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

FORM 10-Q

☑ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2026
OR

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number 001-36478

California Resources Corporation

(Exact name of registrant as specified in its charter)

Delaware	**46-5670947**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

1 World Trade Center, Suite 1500
Long Beach, California 90831
(Address of principal executive offices) (Zip Code)

(888) 848-4754
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Exchange Act:

Title of Each Class	**Trading Symbol(s)**	**Name of Each Exchange on Which Registered**
Common Stock	CRC	New York Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. ☑ Yes ☐ No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). ☑ Yes ☐ No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a 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 13(a) of the Exchange Act.☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). ☐ Yes ☑ No

Indicate the number of shares outstanding for each of the issuer's classes of common stock, as of the latest practicable date.
The number of shares of common stock outstanding as of September 30, 2026 was 88,275,781.

California Resources Corporation and Subsidiaries

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GLOSSARY AND SELECTED ABBREVIATIONS

The following are abbreviations and definitions of certain terms used within this Form 10-Q:

- ***AB*** - Assembly Bill.
- ***ABR*** - Alternate base rate.
- ***Aera*** - Aera Energy LLC.
- ***Aera Merger*** - The transactions contemplated by the definitive agreement and plan of merger entered into on February 7, 2024 to obtain all the ownership interests in Aera in an all-stock transaction. The effective date of the transaction was July 1, 2024.
- ***ARO*** - Asset retirement obligation.
- ***ASC*** - Accounting Standards Codification.
- ***Bbl*** - Barrel.
- ***Bbl/d*** - Barrels per day.
- ***Bcf*** - Billion cubic feet.
- ***Bcfe*** - Billion cubic feet of natural gas equivalent using the ratio of one barrel of oil, condensate, or NGLs converted to six thousand cubic feet of natural gas.
- ***Berry*** - Berry Corporation (bry).
- ***Berry Merger*** - The transactions contemplated by the definitive agreement and plan of merger entered into on September 14, 2025 to combine with Berry in an all-stock transaction. The effective date of the transaction was December 18, 2025.
- ***Boe*** - We convert natural gas volumes to crude oil equivalents using a ratio of six thousand cubic feet (Mcf) to one barrel of crude oil equivalent based on energy content. This is a widely used conversion method in the oil and natural gas industry.
- ***Boe/d*** - Barrel of oil equivalent per day.
- ***Brookfield*** - BGTF Sierra Aggregator LLC.
- ***Btu*** - British thermal unit.
- ***CAISO*** - California Independent System Operator.
- ***CalGEM*** - California Geologic Energy Management Division.
- ***Carbon TerraVault JV*** - A joint venture between our wholly-owned subsidiary Carbon TerraVault I, LLC with Brookfield for the further development of a carbon management business in California.
- ***CCS*** - Carbon capture and storage.
- ***CDMA*** - Carbon Dioxide Management Agreement.
- ***CEQA*** - California Environmental Quality Act.
- ***CO_2*** - Carbon dioxide.
- ***Crimson Acquisition*** - The all-cash acquisition of Crimson Midstream Holdings, LLC (Crimson) from CorEnergy Infrastructure Trust Inc. The effective date of the transaction was September 1, 2026.
- ***DAC*** - Direct air capture.
- ***DD&A*** - Depletion, depreciation, and amortization.
- ***EOR*** - Enhanced oil recovery.
- ***EPA*** - United States Environmental Protection Agency.
- ***ESG*** - Environmental, social and governance.
- ***E&P*** - Exploration and production.
- ***GAAP*** - United States Generally Accepted Accounting Principles.
- **G&A** - General and administrative expenses.
- ***GHG*** - Greenhouse gases.
- ***JV*** - Joint venture.
- ***KMTPA*** - Thousand metric tons per annum.
- ***LCFS*** - Low Carbon Fuel Standard.
- ***MBbl*** - One thousand barrels of crude oil, condensate or NGLs.
- ***MBbl/d*** - One thousand barrels per day.
- ***MBoe/d*** - One thousand barrels of oil equivalent per day.
- ***MBw/d*** - One thousand barrels of water per day.
- ***Mcf*** - One thousand cubic feet of natural gas equivalent, with liquids converted to an equivalent volume of natural gas using the ratio of one barrel of oil to six thousand cubic feet of natural gas.
- ***MHp*** - One thousand horsepower.
- ***MMBbl*** - One million barrels of crude oil, condensate or NGLs.
- ***MMBoe*** - One million barrels of oil equivalent.
- ***MMBtu*** - One million British thermal units.

- ***MMcf/d*** - One million cubic feet of natural gas per day.
- ***MMT*** - Million metric tons.
- ***MMTPA*** - Million metric tons per annum.
- ***MW*** - Megawatts of power.
- ***NGLs*** - Natural gas liquids. Hydrocarbons found in natural gas that may be extracted as purity products such as ethane, propane, isobutane and normal butane, and natural gasoline.
- ***NYMEX*** - The New York Mercantile Exchange.
- ***Oil spill prevention rate*** - Calculated as total Boe less net barrels lost divided by total Boe.
- ***OPEC*** - Organization of the Petroleum Exporting Countries.
- ***OPEC+*** - OPEC together with Russia and certain other producing countries.
- ***PHMSA*** - Pipeline and Hazardous Materials Safety Administration.
- ***Proved developed reserves*** - Reserves that can be expected to be recovered through existing wells with existing equipment and operating methods.
- ***Proved reserves*** - The estimated quantities of natural gas, NGLs, and oil that geological and engineering data demonstrate with reasonable certainty to be commercially recoverable in future years from known reservoirs under existing economic conditions, operating methods and government regulations.
- ***Proved undeveloped reserves*** - Proved reserves that are expected to be recovered from new wells on undrilled acreage that are reasonably certain of production when drilled or from existing wells where a relatively major expenditure is required for recompletion.
- ***PSCs*** - Production-sharing contracts.
- ***PV-10*** - Non-GAAP financial measure and represents the year-end present value of estimated future cash flows from proved oil and natural gas reserves, less future development and operating costs, discounted at 10% per annum and using SEC Prices. PV-10 facilitates the comparisons to other companies as it is not dependent on the tax-paying status of the entity.
- ***Responsible Net Zero*** - Refers to our net zero emissions goal adopted by our Board of Directors in May 2025 consisting of achieving at least an 80% reduction of absolute Scope 1 and 2 GHG emissions and neutralizing the remaining Scope 1 and 2 emissions to achieve Net Zero by 2045.
- ***SB*** - Senate Bill.
- ***Scope 1 emissions*** - Our direct emissions.
- ***Scope 2 emissions*** - Indirect emissions from energy that we use (*e.g.*, electricity, heat, steam, cooling) that is produced by others.
- ***Scope 3 emissions*** - Indirect emissions from upstream and downstream processing and use of our products.
- ***SDWA*** - Safe Drinking Water Act.
- ***SEC*** - United States Securities and Exchange Commission.
- ***SEC Prices*** - The unweighted arithmetic average of the first day-of-the-month price for each month within the year used to determine estimated volumes and cash flows for our proved reserves.
- ***SOFR*** - Secured overnight financing rate as administered by the Federal Reserve Bank of New York.
- ***Standardized measure*** - The year-end present value of after-tax estimated future cash flows from proved oil and natural gas reserves, less future development and operating costs, discounted at 10% per annum and using SEC Prices. Standardized measure is prescribed by the SEC as an industry standard asset value measure to compare reserves with consistent pricing, costs and discount assumptions.
- ***TRIR*** - Total Recordable Incident Rate calculated as recordable incidents per 200,000 hours for all workers (employees and contractors).
- ***Working interest*** - The right granted to a lessee of a property to explore for and to produce and own oil, natural gas or other minerals in-place. A working interest owner bears the cost of development and operations of the property.
- ***WTI*** - West Texas Intermediate.

PART I FINANCIAL INFORMATION

Item 1 Financial Statements

CALIFORNIA RESOURCES CORPORATION AND SUBSIDIARIES
Condensed Consolidated Balance Sheets
As of September 30, 2026 and December 31, 2025
(in millions, except share data)

	September 30, 2026	December 31, 2025
	(unaudited)	(audited)
CURRENT ASSETS		
Cash and cash equivalents	$ 48	$ 132
Trade receivables	420	333
Inventory	109	106
Assets held for sale	56	—
Receivable from affiliate	6	14
Other current assets, net	181	353
Total current assets	820	938
PROPERTY, PLANT AND EQUIPMENT	8,003	7,523
Accumulated depreciation, depletion and amortization	(2,028)	(1,618)
Total property, plant and equipment, net	5,975	5,905
INVESTMENT IN UNCONSOLIDATED SUBSIDIARIES	98	111
DEFERRED TAX ASSETS	134	76
OTHER NONCURRENT ASSETS	288	373
TOTAL ASSETS	$ 7,315	$ 7,403
CURRENT LIABILITIES		
Accounts payable	397	452
Liabilities associated with assets held for sale	60	—
Fair value of derivative contracts	580	42
Accrued liabilities	585	556
Total current liabilities	1,622	1,050
NONCURRENT LIABILITIES		
Long-term debt, net	1,281	1,283
Fair value of derivative contracts	140	17
Asset retirement obligations	888	913
Deferred tax liabilities	6	154
Other long-term liabilities	353	312
STOCKHOLDERS' EQUITY		
Preferred stock (20,000,000 shares authorized at $0.01 par value) no shares outstanding at September 30, 2026 and December 31, 2025	—	—
Common stock (200,000,000 shares authorized at $0.01 par value) (110,945,852 and 110,645,691 shares issued; 88,275,781 and 88,754,165 shares outstanding at September 30, 2026 and December 31, 2025)	1	1
Treasury stock (22,670,071 shares held at cost at September 30, 2026 and 21,891,526 shares held at cost at December 31, 2025)	(984)	(944)
Additional paid-in capital	2,645	2,625
Retained earnings	1,282	1,905
Accumulated other comprehensive income	81	87
Total stockholders' equity	3,025	3,674
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 7,315	$ 7,403

The accompanying notes are an integral part of these condensed consolidated financial statements.

CALIFORNIA RESOURCES CORPORATION AND SUBSIDIARIES
Condensed Consolidated Statements of Operations (unaudited)
For the three and nine months ended September 30, 2026 and 2025
(dollars in millions, except share and per share data; shares in millions)

	Three months ended September 30,		Nine months ended September 30,	
	2026	**2025**	**2026**	**2025**
REVENUES				
Oil, natural gas and natural gas liquids sales	$ 1,002	$ 715	$ 2,963	$ 2,231
Net (loss) gain from commodity sales derivatives	(675)	(23)	(1,318)	140
Revenue from marketing of purchased commodities	40	58	107	178
Electricity revenue	46	101	63	181
Other revenue	8	4	22	15
Total operating revenues	421	855	1,837	2,745
OPERATING EXPENSES				
Operating costs	386	316	1,098	927
General and administrative expenses	89	87	292	238
Depreciation, depletion and amortization	137	123	401	382
Asset impairment	—	2	—	2
Taxes other than on income	81	70	214	187
Costs related to marketing of purchased commodities	25	44	63	135
Electricity generation expenses	11	11	26	26
Transportation costs	31	19	87	59
Accretion expense	26	28	80	85
Net (gain) loss from natural gas purchase derivatives	(1)	27	28	24
Measurement period adjustments, net	—	—	(2)	1
Other operating expenses, net	43	29	157	127
Total operating expenses	828	756	2,444	2,193
Loss on asset divestitures	—	(1)	—	(1)
OPERATING (LOSS) INCOME	(407)	98	(607)	551
NON-OPERATING (EXPENSES) INCOME				
Interest and debt expense, net	(26)	(25)	(83)	(77)
Loss on early extinguishment of debt	—	—	(49)	(1)
Equity loss from unconsolidated subsidiaries	(1)	(2)	(5)	(3)
Other non-operating income, net	6	4	14	9
(LOSS) INCOME BEFORE INCOME TAXES	(428)	75	(730)	479
Income tax benefit (provision)	113	(11)	218	(128)
NET (LOSS) INCOME	$ (315)	$ 64	$ (512)	$ 351
Net (loss) income per share				
Basic	$ (3.55)	$ 0.76	$ (5.77)	$ 4.00
Diluted	$ (3.55)	$ 0.76	$ (5.77)	$ 3.97
Weighted-average common shares outstanding				
Basic	88.7	83.7	88.7	87.8
Diluted	88.7	84.4	88.7	88.4

The accompanying notes are an integral part of these condensed consolidated financial statements.

CALIFORNIA RESOURCES CORPORATION AND SUBSIDIARIES
Condensed Consolidated Statements of Comprehensive (Loss) Income (unaudited)
For the three and nine months ended September 30, 2026 and 2025
(in millions)

	Three months ended September 30,		Nine months ended September 30,	
	2026	**2025**	**2026**	**2025**
Net (loss) income	$ (315)	$ 64	$ (512)	$ 351
Other comprehensive (loss) income[(a)]:				
Recognition of net actuarial (gain) loss due to settlement	(2)	1	(2)	1
Actuarial gain associated with pension and postretirement plans, net of tax	—	—	(1)	(1)
Amortization of prior service cost credit included in net periodic benefit cost, net of tax	(2)	(1)	(3)	(3)
Comprehensive (loss) income	$ (319)	$ 64	$ (518)	$ 348

(a) Tax effects were insignificant for the three and nine months ended September 30, 2026 and 2025.

