and the reference Brent price, multiplied by the reference hedged oil volumes. The unhedged contingent consideration payments are calculated as 35% of the difference between actual Brent index price, adjusted for the delta in local market pricing and Brent index price, and the reference Brent price, multiplied by the volume of unhedged oil. Unhedged oil is calculated as the lesser of actual produced oil volume or the reference production floor volume, minus reference hedged oil volumes. Reference prices and volumes set per the purchase agreements. All contingent consideration payments were measured at fair value at the Acquisition date based on the ICE Brent price futures. As of the Acquisition date, the potential undiscounted amount of all future payments that GGRH could be required to make under the contingent consideration arrangement is between \$44.5 million and \$55.4 million.

During the three month periods ended March 31, 2024 and 2023, GGRH paid \$14.6 million and \$8.9 million to settle contingent consideration as it came due under the terms of the membership purchase agreements.

For the Successor three month periods ended March 31, 2024 and 2023, the loss recognized for changes in the fair value of contingent consideration arrangement in the amount of \$6.7 million and \$4.8 million is included in Other Non-Operating Expense in the Condensed Consolidated and Combined Statement of Operations and Other Comprehensive Income (Loss). There was no change in the fair value recognized in the Predecessor combined 58-day period ended February 27, 2023.

As of March 31, 2024, the range of outcomes that GGRH could be required to make under the contingent consideration arrangement is between \$14.5 million and \$30.7 million. The assumptions used to develop the estimates have not changed. Contingent consideration is split between Accrued Liabilities and Other Long-term Liabilities in the Balance Sheet. See Note 10 for details.

Fair Value of total consideration transferred

There were no acquisition-related costs recognized for the Successor three month period ended March 31, 2024. Acquisition-related costs of \$28.7 million were included in Other Operating Expenses in the Condensed Consolidated and Combined Statement of Operations and Other Comprehensive Income (Loss) for the Successor three month period ended March 31, 2023. There were no acquisition-related costs incurred in the Predecessor 58-day period ended February 27, 2023.

Recognized amounts of identifiable assets acquired and liabilities assumed	
<i>(in thousands of dollars)</i>	
Purchase Price Allocation:	
Current Assets	\$ 491,035
Equity investments	34,023
Property, plant and equipment, at cost, less accumulated depreciation, depletion and amortization	3,049,853
Deferred income tax asset	23,943
Other assets, net	141,162
Current Liabilities	(186,972)
Accrued restoration, removal and environmental costs	(1,083,279)
Other long term liabilities	(128,287)
Deferred income tax liability	(6,348)
Net assets acquired	<u><u>\$ 2,335,130</u></u>

4. Revenue

Disaggregated revenue for sales of crude oil, natural gas and natural gas liquids (NGLs) to customers includes the following:

Oil, natural gas and NGL sales (in thousands of dollars)	Successor		Predecessor
	Three Months Ended March 31, 2024	Three Months Ended March 31, 2023	58-days Ended February 27, 2023
Oil	\$ 492,414	\$ 171,152	\$ 5,168
Natural gas	510	(195)	(1,452)
NGLs	806	641	1,904
Oil, natural gas and NGL sales	<u>\$ 493,730</u>	<u>\$ 171,598</u>	<u>\$ 5,621</u>

Oil, natural gas and NGL sales to related parties (in thousands of dollars)	Successor		Predecessor
	Three Months Ended March 31, 2024	Three Months Ended March 31, 2023	58-days Ended February 27, 2023
Oil	\$ —	\$ —	\$ 341,218
Natural gas	—	—	—
NGLs	—	—	—
Oil, natural gas and NGL sales to related parties	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 341,218</u>

For the Successor three month periods ended March 31, 2024 and 2023, and the Predecessor combined 58-day period ended February 27, 2023, “Crude oil, natural gas and NGL sales” primarily arise from contracts with customers.

For the Predecessor combined 58-day period ended February 27, 2023, “Crude oil, natural gas and NGL sales to related parties” primarily arise from contracts with related parties.

5. Inventories

Crude oil and condensate inventories are carried on a LIFO basis. Replacement cost exceeded LIFO by \$1.3 million and \$1.5 million as of March 31, 2024 (Successor) and December 31, 2023 (Successor).

6. Property, Plant, and Equipment and Asset Retirement Obligations

Property, plant, and equipment consist of the following:

	Successor					
	March 31, 2024			December 31, 2023		
	Cost	Reserve*	Net	Cost	Reserve*	Net
Exploration and production	\$12,571,945	\$9,714,158	\$2,857,787	\$12,549,918	\$9,648,112	\$2,901,806
Land held for development	21,552	—	21,552	21,552	—	21,552
Other	1,634	1,422	211	1,634	1,422	211
	<u>\$12,595,131</u>	<u>\$9,715,581</u>	<u>\$2,879,550</u>	<u>\$12,573,104</u>	<u>\$9,649,534</u>	<u>\$2,923,569</u>

* Accumulated depreciation, depletion, amortization, retirements and impairments

For the Successor three month periods ended March 31, 2024 and 2023, and the Predecessor combined 58-day period ended February 27, 2023, Aera LLC did not incur an impairment loss.

The below table summarizes the ARO activity for the Successor three month period ended March 31, 2024 and year ended December 31, 2023:

	Successor	
	March 31, 2024	December 31, 2023
Balance at beginning of period	\$1,104,585	\$ —
ARO acquired	—	1,083,285
Accretion expense on abandonment liability	37,418	122,321
Dismantlement, restoration and abandonment expenditures	(13,934)	(64,431)
Liabilities incurred	—	238
Revisions in estimated cash flows	—	(36,828)
Balance at end of period	1,128,069	1,104,585
Less: current portion	(87,396)	(82,320)
Long-term obligations	\$1,040,673	\$1,022,265

7. Transactions with Related Parties

Aera LLC sold 100% of its operated crude oil and condensate production for the Predecessor combined 58-day period ended February 27, 2023 to affiliates of the Prior Member Companies, Shell Trading (US) Company and ExxonMobil Oil Corporation. The volume of crude oil and condensate sold is split in proportion to the respective sharing ratios that the Prior Member Companies held in Aera LLC. For the Predecessor combined 58-day period ended February 27, 2023, Aera LLC realized approximately \$341.0 million in gross crude and condensate sales to these related parties. After the sale, Aera continues to sell a portion of its operated crude oil and condensate to Shell Trading (US) Company as a non-related party and no longer sells its operated crude oil and condensate to ExxonMobil Oil Corporation.

8. Benefit Plans

The following table sets forth the components of the net periodic benefit costs for Aera Services' defined benefit pension plans and other post-retirement benefit plans:

(in thousands of dollars)

	Successor				Predecessor	
	Three Months Ended March 31, 2024		Three Months Ended March 31, 2023		58-days Ended February 27, 2023	
	Pension Benefits	Other Postretirement Benefits	Pension Benefits	Other Postretirement Benefits	Pension Benefits	Other Postretirement Benefits
Service cost	\$ 2,748	\$ 663	\$ 867	\$ 215	\$ 1,733	\$ 430
Interest cost	3,176	805	1,105	296	2,210	590
Expected return on plan assets	(5,369)	(863)	(1,659)	(253)	(3,318)	(507)
Amortization of prior service cost	—	—	—	—	—	—
Amortization of net actuarial loss/(gain)	238	(79)	153	(15)	305	(31)
Net periodic benefit cost	\$ 793	\$ 526	\$ 465	\$ 243	\$ 931	\$ 482

For the Successor three month periods ended March 31, 2024 and 2023, and the Predecessor combined 58-day combined period ended February 27, 2023, \$3.4 million, \$1.1 million, and \$2.2 million were recorded in Operating Expenses and non-service cost/(income) of (\$2.0 million), (\$0.7 million), and \$0.2 million were recorded in Other Non-Operating Expenses/(Income), net.