The accompanying notes are an integral part of these condensed consolidated financial statements.

CALIFORNIA RESOURCES CORPORATION AND SUBSIDIARIES
Condensed Consolidated Statements of Stockholders' Equity (unaudited)
For the three and nine months ended September 30, 2026 and 2025
(in millions)

	Three months ended September 30, 2026					
	Common Stock	Treasury Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income	Total Equity
Balance, June 30, 2026	$ 1	$ (954)	$ 2,636	$ 1,634	$ 85	$ 3,402
Net loss	—	—	—	(315)	—	(315)
Share-based compensation	—	—	9	—	—	9
Repurchases of common stock	—	(30)	—	—	—	(30)
Cash dividend	—	—	—	(38)	—	(38)
Other comprehensive loss, net of tax	—	—	—	—	(4)	(4)
Other	—	—	—	1	—	1
Balance, September 30, 2026	$ 1	$ (984)	$ 2,645	$ 1,282	$ 81	$ 3,025

	Three months ended September 30, 2025					
	Common Stock	Treasury Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income	Total Equity
Balance, June 30, 2025	$ 1	$ (922)	$ 2,359	$ 1,897	$ 72	$ 3,407
Net income	—	—	—	64	—	64
Share-based compensation	—	—	6	—	—	6
Cash dividend	—	—	—	(33)	—	(33)
Shares cancelled for taxes	—	—	(1)	—	—	(1)
Other	—	—	1	(1)	—	—
Balance, September 30, 2025	$ 1	$ (922)	$ 2,365	$ 1,927	$ 72	$ 3,443

The accompanying notes are an integral part of these condensed consolidated financial statements.

	Nine months ended September 30, 2026					
	Common Stock	Treasury Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income	Total Equity
Balance, December 31, 2025	$ 1	$ (944)	$ 2,625	$ 1,905	$ 87	$ 3,674
Net loss	—	—	—	(512)	—	(512)
Share-based compensation	—	—	31	(2)	—	29
Repurchases of common stock	—	(40)	—	—	—	(40)
Cash dividend	—	—	—	(110)	—	(110)
Shares cancelled for taxes	—	—	(13)	—	—	(13)
Other comprehensive loss, net of tax	—	—	—	—	(6)	(6)
Other	—	—	2	1	—	3
Balance, September 30, 2026	$ 1	$ (984)	$ 2,645	$ 1,282	$ 81	$ 3,025

	Nine months ended September 30, 2025					
	Common Stock	Treasury Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income	Total Equity
Balance, December 31, 2024	$ 1	$ (796)	$ 2,578	$ 1,680	$ 75	$ 3,538
Net income	—	—	—	351	—	351
Share-based compensation	—	—	20	—	—	20
Repurchases of common stock	—	(126)	(228)	—	—	(354)
Issuance of common stock	—	—	6	—	—	6
Cash dividend	—	—	—	(104)	—	(104)
Shares cancelled for taxes	—	—	(12)	—	—	(12)
Other comprehensive loss, net of tax	—	—	—	—	(3)	(3)
Other	—	—	1	—	—	1
Balance, September 30, 2025	$ 1	$ (922)	$ 2,365	$ 1,927	$ 72	$ 3,443

The accompanying notes are an integral part of these condensed consolidated financial statements.

CALIFORNIA RESOURCES CORPORATION AND SUBSIDIARIES
Condensed Consolidated Statements of Cash Flows (unaudited)
For the three and nine months ended September 30, 2026 and 2025
(in millions)

	Three months ended September 30,		Nine months ended September 30,	
	2026	**2025**	**2026**	**2025**
CASH FLOW FROM OPERATING ACTIVITIES				
Net (loss) income	$ (315)	$ 64	$ (512)	$ 351
Adjustments to reconcile net (loss) income to net cash provided by operating activities:				
Depreciation, depletion and amortization	137	123	401	382
Asset impairments	—	2	—	2
Deferred income tax (benefit) provision	(113)	35	(218)	76
Net loss (gain) from commodity derivatives	674	50	1,346	(116)
Net (settlements) proceeds from commodity derivatives	(134)	6	(392)	(12)
Net loss on early extinguishment of debt	—	—	49	1
Loss on asset divestitures	—	1	—	1
Other non-cash charges to income, net	51	41	173	110
Net changes in operating assets and liabilities	5	(43)	(180)	(165)
Net cash provided by operating activities	305	279	667	630
CASH FLOW FROM INVESTING ACTIVITIES				
Capital investments	(158)	(91)	(438)	(202)
Changes in accrued capital investments	(13)	5	(25)	(10)
Proceeds from asset divestitures	—	1	—	2
Purchase of a business, net of cash acquired	(68)	—	(68)	—
Asset acquisitions	(3)	—	(5)	—
Distribution from unconsolidated subsidiary	—	—	10	—
Other, net	(3)	(2)	(8)	(7)
Net cash used in investing activities	(245)	(87)	(534)	(217)
CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from Revolving Credit Facility	449	150	1,194	150
Repayments of Revolving Credit Facility	(449)	(150)	(1,194)	(150)
Proceeds from 2034 Senior Notes, net	—	—	347	—
Proceeds from 2035 Senior Notes, net	—	—	543	—
Redemption of 2026 Senior Notes	—	—	—	(123)
Redemption of 2029 Senior Notes	—	—	(940)	—
Repurchases of common stock	(30)	(34)	(40)	(352)
Common stock dividends	(36)	(32)	(108)	(102)
Dividend equivalents on equity-settled awards	—	—	(2)	(1)
Issuance of common stock	—	—	—	2
Shares cancelled for taxes	—	(1)	(13)	(12)
Debt issuance costs	(2)	(1)	(4)	(1)
Net cash used in financing activities	(68)	(68)	(217)	(589)
(Decrease) increase in cash and cash equivalents	(8)	124	(84)	(176)
Cash and cash equivalents—beginning of period	56	72	132	372
Cash and cash equivalents—end of period	$ 48	$ 196	$ 48	$ 196

The accompanying notes are an integral part of these condensed consolidated financial statements.

NOTE 1 BASIS OF PRESENTATION

We are an independent energy and carbon management company advancing the 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 carbon capture and storage (CCS) and other emissions-reducing projects.

On September 1, 2026, we completed the all-cash acquisition to obtain all of the interests (Crimson Acquisition) of Crimson Midstream Holdings, LLC and its subsidiaries (Crimson). Our consolidated results of operations for the three and nine months ended September 30, 2026 include the results of Crimson from the acquisition date, while the comparable prior-year periods do not include any results of Crimson. The Crimson Acquisition did not significantly impact the comparability of our financial results for the three and nine months ended September 30, 2026. See *Note 2 Business Combinations* for additional information.

On December 18, 2025, pursuant to the Agreement and Plan of Merger, dated as of September 14, 2025 (the Berry Merger Agreement), we obtained all of the ownership interests in Berry Corporation (bry) (Berry) in an all-stock transaction (Berry Merger). Our consolidated results of operations for the three and nine months ended September 30, 2026 include the full-period results of Berry, while the comparable prior-year periods do not include any results of Berry. Accordingly, the Berry Merger significantly impacts the comparability of our financial results for the three and nine months ended September 30, 2026 as compared to the same periods in 2025. See *Note 2 Business Combinations* for additional information.

Except when the context otherwise requires or where otherwise indicated, all references to ‘‘CRC,’’ the ‘‘Company,’’ ‘‘we,’’ ‘‘us’’ and ‘‘our’’ refer to California Resources Corporation and its subsidiaries as of the date presented.

In the opinion of our management, the accompanying unaudited condensed consolidated financial statements contain all adjustments necessary to fairly present our financial position, results of operations, comprehensive income, equity and cash flows for all periods presented. We have eliminated all significant intercompany transactions and accounts. We account for our share of oil and natural gas producing activities in which we have a direct working interest by reporting our proportionate share of assets, liabilities, revenues, costs and cash flows within the relevant lines on our condensed consolidated financial statements. In applying the equity method of accounting, our investments in our unconsolidated subsidiaries are initially recognized either at cost, as is the case with Carbon TerraVault JV HoldCo, LLC, or at fair value if acquired in a business combination, as was the case for Midway Sunset Cogeneration Company. These investments are then adjusted for our proportionate share of income or loss in addition to contributions and distributions.

We have prepared this report in accordance with generally accepted accounting principles (GAAP) in the United States and the rules and regulations of the U.S. Securities and Exchange Commission applicable to interim financial information which permit the omission of certain disclosures to the extent they have not changed materially since the latest annual financial statements. We believe our disclosures are adequate to make the information presented not misleading.

The preparation of financial statements in conformity with GAAP requires management to select appropriate accounting policies and make informed estimates and judgments regarding certain types of financial statement balances and disclosures. Actual results could differ. Management believes that these estimates and judgments provide a reasonable basis for the fair presentation of our condensed consolidated financial statements. These condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto in our Annual Report on Form 10-K for the year ended December 31, 2025 (2025 Annual Report).

The carrying amounts of cash, cash equivalents and on-balance sheet financial instruments, other than debt, approximate fair value. Refer to *Note 4 Debt* for the fair value of our debt.

Recently Issued but not Adopted Accounting and Disclosure Changes

In November 2024, the FASB issued new disclosure requirements to enhance disclosure of certain costs and expenses. The rules are effective for fiscal years beginning after December 15, 2026 and interim periods beginning after December 15, 2027, and early adoption is permitted. We expect that the adoption of these rules will impact our disclosures but have no impact on our results of operations, cash flows and financial condition.

In May 2026, the FASB issued new guidance for the recognition, measurement, presentation, and disclosure of environmental credits and environmental credit obligations. The amendments are effective for annual reporting periods beginning after December 15, 2027, and interim reporting periods within those annual reporting periods. Early adoption is permitted. We are currently evaluating the impact that adopting this standard will have on our consolidated financial statements and related disclosures.

NOTE 2 BUSINESS COMBINATIONS

Crimson Acquisition

On September 1, 2026, we completed the Crimson Acquisition for a payment of $70 million, which included $7 million of preliminary purchase price adjustments. The final purchase price remains subject to certain adjustments. Crimson owns various onshore midstream assets in California, including the SoCal Pipeline System and San Pablo Bay Pipeline. We believe this transaction enhances our ability to efficiently transport California-produced crude oil to higher-value markets while increasing operational flexibility and flow assurance across our portfolio.

The following table presents the preliminary purchase price allocation to the identifiable assets acquired and the liabilities assumed based on their estimated fair values as of the closing date of the Crimson Acquisition.

	Preliminary Purchase Price
	(in millions)
Assets Acquired	
Cash	$ 2
Accounts receivable	7
Inventories	2
Other current assets	5
Property, plant and equipment	67
Other noncurrent assets	8
Total Assets Acquired	91
Liabilities Assumed	
Accounts payable	$ 4
Accrued liabilities	7
Other long-term liabilities	10
Total Liabilities Assumed	21
Net Assets Acquired	$ 70

For the period of September 1, 2026 through September 30, 2026, total operating revenue and loss before income taxes associated with Crimson were not material.

Transaction and integration costs incurred in connection with the Crimson Acquisition were not significant.

At the date of this filing, our assessment of the fair value of assets acquired and liabilities assumed remains preliminary. Certain data necessary to complete the purchase price allocation is not yet available, and includes, but is not limited to, final appraisals of Crimson's property, plant and equipment (PP&E), evaluation of Crimson's materials and supplies inventory, measurement of leases, and valuation of certain assets and liabilities. We expect to complete the purchase price allocation during the 12-month period subsequent to the Crimson Acquisition closing date and adjustments may be made to the provisional amounts recorded as of September 30, 2026.

We recorded cash based on Crimson's bank balances as of September 1, 2026. The measurements for predominantly all of the other current and other noncurrent assets acquired and accounts payable, accrued liabilities and other long-term liabilities assumed are based on contracts in place at Crimson on the acquisition date. The fair value of certain acquired PP&E, primarily consisting of pipelines, gathering lines, and pipeline rights-of-way, is still under review for measurement based on final appraisals.

The pro forma results are not included as the impact was not material to our financial statements.

Berry Merger

On September 14, 2025, we entered into an agreement to combine with Berry in the Berry Merger. Berry was an independent upstream energy company that explored for and produced oil and natural gas in California, primarily in the San Joaquin basin, and in the Uinta basin in Utah. Berry also provided well servicing and abandonment services, which are included in our oil and natural gas segment. The Berry Merger added high quality, oil-weighted, mostly conventional proved developed reserves and sustainable cash flows to our operations.

Pursuant to the Berry Merger Agreement, on the effective date of the merger, December 18, 2025, we issued 5,572,115 shares of our common stock, which was calculated as 0.0718 shares of our common stock for each outstanding share of Berry stock as of December 17, 2025. As of December 18, 2025, and immediately following the closing of the Berry Merger, the former Berry stockholders owned 6% of CRC. We paid cash or issued replacement equity awards in settlement of certain Berry restricted and performance units. Upon closing of the Berry Merger, Berry's outstanding debt was repaid and the underlying credit agreements were terminated. We repaid a significant portion of this indebtedness with proceeds from our 2034 Senior Notes. For more information on the 2034 Senior Notes, refer to *Note* 4 *Debt*.

At the date of this filing, our assessment of the fair values of assets acquired and liabilities assumed remains preliminary. The valuation of certain PP&E has not been completed. We expect the PP&E valuation will be completed and the tax returns will be filed in the fourth quarter of 2026.

During the nine months ended September 30, 2026, we recognized measurement period adjustments that increased PP&E by $34 million, increased asset retirement obligations by $15 million, decreased deferred tax assets by $14 million, increased accounts payable by $4 million and decreased inventories by $3 million. We recognized an insignificant amount of measurement period adjustments in total operating expenses on our condensed consolidated statement of operations for the three months ended September 30, 2026 and $2 million of measurement period adjustments in total operating expenses on our condensed consolidated statement of operations for the nine months ended September 30, 2026. These adjustments reflected changes to accretion expense and depreciation, depletion and amortization expense resulting from changes to the purchase price allocation.

We expect to complete the purchase price allocation during the 12-month period subsequent to the Berry Merger closing date and adjustments may be made to the provisional amounts recorded as of September 30, 2026.

We measured assets and liabilities at acquisition date fair value on a nonrecurring basis.

The following table summarizes the consideration transferred:

	Merger Consideration
	(in millions, except share and per share data)
Shares of common stock	5,572,115
Common stock per share fair value on December 17, 2025	$ 45.49
Fair value of share consideration	$ 253
Settlement of Berry debt	449
Stock-based compensation	7
Total consideration	$ 709

The following table presents the preliminary purchase price allocation to the identifiable assets acquired and the liabilities assumed based on their estimated fair values as of the closing date of the Berry Merger:

	Preliminary Purchase Price as of December 31, 2025	Adjustments	Preliminary Purchase Price as of September 30, 2026
	(in millions)	(in millions)	(in millions)
Assets Acquired			
Cash	$ 12	$ —	$ 12
Accounts receivable	87	2	89
Inventories	6	(3)	3
Other current assets	29	(2)	27
Property, plant and equipment	659	34	693
Fair value of derivative contracts	109	—	109
Deferred tax asset	121	(14)	107
Other noncurrent assets	4	—	4
Total Assets Acquired	1,027	17	1,044
Liabilities Assumed			
Accounts payable	$ (62)	$ (4)	$ (66)
Accrued liabilities	(50)	2	(48)
Asset retirement obligations	(151)	(15)	(166)
Fair value of derivative contracts	(21)	—	(21)
Other long-term liabilities	(34)	—	(34)
Total Liabilities Assumed	(318)	(17)	(335)
Net Assets Acquired	$ 709	$ —	$ 709

Supplemental Unaudited Pro Forma Financial Information

The following supplemental unaudited pro forma financial information presents the total operating revenue, net income and earnings per share for the three and nine months ended September 30, 2025 as if the Berry Merger had occurred on January 1, 2025.

	Three months ended September 30,	Nine months ended September 30,
	2025	2025
	(in millions, except per share amounts)	
Total operating revenue	$ 996	$ 3,261
Net income	$ 55	$ 292
EPS		
Basic	$ 0.62	$ 3.13
Diluted	$ 0.61	$ 3.10

The pro forma information is presented for illustration purposes only and is not necessarily indicative of the operating results that would have occurred had the Berry Merger been completed on January 1, 2025, nor is it necessarily indicative of future operating results of the combined entity. The pro forma financial information for the three and nine months ended September 30, 2025 is a result of combining our three and nine months statements of operations with Berry's pre-merger results for the three and nine months ended September 30, 2025 and the pro forma adjustments include estimates and assumptions based on currently available information. The pro forma results do not reflect any cost savings anticipated as a result of the Berry Merger and exclude the impact of any severance. The pro forma results include adjustments to depreciation, depletion and amortization (DD&A) based on the purchase price allocated to PP&E and the estimated useful lives as well as adjustments to interest and accretion expense. We also included pro forma adjustments for certain compensation-related costs and transaction costs we incurred related to the Berry Merger. Management believes the estimates and assumptions are reasonable, and the relative effects of the Berry Merger are properly reflected. Future results may vary significantly from the results reflected in the pro forma information.

NOTE 3 INVESTMENT IN UNCONSOLIDATED SUBSIDIARIES AND RELATED PARTY TRANSACTIONS

As of September 30, 2026 and December 31, 2025, our investments in unconsolidated subsidiaries were $98 million and $111 million, respectively. The following tables present changes to our investment in unconsolidated subsidiaries for the periods presented:

	Carbon TerraVault JV	Midway Sunset Cogeneration Company
	(in millions)	(in millions)
Investment, December 31, 2025	$ 57	$ 54
Net loss	(4)	(1)
Contributions (distributions)	2	(10)
Investment, September 30, 2026	$ 55	$ 43
Investment, December 31, 2024	$ 27	$ 59
Net (loss) income	(4)	1
Contributions	26	—
Adjustment to the preliminary purchase price allocation	—	(7)
Investment, September 30, 2025	$ 49	$ 53

Carbon TerraVault JV

In August 2022, we entered into a joint venture with BGTF Sierra Aggregator LLC (Brookfield) for the further development of a carbon management business in California (Carbon TerraVault JV). We hold a 51% interest in the Carbon TerraVault JV and Brookfield holds a 49% interest. The Carbon TerraVault JV holds rights to inject CO_2 into the 26R reservoir in our Elk Hills field for permanent CO_2 storage (26R reservoir). Brookfield has contributed $92 million to date. The remaining amount of Brookfield's initial investment is based on the permitted storage capacity, subject to certain contractual adjustments. This remaining amount will be contributed to the joint venture upon entering into contracts for the injection of specified volumes with respect to the 26R reservoir.

Although we determined that the Carbon TerraVault JV is a variable interest entity (VIE), we share decision-making power with Brookfield on all matters that most significantly impact the economic performance of the joint venture. Therefore, we account for our investment in the Carbon TerraVault JV under the equity method of accounting. Transactions between us and the Carbon TerraVault JV are related party transactions.

Because the parties have certain put and call rights (repurchase features) with respect to the 26R reservoir if certain milestones are not met, the initial investment by Brookfield is reflected as a contingent liability included in other long-term liabilities on our condensed consolidated balance sheets. The contingent liability was $127 million at September 30, 2026 and $117 million at December 31, 2025, inclusive of interest. The amount payable to Brookfield under the put and call rights, if exercised, includes additional capital contributions made by Brookfield to develop the 26R storage reservoir, inclusive of interest. This payment would differ from the contingent liability currently recognized because the contingent liability reported in other long-term liabilities on our condensed consolidated balance sheet relates solely to the initial investment by Brookfield and does not include capital contributions made for ongoing development activities of the 26R reservoir.

The table below presents the summarized financial information related to our equity method investment in the Carbon TerraVault JV (and does not include amounts we have incurred related to development of our carbon management business, Carbon TerraVault), along with related party transactions for the periods presented.

	September 30, 2026	December 31, 2025
	(in millions)	
Receivable from affiliate[(a)]	$ 6	$ 14
Payable to affiliate[(b)]	$ 1	$ —
Other long-term liabilities[(c)]	$ 127	$ 117

(a) At September 30, 2026, the amount of $6 million includes approximately $4 million related to our share of collateral for a letter of credit, the remaining $1 million of Brookfield's first and second installments of their initial investment which is available to us, and $1 million related to the Master Service Agreement (MSA) and vendor reimbursements. At December 31, 2025, the amount of $14 million includes $8 million remaining of Brookfield's first and second installments of their initial investment which is available to us and $6 million related to the MSA and vendor reimbursements.
(b) Payable to affiliate is the amount owed to the Carbon TerraVault JV for sequestration services.
(c) Other long-term liabilities include the contingent liability related to the Carbon TerraVault JV put and call rights.

We completed construction of our first carbon capture project at our cryogenic gas processing facility and began first injection in May 2026. We pay an injection fee to the Carbon TerraVault JV to inject CO_2 into the 26R reservoir. The Carbon TerraVault JV recognizes revenue for the injection as services are rendered under the sequestration agreement. During the three and nine months ended September 30, 2026, the Carbon TerraVault JV recorded approximately $2 million of revenue. We recognize our share of the Carbon TerraVault JV income and loss under the equity method of accounting on our condensed consolidated statement of operations. We recognized a loss of $1 million and $4 million for the three and nine months ended September 30, 2026, respectively, and a loss of $2 million and $4 million for the three and nine months ended September 30, 2025, respectively, related to our investment in the Carbon TerraVault JV.

We performed well abandonment work at our Elk Hills field to prepare our 26R reservoir for injection of CO_2. During the nine months ended September 30, 2026, we performed abandonment work and sought reimbursement for insignificant amounts from the Carbon TerraVault JV. During the three and nine months ended September 30, 2025, we performed abandonment work and sought reimbursement in the amounts of $2 million and $9 million, respectively, from the Carbon TerraVault JV. We recorded these reimbursements as a reduction to PP&E on our condensed consolidated balance sheets.

Midway Sunset Cogeneration Company

We hold a 50% interest in Midway Sunset Cogeneration Company which owns and operates a cogeneration facility in Kern County, California. We determined that Midway Sunset Cogeneration Company is a voting interest entity, where we share decision-making power with Middle River Power, LLC on all matters that most significantly impact the economic performance of Midway Sunset Cogeneration Company. Therefore, we account for our investment in Midway Sunset Cogeneration Company under the equity method of accounting. There are no significant transactions between us and Midway Sunset Cogeneration Company.

In the nine months ended September 30, 2026, we received a distribution of $10 million from Midway Sunset Cogeneration Company. In the three and nine months ended September 30, 2025, we did not receive any distributions from Midway Sunset Cogeneration Company.

NOTE 4 DEBT

As of September 30, 2026 and December 31, 2025, our long-term debt consisted of the following:

	September 30, 2026	December 31, 2025	Interest Rate	Maturity
	(in millions)			
Revolving Credit Facility	$ —	$ —	SOFR plus 2.25%-3.25% ABR plus 1.25%-2.25%[a]	March 16, 2029[b]
2029 Senior Notes	—	900	8.250%	
2034 Senior Notes	750	400	7.000%	January 15, 2034
2035 Senior Notes	550	—	7.250%	January 15, 2035
Principal amount	$ 1,300	$ 1,300		
Unamortized debt discount and issuance costs	(21)	(19)		
Unamortized premium	2	2		
Long-term debt, net	$ 1,281	$ 1,283		

(a) In April 2026, we entered into the ninth amendment to our Revolving Credit Facility that reduced our interest rate pricing as described below.
(b) Refer to *Note 16 Subsequent Events* for more information on a recent extension to our Revolving Credit Facility.

Revolving Credit Facility

Our Amended and Restated Credit Agreement, dated April 26, 2023 (Revolving Credit Facility), consists of a senior revolving loan facility with an aggregate commitment of $1.46 billion. The amount we are able to borrow under our Revolving Credit Facility is limited to the amount of these commitments. Our Revolving Credit Facility also includes a sub-limit of $300 million for the issuance of letters of credit. As of September 30, 2026, $180 million of letters of credit were issued to support ordinary course marketing, insurance, regulatory and other matters. As of September 30, 2026, we had $1,280 million of availability on our Revolving Credit Facility after taking into account $180 million in letters of credit outstanding.

In April 2026, we entered into the ninth amendment to our Revolving Credit Facility to, among other things, amend the pricing grid to reduce interest margin by 0.25%, remove the 0.10% Term SOFR adjustment, and make other technical amendments. Our borrowing base is redetermined semi-annually and was re-affirmed at $1.5 billion in October 2026.

In October 2026, we entered into the tenth amendment to our Revolving Credit Facility. See *Note 16 Subsequent Events* for more information.

2035 Senior Notes

In June 2026, we completed a private offering of $550 million in aggregate principal amount of 7.250% senior notes due 2035 (2035 Senior Notes). The 2035 Senior Notes are governed by the indenture, dated as of June 26, 2026, by and among us, the guarantors and Wilmington Trust, National Association, as trustee (2035 Senior Notes Indenture). The net proceeds of $543 million, after $7 million of debt issuance costs, together with cash on hand were used to redeem all of the remaining outstanding 2029 Senior Notes.

Security – Our 2035 Senior Notes are general unsecured obligations which are guaranteed on a senior unsecured basis by all of our existing subsidiaries that guarantee our obligations under the Revolving Credit Facility and certain other indebtedness.