Defined Contribution Plan

Aera Services contributed approximately \$2.1 million and \$2.7 million under the provisions of the Aera Energy Services Company Savings Plan (the "Savings Plan") for the Successor three month period ended March 31, 2024 and the Predecessor combined 58-day period ended February 27, 2023, and expects to contribute \$7.3 million during the remainder of 2024. There were no contributions for the Successor three month period ended March 31, 2023.

Aera Services contributed approximately \$0.3 million and \$0.5 million under the provisions of the Aera Energy Services Company Savings Restoration Plan for the Successor three month periods ended March 31, 2024 and 2023 and expects to contribute \$0.5 million during the remainder of 2024. Aera Services did not make a contribution for the Predecessor combined 58-day period ended February 27, 2023.

Aera Services did not make a contribution under the provisions of the Aera Energy Services Company Cash Balance Plan for the Successor three month periods ended March 31, 2024 and 2023, or the Predecessor combined 58-day period ended February 27, 2023, but expects to contribute \$10.0 million during the remainder of 2024.

Other Postretirement Benefits

Aera Services contributed approximately \$1.0 million, \$0.2 million, and \$0.6 million under the provisions of the Aera Energy Services Company Pre-Medicare Eligible Plan (the “Pre-65 Plan”) for the Successor three month periods ended March 31, 2024 and 2023, and the Predecessor combined 58-day period ended February 27, 2023, and expects to contribute \$1.9 million during the remainder of 2024.

9. Litigation and Other Contingencies

There have been no material changes to the GGRP Companies’ litigation and other contingencies disclosed in Note 9 – Litigation and Other Contingencies in the GGRP’s 2023 Annual Report.

10. Fair Value of Financial Instruments

Fair value is defined as the price that would be received upon the sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements are classified and disclosed in one of the following categories:

Level 1 – Unadjusted quoted market prices for identical assets or liabilities in an active market.

Level 2 – Quoted market prices for identical assets or liabilities in an active market that have been adjusted for items such as effects of restriction for transferability and those that are not quoted but are observable through corroboration with observable market data, including quoted market prices for similar assets; and

Level 3 – Unobservable inputs for the asset or liability only used when there is little, if any, market activity for the asset or liability at the measurement date.

Financial assets and liabilities are classified based on the lowest level of input that is significant to the fair value measurement. Management’s assessment of the significance of a particular input to the fair value measurement requires judgement and may affect the valuation of the fair value of assets and liabilities and their placement within the fair value hierarchy levels.

Fair Value on a Recurring Basis

The following table set forth, by level within the fair value hierarchy, Aera LLC’s financial assets and liabilities that were accounted for at a fair value on recurring basis as of March 31, 2024 (Successor) and December 31, 2023 (Successor):

	Successor March 31, 2024			
	Active Market for Identical Assets (Level 1)	Observable Inputs (Level 2)	Unobservable Input (Level 3)	Total Carrying Value
Current - Accrued liabilities - Contingent consideration	\$ —	\$ (20,828)	\$ —	\$ (20,828)
Current - Fair value of derivative contracts	—	(199,807)	—	(199,807)
Long term - fair value of derivative instruments	—	(209,530)	—	(209,530)
Total	<u>\$ —</u>	<u>\$(430,165)</u>	<u>\$ —</u>	<u>\$(430,165)</u>

	Successor			
	December 31, 2023			
	Active Market for Identical Assets (Level 1)	Observable Inputs (Level 2)	Unobservable Input (Level 3)	Total Carrying Value
Other current assets, net	\$ —	\$ 1,143	\$ —	\$ 1,143
Liabilities:				
Current - Accrued liabilities -Contingent consideration	—	(23,176)	—	(23,176)
Current - Fair value of derivative contracts	—	(31,032)	—	(31,032)
Other longterm liabilities -Contingent consideration	—	(5,930)	—	(5,930)
Longterm - fair value of derivative instruments	—	(79,366)	—	(79,366)
Total	\$ —	<u>\$(138,362)</u>	<u>\$ —</u>	<u>\$(138,362)</u>

Contingent consideration liabilities related to the Acquisition are classified as Level 2 in the requirement fair value hierarchy and are reported at fair value based on hedged and unhedged oil volumes as defined in the Acquisition purchase agreements using the fair value at the end of each reporting period.

Aera LLC's derivative instruments, which consist of derivative swaps, are classified as Level 2 as of March 31, 2024 (Successor) and December 31, 2023 (Successor) as swaps generally have observable inputs. Derivative instruments are also subject to the risk that counterparties will be unable to meet their obligations. Such non-performance risk is considered in the valuation of Aera LLC's derivative instruments, but to date has not had a material impact on estimates of fair values. Significant changes in the quoted forward prices for commodities and changes in market volatility generally lead to corresponding changes in the fair market value measurement of Aera LLC's derivative instruments.

Fair Value of Other Financial Instruments

The carrying value of the Aera LLC's long-term debt approximates its fair value because the interest rate is variable and reflective of market rates, which are level 2 inputs within the fair value hierarchy.

11. Derivatives

Due to the volatility of crude oil and natural gas price, Aera LLC began entering price-risk management transactions (e.g. crude oil and natural gas commodity swaps) for a portion of its crude oil production on February 28, 2023, and natural gas purchases on May 31, 2023, to achieve a more predictable cash flow, as well as to reduce exposure from price fluctuations. While the use of these arrangements limits Aera LLC's ability to benefit from certain increase in prices of crude oil production and natural gas purchases, it also reduces Aera LLC's potential exposure to adverse price movements. Aera LLC did not have any commodity derivatives designated as accounting hedges as of March 31, 2024 (Successor) or December 31, 2023 (Successor). Unless otherwise indicated, we use the term "hedge" to describe derivatives instruments that are designed to achieve our hedging requirements and program goals, even though they are not accounted for as accounting hedges. Aera LLC's RBL Facility and Term Loan, both dated February 28, 2023, include covenants that require Aera LLC to hedge 85% in 2023 and 2024, 75%, 58% and 25% for years 2025-2027, respectively, on initial Proved Developed Producing crude reserves and a rolling forward 36-month, minimum 50% hedge requirement up through loan maturity (August 2026). Aera LLC has also entered into natural gas hedges outside of debt requirements to reduce exposure from price fluctuations and will continue to evaluate the hedging strategy based on prevailing market prices and conditions. For more information on the requirements of the RBL Facility and Term Loan, see Note 13, Debt.

Aera LLC reported gains and losses on derivative contracts related to crude oil sold and natural gas purchased in Revenue and Other Income on our Condensed Consolidated and Combined Statements of Operations and Other Comprehensive Income (Loss) for the Successor three month periods ended March 31, 2024 and 2023, and the Predecessor combined 58-day period ended February 27, 2023, as shown in the table below:

(in thousands of dollars)

	Successor		Predecessor
	Three Months Ended March 31, 2024	Three Months Ended March 31, 2023	58-days Ended February 27, 2023
Settlement payments from commodity derivatives			
Crude Oil	\$ (19,249)	\$ 678	\$ —
Natural Gas	(18,204)	—	—
Non-cash commodity derivative loss			
Crude Oil	(313,646)	68,962	—
Natural Gas	13,564	—	—
(Loss)/gain on commodity derivatives, net	<u>\$ (337,535)</u>	<u>\$ 69,641</u>	<u>\$ —</u>

Aera LLC estimates the fair value of commodity swaps based on published forward commodity price curves for the underlying commodities as of the date of the estimate for those commodities for which published forward pricing is readily available. The determination of the fair values above incorporates various factors including the impact of Aera LLC's non-performance risk and the credit standing of the counterparties involved in Aera LLC's derivative contracts. Aera LLC routinely monitors the creditworthiness of its counterparties. As of March 31, 2024 (Successor) and December 31, 2023 (Successor), Aera LLC's counterparties to its derivative contract are Citigroup Global Markets, BP Energy Company, KeyBank NA, Deutsche Bank AG, Macquarie Bank Limited, Wells Fargo Bank, N.A., and RBC Bank.