Redemption – We may redeem the 2035 Senior Notes at any time prior to July 15, 2029 at a redemption price equal to 100% of the aggregate principal amount thereof plus the applicable premium as defined in the 2035 Senior Notes Indenture and accrued and unpaid interest. Prior to July 15, 2029, we may also redeem up to 40% of the aggregate principal amount of the 2035 Senior Notes with the net cash proceeds from certain equity offerings at a redemption price of 107.250% of the aggregate principal amount thereof, plus accrued and unpaid interest. On or after July 15, 2029, we may redeem the 2035 Senior Notes at the redemption prices of (i) 103.625% during the twelve-month period beginning on July 15, 2029, (ii) 101.813% during the twelve-month period beginning on July 15, 2030 and (iii) 100% on or after July 15, 2031, in each case plus accrued and unpaid interest to, but excluding, the redemption date.

Covenants – Our 2035 Senior Notes include covenants that, among other things, restrict our ability to incur additional indebtedness, incur liens, make restricted payments and investments, consummate asset sales, enter into transactions with affiliates and enter into transactions that would result in fundamental changes.

Events of Default and Change of Control – Our 2035 Senior Notes provide for certain triggering events, including upon a change of control triggering event, as defined in the 2035 Senior Notes Indenture, that would require us to repurchase all or any part of the 2035 Senior Notes at a price equal to 101% of the aggregate principal amount plus accrued and unpaid interest.

2034 Senior Notes and Follow-On Offering

On October 8, 2025, we completed a private offering of $400 million in an aggregate principal amount of 7.000% senior notes due 2034 (2034 Senior Notes). The net proceeds of $393 million, after deducting $7 million of issuance costs, were used along with available cash to repay $449 million of Berry's outstanding debt at closing of the Berry Merger. See *Note 2 Business Combinations* for more information on the Berry Merger. The terms of the 2034 Senior Notes are governed by the Indenture, dated as of October 8, 2025, by and among us, the guarantors and Wilmington Trust, National Association, as trustee, as amended and supplemented by the First Supplemental Indenture, dated as of January 16, 2026 (2034 Senior Notes Indenture).

On March 23, 2026, we completed a follow-on offering of an additional $350 million in aggregate principal amount of 2034 Senior Notes. The net proceeds from this offering of $347 million, including $2 million of debt premium and $5 million of debt issuance costs, were used to redeem a portion of our 2029 Senior Notes. The 2034 Senior Notes issued on March 23, 2026 are governed under the 2034 Senior Notes Indenture.

2029 Senior Notes Redemption

In March 2026, we redeemed $350 million in principal amount of our 8.250% senior unsecured notes due 2029 (2029 Senior Notes) for $367 million, resulting in a loss on extinguishment of debt in the amount of $21 million, which includes a $17 million premium paid and $4 million write-off of unamortized debt issuance costs.

In June 2026, we redeemed the remaining outstanding $550 million in principal amount of our 2029 Senior Notes for $573 million, resulting in a loss on extinguishment of debt in the amount of $28 million, which includes a $23 million premium paid and $5 million write-off of unamortized debt issuance costs net of unamortized premium.

Following these redemptions, none of our 2029 Senior Notes remained outstanding.

Fair Value

As shown in the table below, we estimate the fair value of our fixed rate 2029 Senior Notes, 2034 Senior Notes and 2035 Senior Notes based on known prices from market transactions (using Level 1 inputs on the fair value hierarchy).

	September 30, 2026	December 31, 2025
	(in millions)	
Fixed rate debt		
2029 Senior Notes	$ —	$ 943
2034 Senior Notes	724	394
2035 Senior Notes	532	—
Fair Value of Long-Term Debt	$ 1,256	$ 1,337

Other

As of September 30, 2026, we were in compliance with all financial and other debt covenants under our Revolving Credit Facility, 2034 Senior Notes and 2035 Senior Notes.

NOTE 5 LAWSUITS, CLAIMS, COMMITMENTS AND CONTINGENCIES

We are party to various legal and/or regulatory proceedings from time to time arising in the ordinary course of business. We accrue reserves for currently outstanding lawsuits, claims and proceedings when we determine it is probable that a liability has been incurred and the liability can be reasonably estimated. Reserve balances for these items at September 30, 2026 and December 31, 2025 were not material to our condensed consolidated balance sheets as of such dates. We also evaluate the amount of reasonably possible losses that we could incur as a result of these matters. We believe that reasonably possible losses that we could incur in excess of reserves cannot be accurately determined.

In October 2020, Signal Hill Services, Inc. defaulted on its decommissioning obligations associated with two offshore platforms. The Bureau of Safety and Environmental Enforcement (BSEE) determined that former lessees, including our former parent, Occidental Petroleum Corporation (Oxy) with a 37.5% share, are responsible for decommissioning obligations associated with these offshore platforms. Oxy sold its interest in the platforms approximately 30 years ago and it is our understanding that Oxy has not had any connection to the operations since that time and was challenging BSEE's order. Oxy notified us of the claim under the indemnification provisions of the Separation and Distribution Agreement between us and Oxy. In September 2021, we accepted the indemnification claim from Oxy and are challenging the order from BSEE. In March 2024, we entered into a cost sharing agreement with former lessees to share in ongoing maintenance costs during the pendency of the challenge to the BSEE order. In September 2025, the parties amended the cost sharing agreement to include well abandonment work. As of September 30, 2026, we had a liability of approximately $26 million included in accrued liabilities in our condensed consolidated balance sheet related to this abandonment work. For the three and nine months ended September 30, 2026, other operating expenses, net on our condensed consolidated statement of operations includes $6 million and $26 million, respectively, for our ongoing share of maintenance costs and well abandonment work. We continue to challenge the BSEE order.

In 2023 and 2024, the California Geologic Energy Management Division (CalGEM) plugged and abandoned approximately 120 "orphaned" oil and gas wells located in Cat Canyon, Santa Barbara County, at an aggregate cost of approximately $25 million. A subsidiary of our predecessor entity sold these wells to the defunct operator prior to CRC's formation and the wells are therefore in our chain of title. CalGEM is seeking to recover these costs from us due to our prior operatorship of the wells, and we are disputing these claims. In connection with this dispute, we were required to remit approximately $25 million to CalGEM under protest pending the outcome of this matter. We have filed a complaint against CalGEM to reclaim the $25 million that we paid in June 2025.

NOTE 6 DERIVATIVES

We enter into commodity derivative contracts to help protect our cash flows, margins and capital program from the volatility of commodity prices. We primarily hedge a portion of our forecasted oil production and a portion of our purchased natural gas used in our steamflood operations. We did not have any derivative instruments designated as accounting hedges as of and for the three and nine months ended September 30, 2026 and 2025. Unless otherwise indicated, we use the term "hedge" to describe derivative instruments that are designed to implement our hedging strategy.

Summary of Derivative Contracts

We held the following Brent-based contracts for our forecasted oil production as of September 30, 2026:

	Q4 2026	Q1 2027	Q2 2027	Q3 2027	Q4 2027	2028
Sold Calls						
Barrels per day	36,000	1,250	5,250	500	2,862	35,434
Weighted-average price per barrel	$ 83.51	$ 70.47	$ 72.07	$ 69.30	$ 69.79	$ 84.29
Purchased Puts						
Barrels per day	36,000	1,250	5,250	500	2,862	53,734
Weighted-average price per barrel	$ 61.11	$ 60.00	$ 61.90	$ 60.00	$ 60.00	$ 60.89
Swaps						
Barrels per day	41,703	80,811	65,014	68,047	64,761	7,285
Weighted-average price per barrel	$ 67.98	$ 66.04	$ 65.54	$ 65.57	$ 65.56	$ 66.98

At September 30, 2026, we also held the following swaps to hedge purchased natural gas used in our operations as shown in the table below.

	Q4 2026	Q1 2027	Q2 2027	Q3 2027	Q4 2027	2028
SoCal Border						
MMBtu per day	9,908	14,044	—	—	—	—
Weighted-average price per MMBtu	$ 4.84	$ 4.77	$ —	$ —	$ —	$ —
NWPL Rockies						
MMBtu per day	91,750	94,336	94,170	92,000	91,326	62,725
Weighted-average price per MMBtu	$ 4.17	$ 4.18	$ 3.78	$ 3.88	$ 3.95	$ 3.59

In the three and nine months ended September 30, 2026, we also had a limited number of derivative contracts related to our natural gas marketing activities that were intended to lock in locational price spreads. These derivative contracts were not significant to our results of operations or financial statements taken as a whole.

The outcomes of the derivative positions shown in the tables above are as follows:

- Sold calls – we make settlement payments for prices above the indicated weighted-average price per barrel.
- Purchased puts – we receive settlement payments for prices below the indicated weighted-average price per barrel.

- Swaps – with respect to swaps for crude oil, we make settlement payments for prices above the indicated weighted-average price per barrel and receive settlement payments for prices below the indicated weighted-average price per barrel. With respect to swaps for purchased natural gas, we receive settlement payments for prices above the indicated weighted-average price per MMBtu and we make settlement payments for prices below the weighted-average price per MMBtu.

Fair Value of Derivatives

Derivative instruments not designated as hedging instruments are required to be recorded on the balance sheet at fair value. We report gains and losses on our derivative contracts related to our oil production and our marketing activities in operating revenue on our condensed consolidated statements of operations as shown in the table below:

	Three months ended September 30,		Nine months ended September 30,	
	2026	2025	2026	2025
	(in millions)		(in millions)	
Non-cash (loss) gain from commodity sales derivatives	$ (554)	$ (32)	$ (976)	$ 130
Net settlements and premiums	(121)	9	(342)	10
Net (loss) gain from commodity sales derivatives	$ (675)	$ (23)	$ (1,318)	$ 140

We report gains and losses on our commodity derivative contracts related to purchases of natural gas in operating expenses on our condensed consolidated statements of operations as shown in the table below:

	Three months ended September 30,		Nine months ended September 30,	
	2026	2025	2026	2025
	(in millions)		(in millions)	
Non-cash (gain) loss from natural gas purchase derivatives	$ (14)	$ 24	$ (22)	$ 2
Settlements	13	3	50	22
Net (gain) loss from natural gas purchase derivatives	$ (1)	$ 27	$ 28	$ 24

Our 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 tables present the fair values of our outstanding commodity derivatives as of September 30, 2026 and December 31, 2025.

	September 30, 2026		
Classification	Gross Amounts at Fair Value	Netting	Net Fair Value
		(in millions)	
Other current assets, net	$ 2	$ (1)	$ 1
Other noncurrent assets	93	(73)	20
Current liabilities	(581)	1	(580)
Noncurrent liabilities	(213)	73	(140)
	$ (699)	$ —	$ (699)

	December 31, 2025		
Classification	Gross Amounts at Fair Value	Netting	Net Fair Value
		(in millions)	
Other current assets, net	$ 193	$ (6)	$ 187
Other noncurrent assets	106	(5)	101
Current liabilities	(48)	6	(42)
Noncurrent liabilities	(22)	5	(17)
	$ 229	$ —	$ 229

NOTE 7 INCOME TAXES

The following table presents the components of our income tax (benefit) provision and effective tax rate:

	Three months ended September 30,		Nine months ended September 30,	
	2026	2025	2026	2025
	(in millions)		(in millions)	
(Loss) income before income taxes	$ (428)	$ 75	$ (730)	$ 479
Current income tax (benefit) provision	—	(24)	—	52
Deferred income tax (benefit) provision	(113)	35	(218)	76
Income tax (benefit) provision	$ (113)	$ 11	$ (218)	$ 128

Our income tax (benefit) provision for interim periods is determined by applying an estimated annual effective tax rate to year to date (loss) income before income taxes with the result adjusted for discrete items, if any, in the relevant period. Our effective tax rate of 30% in the nine months ended September 30, 2026, differed from the U.S. statutory rate of 21% primarily due to state taxes and income tax credits. Our effective tax rate of 27% for the nine months ended September 30, 2025, differed from the U.S. statutory rate of 21% primarily due to state taxes.

Management expects to realize the recorded deferred tax assets primarily through future income and reversal of taxable temporary differences. Realization of our existing deferred tax assets is not assured and depends on a number of factors including our ability to generate sufficient taxable income in future periods.

NOTE 8 ASSETS HELD FOR SALE

Uinta Basin

In September 2026, we entered into an agreement to sell our Uinta basin assets for cash consideration of approximately $90 million, subject to customary purchase price adjustments. The Uinta basin assets were acquired as part of the Berry Merger. The transaction has an effective date of July 1, 2026. Closing is expected in the fourth quarter of 2026, subject to the receipt of certain third-party consents and satisfaction of other customary closing conditions.

The sale of our Uinta basin assets met the criteria for assets held for sale as of September 30, 2026. These assets, primarily consisting of PP&E, are presented as assets held for sale on our condensed consolidated balance sheet. The associated liabilities, which predominantly consist of asset retirement obligations and payables, are presented as liabilities associated with assets held for sale on our condensed consolidated balance sheet. The Uinta basin assets and liabilities are included in our oil and natural gas segment.

NOTE 9 SEGMENT INFORMATION

We conduct our business primarily through two reportable segments: (1) oil and natural gas and (2) carbon management. We identified these segments based on the nature of their activities, the types of products sold and services to be provided. Our oil and natural gas segment explores for, develops, and produces oil and condensate, natural gas liquids and natural gas. Our carbon management segment, that we refer to as Carbon TerraVault, develops services to capture, transport and permanently store CO_2 for our customers. Our oil and natural gas segment operates assets located in California and Utah. Our carbon management segment operates exclusively in California.

Revenues related to sales of produced natural gas to our Elk Hills power plant are included in oil, natural gas and natural gas liquids sales in the table below. Direct labor-related costs are allocated to our reportable segments based on job function and activity. General and administrative expenses are allocated to a segment if they directly support a segment's activities. We do not allocate income taxes to our segments. We use proportionate consolidation to account for our share of oil and natural gas producing activities.

The following tables provide segment profit or loss and reconciliations of segment profit or loss to total operating revenues and consolidated income before income taxes for the three months and nine months ended September 30, 2026 and 2025.

	Three months ended September 30, 2026				
	Oil and Natural Gas	Carbon Management	Total Reportable Segments	Corporate/Eliminations/Other	Total
			(in millions)		
Oil, natural gas and natural gas liquids sales	$ 1,016	$ —	$ 1,016	$ (14)	$ 1,002
Other revenues and income[(a)]	1	2	3	(584)	(581)
Segment operating revenues	$ 1,017	$ 2	$ 1,019	$ (598)	
Total operating revenues					$ 421

(a) Other revenues and income includes net loss from commodity derivatives, revenue from marketing of purchased commodities, electricity sales and unallocated interest and other revenue.

	Three months ended September 30, 2026				
	Oil and Natural Gas	Carbon Management	Total Reportable Segments	Corporate/Eliminations/Other	Total
	(in millions)				
Segment operating revenues	$ 1,017	$ 2	$ 1,019	$ (598)	$ 421
Less:					
Operating costs:					
Energy operating costs	130	—	130	(7)	123
Gas processing costs	6	—	6	—	6
Non-energy operating costs	257	—	257	—	257
General and administrative expenses	13	—	13	76	89
Depreciation, depletion and amortization	128	2	130	7	137
Taxes other than on income	69	—	69	12	81
Interest expense	—	3	3	23	26
Loss from investment in unconsolidated subsidiaries	—	1	1	—	1
Net gain on natural gas purchase derivatives	—	—	—	(1)	(1)
Other non-operating income, net	—	—	—	(6)	(6)
Costs related to marketing of purchased commodities	—	—	—	25	25
Electricity generation expenses	—	—	—	11	11
Other segment expenses[(a)]	54	10	64	36	100
Segment profit or (loss)	$ 360	$ (14)	$ 346	$ (774)	
Loss before income taxes					$ (428)

(a) Other segment expenses for our oil and natural gas segment includes transportation costs, accretion expense, and other operating expenses, net. Other segment expenses for our carbon management segment primarily includes operating lease costs. Other segment expenses for Corporate/Eliminations/Other include transportation costs from marketing activities and other operating expenses, net that are not allocated to a segment.

	Three months ended September 30, 2025				
	Oil and Natural Gas	Carbon Management	Total Reportable Segments	Corporate/Eliminations/Other	Total
	(in millions)				
Oil, natural gas and natural gas liquids sales	$ 726	$ —	$ 726	$ (11)	$ 715
Other revenues and income[(a)]	2	—	2	138	140
Segment operating revenues	$ 728	$ —	$ 728	$ 127	
Total operating revenues					$ 855

(a) Other revenues and income include net loss from commodity derivatives, revenue from marketing of purchased commodities, electricity revenue and unallocated interest and other revenue.

	Three months ended September 30, 2025				
	Oil and Natural Gas	Carbon Management	Total Reportable Segments	Corporate/Eliminations/Other	Total
	(in millions)				
Segment operating revenues	$ 728	$ —	$ 728	$ 127	$ 855
Less:					
Operating costs:					
Energy operating costs	97	—	97	(5)	92
Gas processing costs	6	—	6	—	6
Non-energy operating costs	218	—	218	—	218
General and administrative expenses	9	4	13	74	87
Depreciation, depletion and amortization	118	—	118	5	123
Taxes other than on income	57	—	57	13	70
Interest expense	—	3	3	22	25
Loss from investment in unconsolidated subsidiaries	—	2	2	—	2
Net loss on natural gas purchase derivatives	—	—	—	27	27
Other non-operating income, net	—	—	—	(4)	(4)
Costs related to marketing of purchased commodities	—	—	—	44	44
Electricity generation expenses	—	—	—	11	11
Other segment expenses[(a)]	41	12	53	26	79
Segment profit or (loss)	$ 182	$ (21)	$ 161	$ (86)	
Income before income taxes					$ 75

(a) Other segment expenses for our oil and natural gas segment include transportation costs, accretion expense, and other operating expenses, net, and net loss on asset divestitures. Other segment expenses for our carbon management segment primarily includes operating lease costs. Other segment expenses for Corporate/Eliminations/Other include transportation costs from marketing activities and other operating expenses, net that are not allocated to a segment.

	Nine months ended September 30, 2026				
	Oil and Natural Gas	Carbon Management	Total Reportable Segments	Corporate/Eliminations/Other	Total
	(in millions)				
Oil, natural gas and natural gas liquids sales	$ 2,990	$ —	$ 2,990	$ (27)	$ 2,963
Other revenues and income[(a)]	10	3	13	(1,139)	(1,126)
Segment operating revenues	$ 3,000	$ 3	$ 3,003	$ (1,166)	
Total operating revenues					$ 1,837

(a) Other revenues and income for Corporate/Eliminations/Other include net loss from commodity derivatives, revenue from marketing of purchased commodities, electricity revenue, interest income and unallocated other revenue.

	Nine months ended September 30, 2026				
	Oil and Natural Gas	Carbon Management	Total Reportable Segments	Corporate/Eliminations/Other	Total
			(in millions)		
Segment operating revenues	$ 3,000	$ 3	$ 3,003	$ (1,166)	$ 1,837
Less:					
Operating costs:					
Energy operating costs	338	—	338	(18)	320
Gas processing costs	17	—	17	—	17
Non-energy operating costs	761	—	761	—	761
General and administrative expenses	54	5	59	233	292
Depreciation, depletion and amortization	379	2	381	20	401
Taxes other than on income	189	—	189	25	214
Interest expense	—	9	9	74	83
Loss from investment in unconsolidated subsidiaries	—	4	4	1	5
Net loss on natural gas purchase derivatives	—	—	—	28	28
Loss on early extinguishment of debt	—	—	—	49	49
Other non-operating income, net	—	—	—	(14)	(14)
Costs related to marketing of purchased commodities	—	—	—	63	63
Electricity generation expenses	—	—	—	26	26
Other segment expenses[(a)]	191	22	213	109	322
Segment profit or (loss)	$ 1,071	$ (39)	$ 1,032	$ (1,762)	
Loss before income taxes					$ (730)

(a) Other segment expenses for our oil and natural gas segment include transportation costs, accretion expense, and other operating expenses, net. Other segment expenses for our carbon management segment primarily includes operating lease costs and compensation-related expenses. Other segment expenses for Corporate/Eliminations/Other include transportation costs from marketing activities and other operating expenses, net that are not allocated to a segment.

	Nine months ended September 30, 2025				
	Oil and Natural Gas	Carbon Management	Total Reportable Segments	Corporate/Eliminations/Other	Total
			(in millions)		
Oil, natural gas and natural gas liquids sales	$ 2,265	$ —	$ 2,265	$ (34)	$ 2,231
Other revenues and income[(a)]	7	—	7	507	514
Segment operating revenues	$ 2,272	$ —	$ 2,272	$ 473	
Total operating revenues					$ 2,745

(a) Other revenues and income include net gain from commodity derivatives, revenue from marketing of purchased commodities, electricity revenue, interest income and unallocated other revenue.

	Nine months ended September 30, 2025				
	Oil and Natural Gas	Carbon Management	Total Reportable Segments	Corporate/Eliminations/Other	Total
	(in millions)				
Segment operating revenues	$ 2,272	$ —	$ 2,272	$ 473	$ 2,745
Less:					
Operating costs:					
Energy operating costs	293	—	293	(20)	273
Gas processing costs	15	—	15	—	15
Non-energy operating costs	639	—	639	—	639
General and administrative expenses	30	10	40	198	238
Depreciation, depletion and amortization	365	—	365	17	382
Taxes other than on income	157	—	157	30	187
Interest expense	—	8	8	69	77
Loss (gain) from investment in unconsolidated subsidiaries	—	4	4	(1)	3
Net loss on natural gas purchase derivatives	—	—	—	24	24
Loss on early extinguishment of debt	—	—	—	1	1
Other non-operating income, net	—	—	—	(9)	(9)
Costs related to marketing of purchased commodities	—	—	—	135	135
Electricity generation expenses	—	—	—	26	26
Other segment expenses[(a)]	131	44	175	100	275
Segment profit or (loss)	$ 642	$ (66)	$ 576	$ (97)	
Income before income taxes					$ 479

(a) Other segment expenses for our oil and natural gas segment include transportation costs, accretion expense, and other operating expenses, net, and net loss on asset divestitures. Other segment expenses for our carbon management segment primarily includes operating lease costs. Other segment expenses for Corporate/Eliminations/Other include transportation costs from marketing activities and other operating expenses, net that are not allocated to a segment.

The following table provides capital investment by segment and a reconciliation to our consolidated capital investment for the three and nine months ended September 30, 2026 and 2025. We do not provide total assets by segment because it is not used by our Chief Operating Decision Maker. See *Note 3 Investment in Unconsolidated Subsidiaries and Related Party Transactions* for information on our investment in the Carbon TerraVault JV, which is part of our carbon management segment.

	Oil and Natural Gas	Carbon Management	Corporate and Other	Total
		(in millions)		
Three months ended September 30, 2026	$ 155	$ 1	$ 2	$ 158
Three months ended September 30, 2025	$ 72	$ 15	$ 4	$ 91

	Oil and Natural Gas	Carbon Management	Corporate and Other	Total
		(in millions)		
Nine months ended September 30, 2026	$ 416	$ 16	$ 6	$ 438
Nine months ended September 30, 2025	$ 165	$ 22	$ 15	$ 202

NOTE 10 STOCKHOLDERS' EQUITY

Share Repurchase Program

Our Board of Directors authorized a Share Repurchase Program to acquire up to $1.78 billion of our common stock through December 31, 2027. The total value of shares that may yet be purchased under the Share Repurchase Program was $570 million as of September 30, 2026. The repurchases may be effected from time-to-time through open market purchases, privately negotiated transactions, Rule 10b5-1 plans, accelerated stock repurchases, derivative contracts or otherwise in compliance with Rule 10b-18, subject to market conditions. The Share Repurchase Program does not obligate us to repurchase any dollar amount or number of shares, and our Board of Directors may modify, suspend or discontinue authorization of the program at any time.

The following table summarizes our share repurchases for the periods presented.

	Total Number of Shares Purchased	Total Value of Shares Purchased	Average Price Paid per Share
	(number of shares)	(in millions)	($ per share)
Three months ended September 30, 2026	559,826	$ 30	$ 53.48
Three months ended September 30, 2025[(a)]	—	$ —	$ —
Nine months ended September 30, 2026	778,545	$ 40	$ 51.30
Nine months ended September 30, 2025	7,787,969	$ 354	$ 45.23

Note: The total value of shares purchased includes accrued excise taxes, which are generally paid in the year following the share repurchase. Commissions paid on share repurchases were not significant in all periods presented.

(a) In the three months ended September 30, 2025, we remitted $34 million in U.S. federal taxes withheld from a June 2025 share repurchase.

Dividends

Our Board of Directors declared the following cash dividends for each of the periods presented.

	Total Dividend	Rate Per Share
	(in millions)	($ per share)
2026		
Three months ended March 31, 2026	$ 36	$ 0.4050
Three months ended June 30, 2026	36	$ 0.4050
Three months ended September 30, 2026	36	$ 0.4050
Nine months ended September 30, 2026	$ 108	
2025		
Three months ended March 31, 2025	$ 35	$ 0.3875
Three months ended June 30, 2025	35	$ 0.3875
Three months ended September 30, 2025	32	$ 0.3875
Nine months ended September 30, 2025	$ 102	

In addition to dividends on our common stock shown in the table above, we paid $2 million of dividend equivalents on equity-settled stock-based compensation awards in the nine months ended September 30, 2026 and $1 million of dividend equivalents in the nine months ended September 30, 2025. Future cash dividends, and the establishment of record and payment dates, are subject to final determination by our Board of Directors each quarter after reviewing our financial performance and position. See *Note 16 Subsequent Events* for information on the recent amendment to our dividend policy and future cash dividends.