The carrying value of Aera LLC's derivative contracts are measured at fair value using industry-standard models with various inputs, including quoted forward prices, and are classified as Level 2 in the required fair value hierarchy for the periods presented.

The following table presents the fair values of Aera LLC's outstanding commodity derivatives as of March 31, 2024 (Successor) and December 31, 2023 (Successor):

Balance Sheet Classification	Successor	
	March 31, 2024	December 31, 2023
(in thousands of dollars)		
Assets:		
Other current assets, net	\$ —	\$ 1,143
Liabilities:		
Current - Fair value of derivative contracts	(199,807)	(31,032)
Long term - Fair value of derivative contracts	(209,530)	(79,366)
	<u>\$(409,337)</u>	<u>\$ (110,398)</u>

Aera LLC held the following swap contracts as of March 31, 2024 (Successor) and December 31, 2023 (Successor):

	March 31, 2024		December 31, 2023	
	Volumes (MBbls)	Weighted- Average Price Per Bbl	Volumes (MBbls)	Weighted- Average Price Per Bbl
Brent Swaps	46,488	\$ 70.88	51,550	\$ 71.55
	March 31, 2024		December 31, 2023	
	Volumes (MmBtu)	Weighted- Average Price Per Btu	Volumes (MmBtu)	Weighted- Average Price Per Btu
Gas Swaps	27,375	\$ 4.32	27,895	\$ 4.80

12. Taxes

Taxes incurred by the Aera Companies were reported on the Condensed Consolidated and Combined Statements of Operations and Other Comprehensive Income (Loss) as follows for the periods ended:

(in thousands of dollars)

	Successor		Predecessor
	Three Months Ended March 31, 2024	Three Months Ended March 31, 2023	58-days Ended February 27, 2023
Federal and State Income Taxes			
Current — Federal	\$ 96	\$ 88	\$ 486
Current — State	43	40	224
Deferred — Federal	(240)	(97)	(305)
Deferred—State	(111)	(45)	(141)
Federal and state income tax (expense)/benefit	\$ (212)	\$ (14)	\$ 264
Taxes Other Than Income			
Real and personal property	\$ 8,202	\$ 2,702	\$ 5,439
Oil and gas production	15,540	5,644	8,996
Total taxes other than on income	\$ 23,742	\$ 8,346	\$ 14,435

Deferred tax assets/(liabilities) are comprised of the following:

(in thousands of dollars)

	Successor	
	March 31, 2024	December 31, 2023
Tax effects of temporary differences for:		
Pension plan	\$(12,359)	\$ (12,179)
Other post retirement plans	20,588	20,661
Other employee benefits	6,059	6,205
Total deferred income tax asset, net	\$ 14,288	\$ 14,687

13. Debt

As of March 31, 2024 (Successor) and December 31, 2023 (Successor), Aera LLC's long term debt consisted of the following:

(in thousands of dollars)

	Successes		Interest Rate	Maturity
	Mach 31, 2024	December 31, 2023		
RBL Facility	\$ 400,000	\$ 400,000	SOFR plus 3.50%-4.50%	August 28, 2026 (2)
Unamortized deferred debt issuance costs-			ABR plus 2.50%-3.50% (1)	
RBL facility	(21,565)	(23,780)		
Term Loan	550,000	550,000	14.5%	February 28, 2029
Unamortized deferred debt issuance costs-				
Term Loan	(13,852)	(14,800)		
Total debt	\$ 914,584	\$ 911,419		
Less: Current portion of long term debt	(100,000)	(100,000)		
Long term debt, net of current portion	\$ 814,584	\$ 811,419		

- At Aera LLC's election, borrowings under the amended RBL Facility may be alternate base rate (ABR) loans or term SOFR loans. plus an applicable margin. ABR loans bear interest at a rate equal to the highest of (i) the federal funds effective rate plus 0.50%, (ii) the administrative agent prime rate and (ii) the one-month SOFR rate plus 1%. Term SOFR loans bear interest at term SOFR, plus an additional 10 basis points per annum credit spread adjustment. The applicable margin is adjusted based on the commitment utilization percentage and will vary from (i) in the case of ABR loans, 2.50% to 3.5% and (ii) in the case of the SOFR loans, 3.50% to 4.5%.
- The RBL Facility is subject to a prepayment of principal if there is a reduction in the borrowing base as a result of a scheduled redetermination or a termination or reduction of the original aggregate commitment.

Maturities of long term debt as of March 31, 2024 (Successor), are as follows:

(in thousands of dollars)

	Successor		
	March 31, 2024		
	RBL Facility	Term Loan	Total
	(in thousands of dollars)		
2024	\$ —	\$ 100,000	\$ 100,000

(in thousands of dollars)

	Successor		
	March 31, 2024		
	RBL Facility	Term Loan	Total
	(in thousands of dollars)		
2025	—	100,000	100,000
2026	400,000	100,000	500,000
2027	—	100,000	100,000
2028	—	100,000	100,000
2029	—	50,000	50,000
Total long term debt	<u>\$ 400,000</u>	<u>\$550,000</u>	<u>\$950,000</u>

Deferred Debt Issuance Costs

Aera LLC incurred legal and bank fees related to the issuance of debt. As of March 31, 2024 (Successor) and December 31, 2023 (Successor), debt issuance costs for the RBL facility in the amount of \$21.6 million and \$23.8 million, respectively, and the Term Loan in the amount of \$13.9 million and \$14.8 million, respectively, were reported in “Long term debt, net” on the Condensed Consolidated and Combined Balance Sheets, net of amortization. For the Successor year ended December 31, 2023, Aera LLC incurred approximately \$31.2 million of legal and bank fees related to the issuance of the RBL Facility and \$16.9 million related to the issuance of the Term Loan. For the Successor year three month period ended March 31, 2024, Aera LLC did not incur any additional legal and bank fees related to the issuance of the RBL Facility or the Term Loan.

The debt issuance costs for the RBL Facility and Term Loan are amortized using straight-line method which approximates the effective rate method over the term of the loans. The amortization of debt issuance costs for the Successor three month periods ended March 31, 2024 and 2023, was approximately \$3.2 million and \$1.0 million, respectively, and is presented in “Interest expense” on the Condensed Consolidated and Combined Statements of Operations and Other Comprehensive Income (Loss). For the Predecessor 58-day period ended February 27, 2023, there was no amortization of debt issuance costs.

RBL Facility

On February 28, 2023, Aera LLC entered into a credit agreement with Citibank, N.A., as administrative agent, and certain other lenders, which provided for a revolving loan with an original aggregate commitment up to \$800 million, subject to a reserve borrowing base (RBL Facility). The RBL Facility also includes a sub-limit of \$100 million for the issuance of letters of credit, which reduce the borrowing availability for revolving loans under the RBL Facility on a dollar-for-dollar basis. As of March 31, 2024 (Successor) and December 31, 2023 (Successor), Aera LLC had approximately \$275 million available for borrowing under the RBL Facility and no outstanding letters of credit.

Interest Expense

Interest expense on the Condensed Consolidated and Combined Statement of Operations and Other Comprehensive Income (Loss) is comprised of the following:

(in thousands of dollars)

	Successor		Predecessor
	Three Months Ended	Three Months Ended	58-days Ended
	March 31, 2024	March 31, 2023	February 27, 2023
	(in thousands of dollars)		
Interest expense	\$ 30,426	\$ 8,708	\$ —
Capitalized interest	(4,114)	—	—
Amortization of debt issuance costs	3,164	963	—
Unused commitment fees	608	228	—
Total interest expense, net	<u>\$ 30,084</u>	<u>\$ 9,899</u>	<u>\$ —</u>

Borrowing Base

The borrowing base, currently \$675 million, must be redetermined semi-annually each April and October. The scheduled redeterminations generally become effective on the date specified by the Administrative Agent, Citibank, N.A. If the scheduled redeterminations have not been determined by the end of April and October, there is an automatic reduction to the borrowing base based on a schedule prescribed in the RBL Facility. Aera LLC may make one interim determination between scheduled borrowing base redeterminations. In 2023, there were two scheduled borrowing base redeterminations by the Successor. An initial redetermination was completed in July 2023 resulting in a decrease in the borrowing base to \$740 million and became effective August 7, 2023. The second redetermination was completed in December 2023 resulting in a decrease in the borrowing base to \$675 million and became effective December 15, 2023. There was no scheduled redetermination for the three month period ended March 31, 2024. There was a semi-annual redetermination made in April 2024 resulting in a decrease in the borrowing base to \$605 million and became effective April 22, 2024.

Financial and Other Covenants

As of March 31, 2024 (Successor) and December 31, 2023 (Successor), we were in compliance with all financial covenants under the RBL Facility.

Term Loan

On February 28, 2023, Aera LLC borrowed \$600 million under a six-year Term Loan agreement (Term Loan) secured by a second-priority lien on a substantial majority of the Aera Companies' assets. The Term Loan matures in February 2029 and bears interest at a rate of 14.5%.

The Term Loan contains restrictive covenants including a requirement that the Aera Companies maintain a consolidated total debt to EBITDAX ratio of no greater than 2.0 to 1.0 and a current ratio of no greater than 1.0 to 1.0, consistent with the financial covenants in Aera Companies' RBL Facility. As of March 31, 2024 (Successor) and December 31, 2023 (Successor), Aera Companies were in compliance with the Term Loan covenants.

14. Subsequent Events

Merger Agreement

On February 7, 2024, the Owners of the GGRP Companies entered into a definitive agreement and plan of merger ("Merger Agreement") to combine with California Resources Corporation ("CRC"), a Delaware corporation, in an all-stock transaction ("CRC Merger") with an effective date of January 1, 2024. CRC is an independent oil and natural gas exploration and production and carbon management company operating properties exclusively within California.

Pursuant to the Merger Agreement, CRC has agreed to issue 21,170,357 shares of common stock (subject to customary adjustments in the event of stock splits, dividend paid in stock and similar items) plus an additional number of shares determined by reference to the dividends declared by CRC having a record date between the effective date and closing as more fully described in the Merger Agreement. Under the terms of the Merger Agreement, CRC has also agreed to assume Aera LLC's outstanding long-term indebtedness of \$950 million at closing.

Closing of the CRC Merger is subject to certain conditions, including, among others, approval of the stock issuance by CRC's stockholders, expiration of the applicable waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, prior authorization by the Federal Energy Regulatory Commission under Section 203 of the Federal Power Act and other customary closing conditions.

Upon completion of the transaction, GGRP Companies will receive 21.2 million shares of CRC's common stock, equivalent to approximately 22.9% of CRC's fully diluted shares. The CRC Merger is expected to close in the second half of 2024.

April 22, 2024

Ms. Aimee Blaine
Aera Energy LLC
10000 Ming Avenue
Bakersfield, California 93311

Dear Ms. Blaine:

In accordance with your request, we have estimated the proved reserves and future revenue, as of December 31, 2023, to the Aera Energy LLC (Aera) interest in certain oil and gas properties located in California. We completed our evaluation on or about March 15, 2024. It is our understanding that the proved reserves estimated in this report constitute all of the proved reserves owned by Aera. The estimates in this report have been prepared in accordance with the definitions and regulations of the U.S. Securities and Exchange Commission (SEC) and, with the exception of the exclusion of future income taxes, conform to the FASB Accounting Standards Codification Topic 932, Extractive Activities—Oil and Gas. Definitions are presented immediately following this letter. This report has been prepared for use in filing with the SEC; in our opinion the assumptions, data, methods, and procedures used in the preparation of this report are appropriate for such purpose.

It is our understanding that various local and state governmental entities in the state of California have proposed or recently adopted new policies, such as California Senate Bill 1137 (SB1137), that may affect future production and development of oil and gas reserves within the state; therefore, the estimates shown in this report do not include any volumes associated with undeveloped locations affected by these policies.

We estimate the net reserves and future net revenue to the Aera interest in these properties, as of December 31, 2023, to be:

Category	Net Reserves			Future Net Revenue (M\$)	
	Oil (MBBL)	NGL (MBBL)	Gas ⁽¹⁾ (MMCF)	Total	Present Worth at 10%
Proved Developed Producing	212,228.7	846.2	64,595.1	4,862,763.3	3,502,804.7
Proved Undeveloped	13,748.9	0.0	1,930.3	437,448.8	194,528.8
Total Proved	225,977.6	846.2	66,525.4	5,300,212.1	3,697,333.5

⁽¹⁾ Gas reserves are inclusive of fuel gas volumes expected to be consumed in field operations; fuel gas volumes are approximately 85 percent of total proved gas reserves.

The oil volumes shown include crude oil and condensate. Oil and natural gas liquids (NGL) volumes are expressed in thousands of barrels (MBBL); a barrel is equivalent to 42 United States gallons. Gas volumes are expressed in millions of cubic feet (MMCF) at standard temperature and pressure bases.

Reserves categorization conveys the relative degree of certainty; reserves subcategorization is based on development and production status. Our study indicates that as of December 31, 2023, there are no proved developed non-producing reserves for these properties. As requested, probable and possible reserves that may exist for these properties have not been included. The estimates of reserves and future revenue included herein have not been adjusted for risk. This report does not include any value that could be attributed to interests in undeveloped acreage beyond those tracts for which undeveloped reserves have been estimated.

Gross revenue is Aera's share of the gross (100 percent) revenue from the properties prior to any deductions. Future net revenue is after deductions for Aera's share of production taxes, ad valorem taxes, capital costs, abandonment costs, and operating expenses but before consideration of any income taxes. The future net revenue has been discounted at an annual rate of 10 percent to determine its present worth, which is shown to indicate the effect of time on the value of money. Future net revenue presented in this report, whether discounted or undiscounted, should not be construed as being the fair market value of the properties.

Prices used in this report are based on the 12-month unweighted arithmetic average of the first-day-of-the-month price for each month in the period January through December 2023. For oil and NGL volumes, the average Europe Brent spot price of \$82.84 per barrel is adjusted by field for quality, transportation fees, and market differentials. For gas volumes, the average PG&E city-gate spot price of \$6.519 per MMBTU is adjusted by field for energy content, transportation fees, and market differentials. All prices are held constant throughout the lives of the properties. The average adjusted product prices weighted by production over the remaining lives of the properties are \$79.50 per barrel of oil, \$32.31 per barrel of NGL, and \$5.019 per MCF of gas.

Operating costs used in this report are based on operating expense records of Aera. For the nonoperated properties, these costs include the per-well overhead expenses allowed under joint operating agreements along with estimates of costs to be incurred at and below the district and field levels. As requested, operating costs for the operated properties are limited to direct lease- and field-level costs and Aera's estimate of the portion of its headquarters general and administrative overhead expenses necessary to operate the properties. Operating costs have been divided into field-level costs, per-well costs, and per-unit-of-production costs and are inclusive of natural gas fuel purchases used to generate steam; the costs associated with steam generation are based on purchasing gas using the price shown above. Operating costs are not escalated for inflation.