NOTE 11 EARNINGS PER SHARE

Basic and diluted earnings per share (EPS) were calculated using the treasury stock method for the three and nine months ended September 30, 2026 and 2025. Our restricted stock unit (RSU) and performance stock unit (PSU) awards are not considered participating securities since the dividend rights on unvested shares are forfeitable.

For basic EPS, the weighted-average number of common shares outstanding excludes shares underlying our equity-settled awards and warrants. For diluted EPS, the basic shares outstanding are adjusted by adding potential common shares, if dilutive.

The following table presents the calculation of basic and diluted EPS, for the three and nine months ended September 30, 2026 and 2025:

	Three months ended September 30,		Nine months ended September 30,	
	2026	2025	2026	2025
	(in millions, except per-share amounts)			
Numerator for Basic and Diluted EPS				
Net (loss) income	$ (315)	$ 64	$ (512)	$ 351
Denominator for Basic EPS				
Weighted-average shares	88.7	83.7	88.7	87.8
Potential common shares, if dilutive:				
Restricted stock units	—	0.4	—	0.3
Performance stock units	—	0.3	—	0.3
Denominator for Diluted EPS				
Weighted-average shares	88.7	84.4	88.7	88.4
EPS				
Basic	$ (3.55)	$ 0.76	$ (5.77)	$ 4.00
Diluted	$ (3.55)	$ 0.76	$ (5.77)	$ 3.97

The following table presents potentially dilutive weighted-average common shares which were excluded from the denominator for EPS in periods of losses:

	Three months ended September 30,		Nine months ended September 30,	
	2026	2025	2026	2025
	(in millions)		(in millions)	
Shares issuable upon settlement of RSUs	1.0	—	1.0	—
Shares issuable upon settlement of PSUs	0.9	—	0.9	—
Total antidilutive shares	1.9	—	1.9	—

NOTE 12 PENSION AND POSTRETIREMENT BENEFIT PLANS

The following table sets forth the components of the net periodic benefit costs for our defined benefit pension and postretirement benefit plans for the three and nine months ended September 30, 2026 and 2025:

	Three months ended September 30, 2026		Three months ended September 30, 2025	
	Pension Benefit	Postretirement Benefit	Pension Benefit	Postretirement Benefit
	(in millions)		(in millions)	
Service cost - benefits earned during the period	$ —	$ 1	$ 1	$ 1
Interest cost on projected benefit obligation	3	1	4	1
Expected return on plan assets	(6)	(1)	(6)	(1)
Settlement gain	(3)	—	—	—
Amortization of net actuarial loss	—	(1)	—	—
Amortization of prior service cost credit	—	(1)	—	(2)
Net periodic benefit costs	$ (6)	$ (1)	$ (1)	$ (1)

	Nine months ended September 30, 2026		Nine months ended September 30, 2025	
	Pension Benefit	Postretirement Benefit	Pension Benefit	Postretirement Benefit
	(in millions)		(in millions)	
Service cost - benefits earned during the period	$ 1	$ 2	$ 1	$ 2
Interest cost on projected benefit obligation	10	3	11	4
Expected return on plan assets	(18)	(3)	(17)	(3)
Settlement (gain) loss	(3)	—	1	—
Amortization of net actuarial loss	—	(1)	—	(1)
Amortization of prior service cost credit	—	(4)	—	(4)
Net periodic benefit costs	$ (10)	$ (3)	$ (4)	$ (2)

Contributions to our pension benefit plans were insignificant during the three months and nine months ended September 30, 2026 and 2025. We do not expect to need to make any contributions to our qualified pension plans to satisfy minimum funding requirements during the remainder of 2026. We expect to contribute an insignificant amount to fund our non-qualified pension benefit distributions during the remainder of 2026.

NOTE 13 SUPPLEMENTAL ACCOUNT BALANCES

Restricted cash — Cash and cash equivalents include restricted cash of $13 million and $15 million at September 30, 2026 and December 31, 2025, respectively. Restricted cash primarily includes funds held in an escrow account established to secure oil field well and infrastructure abandonment and habitat restoration at an oil and gas field previously owned by Aera. The Aera Merger agreement provides that 50% of the amount of released funds exceeding the cumulative abandonment and habitat restoration expenditures from January 1, 2024 onward is payable to the prior owners of Aera. We do not expect this return of excess cash to be significant.

Revenues — We derive most of our revenue from sales of oil, natural gas and natural gas liquids. Our remaining revenue is primarily generated from the sale of electricity and resource adequacy contracts, and to a lesser extent from marketing activities related to storage and managing excess pipeline capacity. The following table provides disaggregated revenue for sales of produced oil, natural gas and natural gas liquids to customers:

	Three months ended September 30,		Nine months ended September 30,	
	2026	2025	2026	2025
	(in millions)		(in millions)	
Oil	$ 929	$ 653	$ 2,758	$ 2,033
Natural gas	26	26	69	73
Natural gas liquids	47	36	136	125
Oil, natural gas and natural gas liquids sales	$ 1,002	$ 715	$ 2,963	$ 2,231

From time-to-time, we enter into transactions with respect to third-party production, which we report as revenue from marketing of purchased commodities on our condensed consolidated statements of operations. Revenues from marketing of purchased commodities primarily result from the storage or transportation of natural gas to take advantage of differences in pricing or location, or marketing oil sales that have resulted from third-party purchases. The following table provides disaggregated revenue for sales to customers related to our marketing activities:

	Three months ended September 30,		Nine months ended September 30,	
	2026	2025	2026	2025
	(in millions)		(in millions)	
Oil	$ 5	$ 20	$ 29	$ 66
Natural gas	34	38	71	106
Natural gas liquids	1	—	7	6
Revenue from marketing of purchased commodities	$ 40	$ 58	$ 107	$ 178

In May 2026, we began capturing CO_2 at our cryogenic gas processing facility and sequestering it at the 26R reservoir. As CO_2 is captured, we accrue revenue for the 45Q credit that we earn under this process in accordance with the requirements of Section 45Q of the Internal Revenue Code of 1986, as amended. Revenue for our carbon management business was insignificant for the three and nine months ended September 30, 2026.

Following completion of the Crimson Acquisition in September 2026, we recognize pipeline transportation revenue as oil is transported, based on the volumes transported during the period and the applicable contractual or tariff rates. Revenue for our midstream pipeline transportation was not material for the three and nine months ended September 30, 2026.

Inventory — Materials and supplies, which primarily consist of well equipment and tubular goods used in our oil and natural gas operations and critical spares related to our cogeneration power plants, are valued at weighted-average cost and are reviewed periodically for obsolescence. Finished goods include produced oil and natural gas liquids in storage, which are valued at the lower of cost or net realizable value. Inventory, by category, is as follows:

	September 30, 2026	December 31, 2025
	(in millions)	
Materials and supplies	$ 103	$ 98
Finished goods	6	8
Inventory	$ 109	$ 106

Other current assets, net — Other current assets, net include the following:

	September 30, 2026	December 31, 2025
	(in millions)	
Net amounts due from joint interest partners[(a)]	$ 56	$ 56
Fair value of commodity derivative contracts	1	187
Prepaid expenses	43	38
Income tax receivable	64	52
Other	17	20
Other current assets, net	$ 181	$ 353

(a) The amounts due from joint interest partners include $1 million and $2 million of allowances for credit losses as of September 30, 2026 and December 31, 2025, respectively.

Other noncurrent assets — Other noncurrent assets include the following:

	September 30, 2026	December 31, 2025
	(in millions)	
Operating lease right-of-use assets	$ 71	$ 83
Deferred financing costs - Revolving Credit Facility	16	20
Emission reduction credits	11	11
Fair value of commodity derivative contracts	20	101
Funded pension	105	97
Postretirement plan	20	19
Other	45	42
Other noncurrent assets	$ 288	$ 373

Accrued liabilities — Accrued liabilities include the following:

	September 30, 2026	December 31, 2025
	(in millions)	
Compensation-related liabilities	$ 117	$ 159
Taxes other than on income	111	105
Asset retirement obligations - current portion	128	120
Interest	24	12
Operating lease liability	14	15
Settlements and premiums due on commodity derivative contracts	71	22
Advanced payments	19	19
Greenhouse gas liability	15	27
Signal Hill offshore platform expense accrual	26	13
Other	60	64
Accrued liabilities	$ 585	$ 556

Other long-term liabilities — Other long-term liabilities include the following:

	September 30, 2026	December 31, 2025
	(in millions)	
Compensation-related liabilities	$ 45	$ 48
Postretirement and pension benefit plans	56	57
Operating lease liability	59	61
Contingent liability[(a)]	127	117
Deferred premiums due on commodity derivative contracts	42	—
Other	24	29
Other long-term liabilities	$ 353	$ 312

(a) See *Note 3 Investment in Unconsolidated Subsidiaries and Related Party Transactions* for information on the contingent liability related to the Carbon TerraVault JV.

Other operating expenses, net — Other operating expenses, net include the following:

	Three months ended September 30,		Nine months ended September 30,	
	2026	2025	2026	2025
	(in millions)		(in millions)	
Carbon management expenses	$ 10	$ 10	$ 22	$ 42
Transaction and integration costs	3	6	7	10
Severance and termination costs	—	—	23	8
Offshore platforms maintenance and abandonment costs	6	5	26	7
Information technology infrastructure	5	6	11	11
Litigation and settlement related expenses[(a)]	—	1	—	26
Environmental remediation and restoration costs	5	—	9	3
Exploration expense	—	—	27	1
All other	14	1	32	19
Other operating expenses, net	$ 43	$ 29	$ 157	$ 127

(a) See *Part I, Item 1 – Financial Statements, Note 5 Lawsuits, Claims, Commitments and Contingencies* for more information on a $25 million payment we made to CalGEM during the nine months ended September 30, 2025.

NOTE 14 SUPPLEMENTAL CASH FLOW INFORMATION

Supplemental disclosures to our condensed consolidated statements of cash flows are presented below:

	Three months ended September 30,		Nine months ended September 30,	
	2026	2025	2026	2025
	(in millions)		(in millions)	
Supplemental cash flow information				
Interest paid, net of amounts capitalized	$ 39	$ 2	$ 56	$ 47
Income taxes paid	$ —	$ 6	$ 16	$ 45
Interest income	$ —	$ 1	$ 1	$ 6
Supplemental disclosure of non-cash investing and financing activities				
Contributions to the Carbon TerraVault JV	$ 1	$ 11	$ 2	$ 26
Issuance of shares for stock-based compensation awards	$ —	$ 2	$ 23	$ 23
Dividend equivalents for stock-based compensation awards	$ —	$ 1	$ 2	$ 2
Excise tax on share repurchases	$ 1	$ —	$ 1	$ 2

NOTE 15 CONDENSED CONSOLIDATING FINANCIAL INFORMATION

We have designated certain of our subsidiaries as Unrestricted Subsidiaries under the 2034 Senior Notes Indenture and the 2035 Senior Notes Indenture. Unrestricted Subsidiaries (as defined in the 2034 Senior Notes Indenture and the 2035 Senior Notes Indenture) are subject to fewer restrictions under the indentures. We are required under the 2034 Senior Notes Indenture and the 2035 Senior Notes Indenture to present the financial condition and results of operations of CRC and its Restricted Subsidiaries (as defined in the 2034 Senior Notes Indenture and the 2035 Senior Notes Indenture) separate from the financial condition and results of operations of its Unrestricted Subsidiaries. The following condensed consolidating balance sheets as of September 30, 2026 and December 31, 2025 and the condensed consolidating statements of operations for the three and nine months ended September 30, 2026 and 2025, as applicable, reflect the condensed consolidating financial information of CRC (Parent), our combined Unrestricted Subsidiaries, our combined Restricted Subsidiaries and the elimination entries necessary to arrive at the information for the Company on a consolidated basis. The financial information may not necessarily be indicative of the financial condition and results of operations had the Unrestricted Subsidiaries operated as independent entities. In 2026, we adjusted the Unrestricted Subsidiaries under the 2034 Senior Notes Indenture. The Unrestricted Subsidiaries and Restricted Subsidiaries for prior periods have not been conformed to the current presentation.