Capital costs used in this report were provided by Aera and are based on authorizations for expenditure and actual costs from recent activity. Capital costs are included as required for facilities improvement, water disposal facilities, new development wells, and production equipment; as requested, the facilities improvement capital costs are shown separately herein. Based on our understanding of future development plans, a review of the records provided to us, and our knowledge of similar properties, we regard these estimated capital costs to be reasonable. Abandonment costs used in this report are Aera's estimates of the costs to abandon the wells and production facilities, net of any salvage value. Capital costs and abandonment costs are not escalated for inflation.

For the purposes of this report, we did not perform any field inspection of the properties, nor did we examine the mechanical operation or condition of the wells and facilities. We have not investigated possible environmental liability related to the properties; therefore, our estimates do not include any costs due to such possible liability.

We have made no investigation of potential volume and value imbalances resulting from overdelivery or underdelivery to the Aera interest. Therefore, our estimates of reserves and future revenue do not include adjustments for the settlement of any such imbalances; our projections are based on Aera receiving its net revenue interest share of estimated future gross production. Additionally, we have made no specific investigation of any firm transportation contracts that may be in place for these properties; our estimates of future revenue include the effects of such contracts only to the extent that the associated fees are accounted for in the historical field- and lease-level accounting statements.

The reserves shown in this report are estimates only and should not be construed as exact quantities. Proved reserves are those quantities of oil and gas which, by analysis of engineering and geoscience data, can be estimated with reasonable certainty to be economically producible; probable and possible reserves are those additional reserves which are sequentially less certain to be recovered than proved reserves. Estimates of reserves may increase or decrease as a result of market conditions, future operations, changes in regulations, or actual reservoir performance. In addition to the primary economic assumptions discussed herein, our estimates are based on certain assumptions including, but not limited to, that the properties will be developed consistent with current development plans as provided to us by Aera, that the properties will be operated in a prudent manner, that no governmental regulations or controls will be put in place that would impact the ability of the interest owner to recover the reserves, and that our projections of future production will prove consistent with actual performance. If the reserves are recovered, the revenues therefrom and the costs related thereto could be more or less than the estimated amounts. Because of governmental policies and uncertainties of supply and demand, the sales rates, prices received for the reserves, and costs incurred in recovering such reserves may vary from assumptions made while preparing this report.

For the purposes of this report, we used technical and economic data including, but not limited to, well logs, geologic maps, well test data, production data, historical price and cost information, and property ownership interests. The reserves in this report have been estimated using deterministic methods; these estimates have been prepared in accordance with the Standards Pertaining to the Estimating and Auditing of Oil and Gas Reserves Information promulgated by the Society of Petroleum Engineers (SPE Standards). We used standard engineering and geoscience methods, or a combination of methods, including performance analysis, volumetric analysis, and analogy, that we considered to be appropriate and necessary to categorize and estimate reserves in accordance with SEC definitions and regulations. As in all aspects of oil and gas evaluation, there are uncertainties inherent in the interpretation of engineering and geoscience data; therefore, our conclusions necessarily represent only informed professional judgment.

The data used in our estimates were obtained from Aera, public data sources, and the nonconfidential files of Netherland, Sewell & Associates, Inc. (NSAI) and were accepted as accurate. Supporting work data are on file in our office. We have not examined the titles to the properties or independently confirmed the actual degree or type of interest owned. The technical persons primarily responsible for preparing the estimates presented herein meet the requirements regarding qualifications, independence, objectivity, and confidentiality set forth in the SPE Standards. Joseph M. Mello, a Licensed Professional Engineer in the State of Texas, has been practicing consulting petroleum engineering at NSAI since 2015 and has over 5 years of prior industry experience. Edward C. Roy III, a Licensed Professional Geologist in the State of Texas, has been practicing consulting petroleum geoscience at NSAI since 2008 and has over 11 years of prior industry experience. We are independent petroleum engineers, geologists, geophysicists, and petrophysicists; we do not own an interest in these properties nor are we employed on a contingent basis.

Sincerely,

NETHERLAND, SEWELL & ASSOCIATES, INC.
Texas Registered Engineering Firm F-2699

By: /s/ Richard B. Talley, Jr.
Richard B. Talley, Jr., P.E.
Chairman and Chief Executive Officer

By: /s/ Joseph M. Mello
Joseph M. Mello, P.E. 125699
Vice President

By: /s/ Edward C. Roy III
Edward C. Roy III, P.G. 2364
Vice President

Date Signed: April 22, 2024
JMM:WKE

Date Signed: April 22, 2024

DEFINITIONS OF OIL AND GAS RESERVES

Adapted from U.S. Securities and Exchange Commission Regulation S-X Section 210.4-10(a)

The following definitions are set forth in U.S. Securities and Exchange Commission (SEC) Regulation S-X Section 210.4-10(a). Also included is supplemental information from (1) the 2018 Petroleum Resources Management System approved by the Society of Petroleum Engineers, (2) the FASB Accounting Standards Codification Topic 932, Extractive Activities—Oil and Gas, and (3) the SEC's Compliance and Disclosure Interpretations.

(1) *Acquisition of properties*. Costs incurred to purchase, lease or otherwise acquire a property, including costs of lease bonuses and options to purchase or lease properties, the portion of costs applicable to minerals when land including mineral rights is purchased in fee, brokers' fees, recording fees, legal costs, and other costs incurred in acquiring properties.

(2) *Analogous reservoir*. Analogous reservoirs, as used in resources assessments, have similar rock and fluid properties, reservoir conditions (depth, temperature, and pressure) and drive mechanisms, but are typically at a more advanced stage of development than the reservoir of interest and thus may provide concepts to assist in the interpretation of more limited data and estimation of recovery. When used to support proved reserves, an "analogous reservoir" refers to a reservoir that shares the following characteristics with the reservoir of interest:

- (i) Same geological formation (but not necessarily in pressure communication with the reservoir of interest);
- (ii) Same environment of deposition;
- (iii) Similar geological structure; and
- (iv) Same drive mechanism.

Instruction to paragraph (a)(2): Reservoir properties must, in the aggregate, be no more favorable in the analog than in the reservoir of interest.

(3) *Bitumen*. Bitumen, sometimes referred to as natural bitumen, is petroleum in a solid or semi-solid state in natural deposits with a viscosity greater than 10,000 centipoise measured at original temperature in the deposit and atmospheric pressure, on a gas free basis. In its natural state it usually contains sulfur, metals, and other non-hydrocarbons.

(4) *Condensate*. Condensate is a mixture of hydrocarbons that exists in the gaseous phase at original reservoir temperature and pressure, but that, when produced, is in the liquid phase at surface pressure and temperature.

(5) *Deterministic estimate*. The method of estimating reserves or resources is called deterministic when a single value for each parameter (from the geoscience, engineering, or economic data) in the reserves calculation is used in the reserves estimation procedure.

(6) *Developed oil and gas reserves*. Developed oil and gas reserves are reserves of any category that can be expected to be recovered:

- (i) Through existing wells with existing equipment and operating methods or in which the cost of the required equipment is relatively minor compared to the cost of a new well; and
- (ii) Through installed extraction equipment and infrastructure operational at the time of the reserves estimate if the extraction is by means not involving a well.

DEFINITIONS OF OIL AND GAS RESERVES

Adapted from U.S. Securities and Exchange Commission Regulation S-X Section 210.4-10(a)

*Supplemental definitions from the 2018 Petroleum Resources Management System:**Developed Producing Reserves – Expected quantities to be recovered from completion intervals that are open and producing at the effective date of the estimate. Improved recovery Reserves are considered producing only after the improved recovery project is in operation.**Developed Non-Producing Reserves – Shut-in and behind-pipe Reserves. Shut-in Reserves are expected to be recovered from (1) completion intervals that are open at the time of the estimate but which have not yet started producing, (2) wells which were shut-in for market conditions or pipeline connections, or (3) wells not capable of production for mechanical reasons. Behind-pipe Reserves are expected to be recovered from zones in existing wells that will require additional completion work or future re-completion before start of production with minor cost to access these reserves. In all cases, production can be initiated or restored with relatively low expenditure compared to the cost of drilling a new well.*

(7) *Development costs.* Costs incurred to obtain access to proved reserves and to provide facilities for extracting, treating, gathering and storing the oil and gas. More specifically, development costs, including depreciation and applicable operating costs of support equipment and facilities and other costs of development activities, are costs incurred to:

- (i) Gain access to and prepare well locations for drilling, including surveying well locations for the purpose of determining specific development drilling sites, clearing ground, draining, road building, and relocating public roads, gas lines, and power lines, to the extent necessary in developing the proved reserves.
- (ii) Drill and equip development wells, development-type stratigraphic test wells, and service wells, including the costs of platforms and of well equipment such as casing, tubing, pumping equipment, and the wellhead assembly.
- (iii) Acquire, construct, and install production facilities such as lease flow lines, separators, treaters, heaters, manifolds, measuring devices, and production storage tanks, natural gas cycling and processing plants, and central utility and waste disposal systems.
- (iv) Provide improved recovery systems.

(8) *Development project.* A development project is the means by which petroleum resources are brought to the status of economically producible. As examples, the development of a single reservoir or field, an incremental development in a producing field, or the integrated development of a group of several fields and associated facilities with a common ownership may constitute a development project.

(9) *Development well.* A well drilled within the proved area of an oil or gas reservoir to the depth of a stratigraphic horizon known to be productive.

(10) *Economically producible.* The term economically producible, as it relates to a resource, means a resource which generates revenue that exceeds, or is reasonably expected to exceed, the costs of the operation. The value of the products that generate revenue shall be determined at the terminal point of oil and gas producing activities as defined in paragraph (a)(16) of this section.

DEFINITIONS OF OIL AND GAS RESERVES

Adapted from U.S. Securities and Exchange Commission Regulation S-X Section 210.4-10(a)

(11) *Estimated ultimate recovery (EUR)*. Estimated ultimate recovery is the sum of reserves remaining as of a given date and cumulative production as of that date.

(12) *Exploration costs*. Costs incurred in identifying areas that may warrant examination and in examining specific areas that are considered to have prospects of containing oil and gas reserves, including costs of drilling exploratory wells and exploratory-type stratigraphic test wells. Exploration costs may be incurred both before acquiring the related property (sometimes referred to in part as prospecting costs) and after acquiring the property. Principal types of exploration costs, which include depreciation and applicable operating costs of support equipment and facilities and other costs of exploration activities, are:

- (i) Costs of topographical, geographical and geophysical studies, rights of access to properties to conduct those studies, and salaries and other expenses of geologists, geophysical crews, and others conducting those studies. Collectively, these are sometimes referred to as geological and geophysical or “G&G” costs.
- (ii) Costs of carrying and retaining undeveloped properties, such as delay rentals, ad valorem taxes on properties, legal costs for title defense, and the maintenance of land and lease records.
- (iii) Dry hole contributions and bottom hole contributions.
- (iv) Costs of drilling and equipping exploratory wells.
- (v) Costs of drilling exploratory-type stratigraphic test wells.

(13) *Exploratory well*. An exploratory well is a well drilled to find a new field or to find a new reservoir in a field previously found to be productive of oil or gas in another reservoir. Generally, an exploratory well is any well that is not a development well, an extension well, a service well, or a stratigraphic test well as those items are defined in this section.

(14) *Extension well*. An extension well is a well drilled to extend the limits of a known reservoir.

(15) *Field*. An area consisting of a single reservoir or multiple reservoirs all grouped on or related to the same individual geological structural feature and/or stratigraphic condition. There may be two or more reservoirs in a field which are separated vertically by intervening impervious strata, or laterally by local geologic barriers, or by both. Reservoirs that are associated by being in overlapping or adjacent fields may be treated as a single or common operational field. The geological terms “structural feature” and “stratigraphic condition” are intended to identify localized geological features as opposed to the broader terms of basins, trends, provinces, plays, areas-of-interest, etc.

(16) *Oil and gas producing activities*.

- (i) Oil and gas producing activities include:
 - (A) The search for crude oil, including condensate and natural gas liquids, or natural gas (“oil and gas”) in their natural states and original locations;
 - (B) The acquisition of property rights or properties for the purpose of further exploration or for the purpose of removing the oil or gas from such properties;

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Adapted from U.S. Securities and Exchange Commission Regulation S-X Section 210.4-10(a)

- (C) The construction, drilling, and production activities necessary to retrieve oil and gas from their natural reservoirs, including the acquisition, construction, installation, and maintenance of field gathering and storage systems, such as:
 - (1) Lifting the oil and gas to the surface; and
 - (2) Gathering, treating, and field processing (as in the case of processing gas to extract liquid hydrocarbons); and
- (D) Extraction of saleable hydrocarbons, in the solid, liquid, or gaseous state, from oil sands, shale, coalbeds, or other nonrenewable natural resources which are intended to be upgraded into synthetic oil or gas, and activities undertaken with a view to such extraction.

Instruction 1 to paragraph (a)(16)(i): The oil and gas production function shall be regarded as ending at a “terminal point”, which is the outlet valve on the lease or field storage tank. If unusual physical or operational circumstances exist, it may be appropriate to regard the terminal point for the production function as:

- a. The first point at which oil, gas, or gas liquids, natural or synthetic, are delivered to a main pipeline, a common carrier, a refinery, or a marine terminal; and
- b. In the case of natural resources that are intended to be upgraded into synthetic oil or gas, if those natural resources are delivered to a purchaser prior to upgrading, the first point at which the natural resources are delivered to a main pipeline, a common carrier, a refinery, a marine terminal, or a facility which upgrades such natural resources into synthetic oil or gas.

Instruction 2 to paragraph (a)(16)(i): For purposes of this paragraph (a)(16), the term *saleable hydrocarbons* means hydrocarbons that are saleable in the state in which the hydrocarbons are delivered.

- (ii) Oil and gas producing activities do not include:
 - (A) Transporting, refining, or marketing oil and gas;
 - (B) Processing of produced oil, gas, or natural resources that can be upgraded into synthetic oil or gas by a registrant that does not have the legal right to produce or a revenue interest in such production;
 - (C) Activities relating to the production of natural resources other than oil, gas, or natural resources from which synthetic oil and gas can be extracted; or
 - (D) Production of geothermal steam.

(17) *Possible reserves.* Possible reserves are those additional reserves that are less certain to be recovered than probable reserves.

- (i) When deterministic methods are used, the total quantities ultimately recovered from a project have a low probability of exceeding proved plus probable plus possible reserves. When probabilistic methods are used, there should be at least a 10% probability that the total quantities ultimately recovered will equal or exceed the proved plus probable plus possible reserves estimates.
- (ii) Possible reserves may be assigned to areas of a reservoir adjacent to probable reserves where data control and interpretations of available data are progressively less certain. Frequently, this will be in areas where geoscience and engineering data are unable to define clearly the area and vertical limits of commercial production from the reservoir by a defined project.