Condensed Consolidating Balance Sheets
As of September 30, 2026 and December 31, 2025

	As of September 30, 2026				
	Parent	Combined Unrestricted Subsidiaries	Combined Restricted Subsidiaries	Eliminations	Consolidated
			(in millions)		
Total current assets	$ 125	$ 31	$ 664	$ —	$ 820
Total property, plant and equipment, net	42	395	5,538	—	5,975
Investments in consolidated subsidiaries	4,869	(60)	2,594	(7,403)	—
Deferred tax asset	134	—	—	—	134
Investment in unconsolidated subsidiaries	—	55	43	—	98
Other assets	37	34	217	—	288
TOTAL ASSETS	$ 5,207	$ 455	$ 9,056	$ (7,403)	$ 7,315
Total current liabilities	184	9	1,429	—	1,622
Long-term debt	1,281	—	—	—	1,281
Fair value of derivative contracts	—	—	140	—	140
Asset retirement obligations	—	—	888	—	888
Other long-term liabilities	104	135	114	—	353
Deferred tax liability	6	—	—	—	6
Amounts due to (from) affiliates	607	57	(664)	—	—
Total equity	3,025	254	7,149	(7,403)	3,025
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 5,207	$ 455	$ 9,056	$ (7,403)	$ 7,315

	As of December 31, 2025				
	Parent	Combined Unrestricted Subsidiaries	Combined Restricted Subsidiaries	Eliminations	Consolidated
			(in millions)		
Total current assets	$ 203	$ 20	$ 715	$ —	$ 938
Total property, plant and equipment, net	27	21	5,857	—	5,905
Investments in consolidated subsidiaries	6,579	(51)	18,099	(24,627)	—
Deferred tax asset	76	—	—	—	76
Investment in unconsolidated subsidiary	—	57	54	—	111
Other assets	22	31	320	—	373
TOTAL ASSETS	$ 6,907	$ 78	$ 25,045	$ (24,627)	$ 7,403
Total current liabilities	180	6	864	—	1,050
Long-term debt	1,283	—	—	—	1,283
Fair value of derivative contracts	—	—	17	—	17
Asset retirement obligations	—	—	913	—	913
Other long-term liabilities	110	130	72	—	312
Amounts due to (from) affiliates	1,508	61	(1,569)	—	—
Deferred tax liability	154	—	—	—	154
Total equity	3,674	(120)	24,747	(24,627)	3,674
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 6,909	$ 77	$ 25,044	$ (24,627)	$ 7,403

Condensed Consolidating Statement of Operations
For the three and nine months ended September 30, 2026 and 2025

	Three months ended September 30, 2026				
	Parent	Combined Unrestricted Subsidiaries	Combined Restricted Subsidiaries	Eliminations	Consolidated
			(in millions)		
Total operating revenues	$ —	$ 51	$ 413	$ (43)	$ 421
Total costs and other	93	41	717	(23)	828
Non-operating (loss) income	(22)	(4)	5	—	(21)
(LOSS) INCOME BEFORE INCOME TAXES	(115)	6	(299)	(20)	(428)
Income tax benefit	113	—	—	—	113
NET (LOSS) INCOME	$ (2)	$ 6	$ (299)	$ (20)	$ (315)

	Three months ended September 30, 2025				
	Parent	Combined Unrestricted Subsidiaries	Combined Restricted Subsidiaries	Eliminations	Consolidated
			(in millions)		
Total operating revenues	$ 1	$ —	$ 875	$ (21)	$ 855
Total costs and other	90	13	672	(19)	756
Loss on asset divestitures	—	—	(1)	—	(1)
Non-operating (loss) income	(22)	(4)	3	—	(23)
(LOSS) INCOME BEFORE INCOME TAXES	(111)	(17)	205	(2)	75
Income tax provision	(11)	—	—	—	(11)
NET (LOSS) INCOME	$ (122)	$ (17)	$ 205	$ (2)	$ 64

	Nine months ended September 30, 2026				
	Parent	Combined Unrestricted Subsidiaries	Combined Restricted Subsidiaries	Eliminations	Consolidated
			(in millions)		
Total operating revenues	$ 3	$ 77	$ 1,878	$ (121)	$ 1,837
Total costs and other	307	127	2,126	(116)	2,444
Non-operating (loss) income	(124)	(12)	13	—	(123)
(LOSS) INCOME BEFORE INCOME TAXES	(428)	(62)	(235)	(5)	(730)
Income tax benefit	218	—	—	—	218
NET (LOSS) INCOME	$ (210)	$ (62)	$ (235)	$ (5)	$ (512)

	Nine months ended September 30, 2025				
	Parent	Combined Unrestricted Subsidiaries	Combined Restricted Subsidiaries	Eliminations	Consolidated
			(in millions)		
Total operating revenues	$ 6	$ —	$ 2,800	$ (61)	$ 2,745
Total costs and other	265	47	1,940	(59)	2,193
Loss on asset divestitures	—	—	(1)	—	(1)
Non-operating (loss) income	(70)	(11)	9	—	(72)
(LOSS) INCOME BEFORE INCOME TAXES	(329)	(58)	868	(2)	479
Income tax provision	(128)	—	—	—	(128)
NET (LOSS) INCOME	$ (457)	$ (58)	$ 868	$ (2)	$ 351

NOTE 16 SUBSEQUENT EVENTS

Dividend

On November 2, 2026, our Board of Directors amended our cash dividend policy to increase the anticipated total annual dividend by approximately 4% to $1.68, payable to shareholders in quarterly increments of $0.42 per share of common stock. The actual declaration of future cash dividends, and the establishment of record and payment dates, are subject to final determination by our Board of Directors each quarter after reviewing our financial performance and position.

On November 2, 2026, our Board of Directors declared a quarterly cash dividend of $0.42 per share of common stock. The dividend is payable to shareholders of record at the close of business on December 4, 2026 and is expected to be paid on December 18, 2026.

Tenth Amendment to Revolving Credit Facility

In October 2026, we entered into the tenth amendment to our Revolving Credit Facility to, among other things, extend the maturity date to March 2030, increase the elected commitments of our lenders to $1.47 billion, re-affirm our borrowing base at $1.5 billion, and implement certain other technical amendments.

Item 2 Management's Discussion and Analysis of Financial Condition and Results of Operations

General

We are an independent energy and carbon management company advancing the 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 carbon capture and storage (CCS) and other emissions-reducing projects.

Except when the context otherwise requires or where otherwise indicated, all references to ''CRC,'' the ''Company,'' ''we,'' ''us'' and ''our'' refer to California Resources Corporation and its consolidated subsidiaries as of the date presented.

Recent Developments

Uinta Basin Divestiture

In September 2026, we entered into an agreement to sell our Uinta basin assets for cash consideration of approximately $90 million, subject to customary purchase price adjustments (Uinta Basin Divestiture). The Uinta basin assets were acquired as part of the Berry Merger and make up our only material assets outside of California. The transaction has an effective date of July 1, 2026. Closing is expected in the fourth quarter of 2026, subject to the receipt of certain third-party consents and satisfaction of other customary closing conditions.

Crimson Acquisition

On September 1, 2026, we completed the Crimson Acquisition for a payment of $70 million, which included $7 million of preliminary purchase price adjustments. The final purchase price remains subject to certain adjustments. Crimson owns various onshore midstream assets in California, including the SoCal Pipeline System and San Pablo Bay Pipeline. We believe this transaction enhances our ability to efficiently transport California-produced crude oil to higher-value markets, while increasing operational flexibility and flow assurance across our portfolio.

Business Environment and Industry Outlook

Commodity Prices

Our operating results, and those of the oil and natural gas industry, are heavily influenced by commodity prices. Oil and natural gas prices and differentials can fluctuate significantly due to various market-related factors, making it challenging to predict realized prices reliably. We may respond to changing economic conditions by adjusting the amount and allocation of our capital program or by pursuing additional cost reductions. Significant changes in oil and natural gas prices may also affect the quantities of reserves that we can economically produce over the longer term.

Global oil prices were volatile during the first nine months of 2026. Oil prices decreased slightly during the third quarter of 2026 as Middle East exports increased and hopes for a permanent ceasefire developed but ultimately faltered. Prices increased toward the end of the third quarter as renewed military strikes on energy infrastructure in the Middle East heightened concerns about oil supply disruptions. We expect oil prices to remain volatile as these geopolitical circumstances continue to evolve. Refer to *Results of Our Oil and Natural Gas Operations, Production, Prices and Realizations* below for information on our realized prices.

The following table presents the average daily benchmark prices for oil and natural gas during the periods presented:

	Three months ended		Nine months ended	
	September 30, 2026	June 30, 2026	September 30, 2026	September 30, 2025
Brent oil ($/Bbl)	$ 91.36	$ 96.87	$ 88.71	$ 69.94
WTI oil ($/Bbl)	$ 85.79	$ 92.79	$ 83.50	$ 66.70
NYMEX Henry Hub ($/MMBtu)	$ 2.96	$ 2.90	$ 3.63	$ 3.39

Supply Chain and Inflation

We continued to experience relatively flat pricing from our suppliers during the first nine months of 2026 compared to the prior year. However, high fuel costs are adversely impacting transportation and equipment prices, and high oil prices are impacting oil-based products such as chemicals and lubricants. We expect these prices to impact our full year 2026 costs by approximately $10 million. We also expect higher energy prices to continue to affect our results in 2027.

Marketing Arrangements

In May 2026, we were informed by a pipeline operator that the volume of crude oil we were allowed to transport on a pipeline segment was being pro-rated along with other shippers due to capacity constraints. During the three months ended September 30, 2026, we continued to experience a reduction in available capacity on this pipeline segment. We used alternative routes to transport affected production to market, which resulted in lower realizations and higher transportation costs. In addition, our crude oil inventory was reduced to normal operating levels following an inventory build in the preceding three-month period.

In August 2026, we filed a complaint with the California Public Utilities Commission (CPUC) disputing the ability of the pipeline operator to pro-rate our nominations under the applicable tariff. We cannot predict the timing or outcome of this proceeding. Until this matter is resolved or additional transportation capacity becomes available, we expect reduced capacity on this pipeline segment to continue to negatively impact our realizations and transportation costs.

In the first six months of 2026, two counterparties made force majeure claims that continued to affect pricing and offtake commitments during the three months ended September 30, 2026. In October 2026, we settled our dispute with one of these counterparties with an effective date of September 1, 2026. We do not expect this settlement to materially affect our future price realizations or volumes sold. We continue to dispute the validity of the force majeure claim made by the other counterparty and expect to submit the dispute to arbitration later this year. We cannot predict the timing or outcome of any such arbitration.

Regulatory Updates

Carbon TerraVault I CEQA Litigation

On November 2, 2026, the Kern County Superior Court issued a ruling in litigation brought by a coalition of community and environmental organizations. The litigation challenges Kern County's certification of the revised environmental impact report (REIR) prepared under CEQA for our Carbon TerraVault I CCS project at our Elk Hills field, and the County's related approval of the project. The court granted the petition and directed the County to set aside its certification of the REIR and its approval of the project, and to refrain from taking further action to implement the project until a new EIR has been prepared and considered. This REIR underlies our CTV I project and impacts the CEQA analysis for the potential CalCapture project. However, we are developing multiple other CTV projects that do not rely on this REIR.

The ruling is not yet final and remains subject to further proceedings, and its impact on the existing operations at CTV I is uncertain. We intend to aggressively pursue legal actions to protect and advance our CTV I project; however, we can provide no assurances that we will be successful in these efforts. We do not expect the ruling to have a material impact on our results of operations or financial condition.

Regulatory Activity

On October 8, 2026, the Kern County Superior Court issued a tentative ruling in litigation brought by our subsidiary, Aera Energy LLC, together with other industry participants, challenging CalGEM's denial of certain well stimulation treatment permit applications and its subsequent 2024 rule prohibiting the approval of such permits. The tentative ruling would set aside the challenged permit denials as arbitrary and unsupported, annul the 2024 rule, and remands the denied applications to CalGEM for formal review. The ruling is not a final judgment and remains subject to further proceedings and potential appeal, and we cannot predict the outcome of the matter or its ultimate impact on our operations.

Senate Bill 614 (Carbon Dioxide Pipeline Regulation)

Effective on July 1, 2026, the Office of the State Fire Marshal (OSFM) adopted emergency regulations governing the safe transportation of carbon dioxide in intrastate pipelines pursuant to SB 614. The adoption of these regulations lifted the prior statewide moratorium on the construction and operation of new carbon dioxide pipelines used to transport carbon dioxide to or from carbon capture, removal or sequestration projects, subject to pipeline operators demonstrating compliance with the OSFM standards. Although SB 614 and the new OSFM emergency rules impose significant requirements on new carbon dioxide pipelines, it is still expected to make possible the development of projects that rely on transportation of carbon dioxide from a remote emission source to a sequestration facility.

CCS Project Permitting

As of September 30, 2026, we have nine Class VI UIC permit applications related to our carbon management segment pending with the EPA at various stages of the permitting process. We currently expect the EPA to issue draft permits for certain of these projects by year-end 2026; however, the timing remains uncertain, and we cannot provide assurances as to if or when the permits will be issued.

Statements of Operations Analysis

Our consolidated results of operations include the results of Crimson beginning September 1, 2026, the closing date of the Crimson Acquisition. Our consolidated results of operations include the results of Berry beginning on December 18, 2025, the closing date of the Berry Merger. For more information on the Crimson Acquisition and the Berry Merger, see *Part I, Item 1 – Financial Statements, Note 2 Business Combinations*. The Berry Merger significantly affected the comparability of our financial results for the three and nine months ended September 30, 2026 as compared to the prior-year comparative periods.