DEFINITIONS OF OIL AND GAS RESERVES

Adapted from U.S. Securities and Exchange Commission Regulation S-X Section 210.4-10(a)

- (iii) Possible reserves also include incremental quantities associated with a greater percentage recovery of the hydrocarbons in place than the recovery quantities assumed for probable reserves.
- (iv) The proved plus probable and proved plus probable plus possible reserves estimates must be based on reasonable alternative technical and commercial interpretations within the reservoir or subject project that are clearly documented, including comparisons to results in successful similar projects.
- (v) Possible reserves may be assigned where geoscience and engineering data identify directly adjacent portions of a reservoir within the same accumulation that may be separated from proved areas by faults with displacement less than formation thickness or other geological discontinuities and that have not been penetrated by a wellbore, and the registrant believes that such adjacent portions are in communication with the known (proved) reservoir. Possible reserves may be assigned to areas that are structurally higher or lower than the proved area if these areas are in communication with the proved reservoir.
- (vi) Pursuant to paragraph (a)(22)(iii) of this section, where direct observation has defined a highest known oil (HKO) elevation and the potential exists for an associated gas cap, proved oil reserves should be assigned in the structurally higher portions of the reservoir above the HKO only if the higher contact can be established with reasonable certainty through reliable technology. Portions of the reservoir that do not meet this reasonable certainty criterion may be assigned as probable and possible oil or gas based on reservoir fluid properties and pressure gradient interpretations.

(18) *Probable reserves.* Probable reserves are those additional reserves that are less certain to be recovered than proved reserves but which, together with proved reserves, are as likely as not to be recovered.

- (i) When deterministic methods are used, it is as likely as not that actual remaining quantities recovered will exceed the sum of estimated proved plus probable reserves. When probabilistic methods are used, there should be at least a 50% probability that the actual quantities recovered will equal or exceed the proved plus probable reserves estimates.
- (ii) Probable reserves may be assigned to areas of a reservoir adjacent to proved reserves where data control or interpretations of available data are less certain, even if the interpreted reservoir continuity of structure or productivity does not meet the reasonable certainty criterion. Probable reserves may be assigned to areas that are structurally higher than the proved area if these areas are in communication with the proved reservoir.
- (iii) Probable reserves estimates also include potential incremental quantities associated with a greater percentage recovery of the hydrocarbons in place than assumed for proved reserves.
- (iv) See also guidelines in paragraphs (a)(17)(iv) and (a)(17)(vi) of this section.

(19) *Probabilistic estimate.* The method of estimation of reserves or resources is called probabilistic when the full range of values that could reasonably occur for each unknown parameter (from the geoscience and engineering data) is used to generate a full range of possible outcomes and their associated probabilities of occurrence.

DEFINITIONS OF OIL AND GAS RESERVES

Adapted from U.S. Securities and Exchange Commission Regulation S-X Section 210.4-10(a)

(20) *Production costs.*

- (i) Costs incurred to operate and maintain wells and related equipment and facilities, including depreciation and applicable operating costs of support equipment and facilities and other costs of operating and maintaining those wells and related equipment and facilities. They become part of the cost of oil and gas produced. Examples of production costs (sometimes called lifting costs) are:
 - (A) Costs of labor to operate the wells and related equipment and facilities.
 - (B) Repairs and maintenance.
 - (C) Materials, supplies, and fuel consumed and supplies utilized in operating the wells and related equipment and facilities.
 - (D) Property taxes and insurance applicable to proved properties and wells and related equipment and facilities.
 - (E) Severance taxes.
- (ii) Some support equipment or facilities may serve two or more oil and gas producing activities and may also serve transportation, refining, and marketing activities. To the extent that the support equipment and facilities are used in oil and gas producing activities, their depreciation and applicable operating costs become exploration, development or production costs, as appropriate. Depreciation, depletion, and amortization of capitalized acquisition, exploration, and development costs are not production costs but also become part of the cost of oil and gas produced along with production (lifting) costs identified above.

(21) *Proved area.* The part of a property to which proved reserves have been specifically attributed.

(22) *Proved oil and gas reserves.* Proved oil and gas reserves are those quantities of oil and gas, which, by analysis of geoscience and engineering data, can be estimated with reasonable certainty to be economically producible—from a given date forward, from known reservoirs, and under existing economic conditions, operating methods, and government regulations—prior to the time at which contracts providing the right to operate expire, unless evidence indicates that renewal is reasonably certain, regardless of whether deterministic or probabilistic methods are used for the estimation. The project to extract the hydrocarbons must have commenced or the operator must be reasonably certain that it will commence the project within a reasonable time.

- (i) The area of the reservoir considered as proved includes:
 - (A) The area identified by drilling and limited by fluid contacts, if any, and
 - (B) Adjacent undrilled portions of the reservoir that can, with reasonable certainty, be judged to be continuous with it and to contain economically producible oil or gas on the basis of available geoscience and engineering data.
- (ii) In the absence of data on fluid contacts, proved quantities in a reservoir are limited by the lowest known hydrocarbons (LKH) as seen in a well penetration unless geoscience, engineering, or performance data and reliable technology establishes a lower contact with reasonable certainty.
- (iii) Where direct observation from well penetrations has defined a highest known oil (HKO) elevation and the potential exists for an associated gas cap, proved oil reserves may be assigned in the structurally higher portions of the reservoir only if geoscience, engineering, or performance data and reliable technology establish the higher contact with reasonable certainty.

DEFINITIONS OF OIL AND GAS RESERVES

Adapted from U.S. Securities and Exchange Commission Regulation S-X Section 210.4-10(a)

- (iv) Reserves which can be produced economically through application of improved recovery techniques (including, but not limited to, fluid injection) are included in the proved classification when:
 - (A) Successful testing by a pilot project in an area of the reservoir with properties no more favorable than in the reservoir as a whole, the operation of an installed program in the reservoir or an analogous reservoir, or other evidence using reliable technology establishes the reasonable certainty of the engineering analysis on which the project or program was based; and
 - (B) The project has been approved for development by all necessary parties and entities, including governmental entities.
- (v) Existing economic conditions include prices and costs at which economic producibility from a reservoir is to be determined. The price shall be the average price during the 12-month period prior to the ending date of the period covered by the report, determined as an unweighted arithmetic average of the first-day-of-the-month price for each month within such period, unless prices are defined by contractual arrangements, excluding escalations based upon future conditions.

(23) *Proved properties.* Properties with proved reserves.

(24) *Reasonable certainty.* If deterministic methods are used, reasonable certainty means a high degree of confidence that the quantities will be recovered. If probabilistic methods are used, there should be at least a 90% probability that the quantities actually recovered will equal or exceed the estimate. A high degree of confidence exists if the quantity is much more likely to be achieved than not, and, as changes due to increased availability of geoscience (geological, geophysical, and geochemical), engineering, and economic data are made to estimated ultimate recovery (EUR) with time, reasonably certain EUR is much more likely to increase or remain constant than to decrease.

(25) *Reliable technology.* Reliable technology is a grouping of one or more technologies (including computational methods) that has been field tested and has been demonstrated to provide reasonably certain results with consistency and repeatability in the formation being evaluated or in an analogous formation.

(26) *Reserves.* Reserves are estimated remaining quantities of oil and gas and related substances anticipated to be economically producible, as of a given date, by application of development projects to known accumulations. In addition, there must exist, or there must be a reasonable expectation that there will exist, the legal right to produce or a revenue interest in the production, installed means of delivering oil and gas or related substances to market, and all permits and financing required to implement the project.

Note to paragraph (a)(26): Reserves should not be assigned to adjacent reservoirs isolated by major, potentially sealing, faults until those reservoirs are penetrated and evaluated as economically producible. Reserves should not be assigned to areas that are clearly separated from a known accumulation by a non-productive reservoir (i.e., absence of reservoir, structurally low reservoir, or negative test results). Such areas may contain prospective resources (i.e., potentially recoverable resources from undiscovered accumulations).

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Adapted from U.S. Securities and Exchange Commission Regulation S-X Section 210.4-10(a)

Excerpted from the FASB Accounting Standards Codification Topic 932, Extractive Activities—Oil and Gas:

932-235-50-30 A standardized measure of discounted future net cash flows relating to an entity's interests in both of the following shall be disclosed as of the end of the year:

- a. Proved oil and gas reserves (see paragraphs 932-235-50-3 through 50-11B)*
- b. Oil and gas subject to purchase under long-term supply, purchase, or similar agreements and contracts in which the entity participates in the operation of the properties on which the oil or gas is located or otherwise serves as the producer of those reserves (see paragraph 932-235-50-7).*

The standardized measure of discounted future net cash flows relating to those two types of interests in reserves may be combined for reporting purposes.

932-235-50-31 All of the following information shall be disclosed in the aggregate and for each geographic area for which reserve quantities are disclosed in accordance with paragraphs 932-235-50-3 through 50-11B:

- a. Future cash inflows. These shall be computed by applying prices used in estimating the entity's proved oil and gas reserves to the year-end quantities of those reserves. Future price changes shall be considered only to the extent provided by contractual arrangements in existence at year-end.*
- b. Future development and production costs. These costs shall be computed by estimating the expenditures to be incurred in developing and producing the proved oil and gas reserves at the end of the year, based on year-end costs and assuming continuation of existing economic conditions. If estimated development expenditures are significant, they shall be presented separately from estimated production costs.*
- c. Future income tax expenses. These expenses shall be computed by applying the appropriate year-end statutory tax rates, with consideration of future tax rates already legislated, to the future pretax net cash flows relating to the entity's proved oil and gas reserves, less the tax basis of the properties involved. The future income tax expenses shall give effect to tax deductions and tax credits and allowances relating to the entity's proved oil and gas reserves.*
- d. Future net cash flows. These amounts are the result of subtracting future development and production costs and future income tax expenses from future cash inflows.*
- e. Discount. This amount shall be derived from using a discount rate of 10 percent a year to reflect the timing of the future net cash flows relating to proved oil and gas reserves.*
- f. Standardized measure of discounted future net cash flows. This amount is the future net cash flows less the computed discount.*

(27) *Reservoir.* A porous and permeable underground formation containing a natural accumulation of producible oil and/or gas that is confined by impermeable rock or water barriers and is individual and separate from other reservoirs.

(28) *Resources.* Resources are quantities of oil and gas estimated to exist in naturally occurring accumulations. A portion of the resources may be estimated to be recoverable, and another portion may be considered to be unrecoverable. Resources include both discovered and undiscovered accumulations.

DEFINITIONS OF OIL AND GAS RESERVES

Adapted from U.S. Securities and Exchange Commission Regulation S-X Section 210.4-10(a)

(29) *Service well.* A well drilled or completed for the purpose of supporting production in an existing field. Specific purposes of service wells include gas injection, water injection, steam injection, air injection, salt-water disposal, water supply for injection, observation, or injection for in-situ combustion.

(30) *Stratigraphic test well.* A stratigraphic test well is a drilling effort, geologically directed, to obtain information pertaining to a specific geologic condition. Such wells customarily are drilled without the intent of being completed for hydrocarbon production. The classification also includes tests identified as core tests and all types of expendable holes related to hydrocarbon exploration. Stratigraphic tests are classified as “exploratory type” if not drilled in a known area or “development type” if drilled in a known area.

(31) *Undeveloped oil and gas reserves.* Undeveloped oil and gas reserves are reserves of any category that are expected to be recovered from new wells on undrilled acreage, or from existing wells where a relatively major expenditure is required for recompletion.

- (i) Reserves on undrilled acreage shall be limited to those directly offsetting development spacing areas that are reasonably certain of production when drilled, unless evidence using reliable technology exists that establishes reasonable certainty of economic producibility at greater distances.
- (ii) Undrilled locations can be classified as having undeveloped reserves only if a development plan has been adopted indicating that they are scheduled to be drilled within five years, unless the specific circumstances, justify a longer time.

From the SEC's Compliance and Disclosure Interpretations (October 26, 2009):

Although several types of projects — such as constructing offshore platforms and development in urban areas, remote locations or environmentally sensitive locations — by their nature customarily take a longer time to develop and therefore often do justify longer time periods, this determination must always take into consideration all of the facts and circumstances. No particular type of project per se justifies a longer time period, and any extension beyond five years should be the exception, and not the rule.

Factors that a company should consider in determining whether or not circumstances justify recognizing reserves even though development may extend past five years include, but are not limited to, the following:

- *The company's level of ongoing significant development activities in the area to be developed (for example, drilling only the minimum number of wells necessary to maintain the lease generally would not constitute significant development activities);*
- *The company's historical record at completing development of comparable long-term projects;*
- *The amount of time in which the company has maintained the leases, or booked the reserves, without significant development activities;*
- *The extent to which the company has followed a previously adopted development plan (for example, if a company has changed its development plan several times without taking significant steps to implement any of those plans, recognizing proved undeveloped reserves typically would not be appropriate); and*
- *The extent to which delays in development are caused by external factors related to the physical operating environment (for example, restrictions on development on Federal lands, but not obtaining government permits), rather than by internal factors (for example, shifting resources to develop properties with higher priority).*

DEFINITIONS OF OIL AND GAS RESERVES

Adapted from U.S. Securities and Exchange Commission Regulation S-X Section 210.4-10(a)

- (iii) Under no circumstances shall estimates for undeveloped reserves be attributable to any acreage for which an application of fluid injection or other improved recovery technique is contemplated, unless such techniques have been proved effective by actual projects in the same reservoir or an analogous reservoir, as defined in paragraph (a)(2) of this section, or by other evidence using reliable technology establishing reasonable certainty.

(32) *Unproved properties.* Properties with no proved reserves.

Calculation of Filing Fee Tables

Form S-3ASR
(Form Type)California Resources Corporation
(Exact Name of Registrant as Specified in its Charter)

Table 1: Newly Registered and Carry Forward Securities

	Security Type	Security Class Title	Fee Calculation or Carry Forward Rule	Amount Registered	Proposed Maximum Offering Price Per Unit	Maximum Aggregate Offering Price	Fee Rate	Amount of Registration Fee	Carry Forward Form Type	Carry Forward File Number	Carry Forward Initial effective date	Filing Fee Previously Paid In Connection with Unsold Securities to be Carried Forward
Newly Registered Securities												
Fees to Be Paid	Equity	Class A common stock, par value \$0.01 per share	457(c)	21,315,707 (1)	\$44.92(2)	\$957,501,558	0.00014760	\$141,327.23	—	—	—	—
Fees Previously Paid	—	—	—	—	—	—	—	—	—	—	—	—
Carry Forward Securities												
Carry Forward Securities	—	—	—	—	—	—	—	—	—	—	—	—
	Total Offering Amounts							\$141,327.23				
	Total Fees Previously Paid							\$0.00				
	Total Fee Offsets							\$0.00				
	Net Fee Due							\$141,327.23				

- (1) Pursuant to Rule 416 under the Securities Act of 1933 (the “Securities Act”), the shares being registered hereunder include such indeterminate number of shares of common stock as may be issuable with respect to the shares being registered hereunder as a result of stock splits, stock dividends or similar transactions. This Registration Statement also covers an indeterminate amount of securities as may be issued in exchange for, or upon conversion or exercise of, as the case may be, the securities issued hereunder.
- (2) Pursuant to Rule 457(c) of the Securities Act, and solely for the purpose of calculating the registration fee, the proposed maximum offering price per share is \$44.92, which is the average of the high and low sale prices of the common stock on August 5, 2024, as reported on the New York Stock Exchange.