Consolidated Results of Operations

Three months ended September 30, 2026 compared to June 30, 2026

The following table presents our consolidated operating revenues for the periods indicated:

	Three months ended	
	September 30, 2026	June 30, 2026
	(in millions)	
Oil, natural gas and natural gas liquids sales	$ 1,002	$ 1,056
Net (loss) gain from commodity sales derivatives	(675)	205
Revenue from marketing of purchased commodities	40	26
Electricity revenue	46	6
Other revenue	8	4
Total operating revenues	$ 421	$ 1,297

Oil, natural gas and natural gas liquids sales — Oil, natural gas and natural gas liquids sales, excluding the effects of cash settlements on our commodity derivative contracts, were $1,002 million for the three months ended September 30, 2026, which was a decrease of $54 million compared to $1,056 million for the three months ended June 30, 2026.

The following table shows changes in oil, natural gas and natural gas liquids sales for the three months ended September 30, 2026 compared to the three months ended June 30, 2026:

	Oil	NGLs	Natural Gas	Total Operations
		(in millions)		
Three months ended June 30, 2026	$ 995	$ 47	$ 14	$ 1,056
Changes in realized prices	(88)	(1)	18	(71)
Changes in production and other	22	1	3	26
Changes in intersegment revenues	—	—	(9)	(9)
Three months ended September 30, 2026	$ 929	$ 47	$ 26	$ 1,002

Note: See *Production* for volumes by commodity type and *Prices and Realizations* for index and realized prices for comparative periods.

Net (loss) gain from commodity sales derivatives — We report gains and losses on our derivative contracts related to sales of our oil and marketing activities in operating revenues. Net loss from commodity sales derivatives was $675 million for the three months ended September 30, 2026 compared to a net gain of $205 million for the three months ended June 30, 2026. The change primarily resulted from the non-cash changes in the fair value of our outstanding commodity derivatives from the positions held at the end of each measurement period. Oil prices significantly increased as of September 30, 2026 compared to June 30, 2026. For instance, the Brent forward curve for the twelve months following September 30, 2026 increased by approximately 23% to $88.39 compared to $71.96 at June 30, 2026. As of September 30, 2026, we have hedges on approximately 65% of our expected oil production for the remainder of 2026 at a weighted average floor price of $64.80.

	Three months ended	
	September 30, 2026	June 30, 2026
	(in millions)	
Non-cash (loss) gain from commodity sales derivatives	$ (554)	$ 370
Net settlements and premiums	(121)	(165)
Net (loss) gain from commodity sales derivatives	$ (675)	$ 205

Revenue from marketing of purchased commodities — Revenue from marketing of purchased commodities was $40 million for the three months ended September 30, 2026 compared to $26 million for the three months ended June 30, 2026. The increase was mainly related to higher natural gas prices in the three months ended September 30, 2026 compared to the three months ended June 30, 2026.

Electricity revenue — Electricity revenue was $46 million for the three months ended September 30, 2026 compared to $6 million for the three months ended June 30, 2026. The increase was primarily due to higher prices for resource adequacy revenue and sales from electricity delivered to the wholesale market as we ran the Elk Hills power plant at a higher operational capacity in the three months ended September 30, 2026 compared to the three months ended June 30, 2026.

The following table presents our consolidated operating and non-operating expenses and income for the three months ended September 30, 2026 and June 30, 2026.

	Three months ended	
	September 30, 2026	June 30, 2026
	(in millions)	
Operating expenses		
Operating costs	$ 386	$ 347
General and administrative expenses	89	97
Depreciation, depletion and amortization	137	131
Taxes other than on income	81	66
Costs related to marketing of purchased commodities	25	15
Electricity generation expenses	11	10
Transportation costs	31	30
Accretion expense	26	27
Net (gain) loss from natural gas purchase derivatives	(1)	5
Measurement period adjustments, net	—	(2)
Other operating expenses, net	43	60
Total operating expenses	828	786
Operating (loss) income	(407)	511
Non-operating income (expenses)		
Interest and debt expense, net	(26)	(28)
Loss on early extinguishment of debt	—	(28)
Equity loss from unconsolidated subsidiaries	(1)	(2)
Other non-operating income, net	6	5
(Loss) income before income taxes	(428)	458
Income tax benefit	113	56
Net (loss) income	$ (315)	$ 514

Operating costs — The following table presents our operating costs for the three months ended September 30, 2026 and June 30, 2026:

	Three months ended	
	September 30, 2026	June 30, 2026
	(in millions)	
Energy operating costs	$ 123	$ 87
Gas processing costs	6	6
Non-energy operating costs	257	254
Operating costs	$ 386	$ 347

Energy operating costs include costs associated with (i) purchased natural gas used to generate electricity and steam for our operations, (ii) purchased electricity and (iii) the internal generation of electricity used in our operations. Gas processing costs include costs associated with compression, maintenance and other activities needed to run our gas processing facilities at Elk Hills. Non-energy operating costs equal total operating costs less energy operating costs and gas processing costs.

Energy operating costs — Energy operating costs for the three months ended September 30, 2026 were $123 million, which was an increase of $36 million from $87 million for the three months ended June 30, 2026. This increase was primarily due to higher prices for natural gas purchased and used in our steamflood operations.

Non-energy operating costs — Non-energy operating costs for the three months ended September 30, 2026 were $257 million, which was an increase of $3 million from $254 million for the three months ended June 30, 2026 primarily due to higher workover activity, partially offset by lower downhole maintenance activity.

General and administrative expenses — General and administrative (G&A) expenses were $89 million for the three months ended September 30, 2026 compared to $97 million for the three months ended June 30, 2026. The decrease primarily resulted from lower legal and corporate expenses in the three months ended September 30, 2026.

Taxes other than on income — Taxes other than on income were $81 million for the three months ended September 30, 2026 compared to $66 million for the three months ended June 30, 2026. Greenhouse gas expense increased for the three months ended September 30, 2026 due to running the Elk Hills power plant at a higher operational capacity and higher market prices for purchased allowances.

Costs related to marketing of purchased commodities — Costs related to marketing of purchased commodities for the three months ended September 30, 2026 were $25 million, which is an increase of $10 million from $15 million for the three months ended June 30, 2026. The increase in the three months ended September 30, 2026 was due to higher purchased gas prices, partially offset by lower volume activity.

Other operating expenses, net — Other operating expenses, net decreased $17 million to $43 million for the three months ended September 30, 2026 compared to $60 million for the three months ended June 30, 2026. For the three months ended September 30, 2026 and June 30, 2026, other operating expenses, net include the following:

	Three months ended	
	September 30, 2026	**June 30, 2026**
	(in millions)	
Carbon management expenses	$ 10	$ 7
Transaction and integration costs	3	1
Offshore platforms maintenance and abandonment costs	6	10
Information technology infrastructure	5	4
Exploration expense	—	27
All other	19	11
Total other operating expenses, net	$ 43	$ 60

Income taxes – We recorded an income tax benefit of $113 million on $428 million of loss before taxes for the three months ended September 30, 2026, representing an effective tax rate of 26%. We recorded an income tax benefit of $56 million on $458 million of income before taxes for the three months ended June 30, 2026, representing an effective tax rate of (12)% for the period. The tax rate for the three months ended June 30, 2026 reflects a true-up to the annual effective tax rate of 6% from the prior quarter as a result of an increase in the full year projected pre-tax loss and the benefit of income tax credits such as the marginal well credit. The projected full year pre-tax loss is largely due to the effect of the derivative losses. See *Part I, Item 1 – Financial Statements, Note 7 Income Taxes*.

Nine months ended September 30, 2026 compared to September 30, 2025

The following table presents our consolidated operating revenues for the periods indicated:

	Nine months ended	
	September 30, 2026	September 30, 2025
	(in millions)	
Oil, natural gas and natural gas liquids sales	$ 2,963	$ 2,231
Net (loss) gain from commodity derivatives	(1,318)	140
Revenue from marketing of purchased commodities	107	178
Electricity revenue	63	181
Other revenue	22	15
Total operating revenues	$ 1,837	$ 2,745

Oil, natural gas and natural gas liquids sales — Oil, natural gas and natural gas liquids sales, excluding the effects of cash settlements on our commodity derivative contracts, were $2,963 million for the nine months ended September 30, 2026, which was an increase of $732 million compared to $2,231 million for the nine months ended September 30, 2025.

The following table shows changes in oil, natural gas and natural gas liquids sales for the nine months ended September 30, 2026 compared to the nine months ended September 30, 2025.

	Oil	NGLs	Natural Gas	Total Operations
		(in millions)		
Nine months ended September 30, 2025	$ 2,033	$ 125	$ 73	$ 2,231
Changes in realized prices	439	4	(13)	430
Changes in production and other [(a)]	286	7	1	294
Changes in intersegment revenues	—	—	8	8
Nine months ended September 30, 2026	$ 2,758	$ 136	$ 69	$ 2,963

Note: See *Production* for volumes by commodity type and *Prices and Realizations* for index and realized prices for comparative periods.

(a) The increase in production primarily relates to the addition of the Berry fields on December 18, 2025. See *Part I, Item 1 – Financial Statements, Note 2 Business Combinations* for additional information.

Net (loss) gain from commodity derivatives – We report gains and losses on our derivative contracts related to sales of our produced oil and marketing activities in operating revenue. Net loss from commodity derivatives was $1,318 million for the nine months ended September 30, 2026 compared to a net gain of $140 million for the nine months ended September 30, 2025. The change primarily resulted from payments to settle commodity derivative contracts and the non-cash changes in the fair value of our outstanding commodity derivatives from the positions held at the end of each measurement period. Gains and losses from our commodity derivative contracts are shown in the table below:

	Nine months ended	
	September 30, 2026	September 30, 2025
	(in millions)	
Non-cash (loss) gain from commodity sales derivatives	$ (976)	$ 130
Net settlements and premiums	(342)	10
Net (loss) gain from commodity sales derivatives	$ (1,318)	$ 140

Revenue from marketing of purchased commodities — Revenue from marketing of purchased commodities was $107 million for the nine months ended September 30, 2026, which was a decrease of $71 million from $178 million during the nine months ended September 30, 2025. The decrease was primarily the result of lower natural gas prices and volumes in 2026 compared to 2025. Additionally, we had lower crude oil volumes purchased and used for blending in the nine months ended September 30, 2026 compared to 2025.

Electricity revenue — Electricity revenue decreased to $63 million for the nine months ended September 30, 2026 compared to $181 million for the nine months ended September 30, 2025. This decrease was primarily a result of lower pricing from resource adequacy contracts in 2026 compared to the prior year period.

The following table presents our consolidated operating and non-operating expenses and income for the nine months ended September 30, 2026 and September 30, 2025.

	Nine months ended	
	September 30, 2026	September 30, 2025
	(in millions)	
Operating expenses		
Operating costs	$ 1,098	$ 927
General and administrative expenses	292	238
Depreciation, depletion and amortization	401	382
Asset impairment	—	2
Taxes other than on income	214	187
Costs related to marketing of purchased commodities	63	135
Electricity generation expenses	26	26
Transportation costs	87	59
Accretion expense	80	85
Net loss on natural gas purchase derivatives	28	24
Measurement period adjustments, net	(2)	1
Other operating expenses, net	157	127
Total operating expenses	2,444	2,193
Loss on asset divestitures	—	(1)
Operating (loss) income	(607)	551
Non-operating (expenses) income		
Interest and debt expense, net	(83)	(77)
Loss on early extinguishment of debt	(49)	(1)
Loss from investment in unconsolidated subsidiaries	(5)	(3)
Other non-operating income (expenses), net	14	9
(Loss) income before income taxes	(730)	479
Income tax benefit (provision)	218	(128)
Net (loss) income	$ (512)	$ 351

Operating costs — The following table presents our operating costs for the nine months ended September 30, 2026 and September 30, 2025.

	Nine months ended	
	September 30, 2026	September 30, 2025
	(in millions)	
Energy operating costs	$ 320	$ 273
Gas processing costs	17	15
Non-energy operating costs	761	639
Operating costs	$ 1,098	$ 927

Energy operating costs — Energy operating costs for the nine months ended September 30, 2026 were $320 million, which was an increase of $47 million from $273 million for the nine months ended September 30, 2025. The increase is primarily related to the addition of the Berry fields for the full nine months of 2026 compared to the same prior year period. Excluding Berry, energy operating costs decreased due to lower prices of natural gas purchased and used in our steamflood operations for the nine months ended September 30, 2026.

Non-energy operating costs — Non-energy operating costs for the nine months ended September 30, 2026 were $761 million, which was an increase of $122 million from $639 million for the nine months ended September 30, 2025. The increase is primarily related to the operation of the Berry fields for the full nine months of 2026 compared to the same prior year period. In addition, we had higher downhole maintenance activity and compensation-related expenses during the nine months ended September 30, 2026 compared to the same prior year period. These increases were partially offset by a decrease in workover activity and lower surface operations maintenance activity.

General and administrative expenses — General and administrative (G&A) expenses were $292 million for the nine months ended September 30, 2026 compared to $238 million for the nine months ended September 30, 2025, which was an increase of $54 million. The increase was primarily due to additional compensation-related expense and other corporate expenses resulting from the Berry Merger. We also had higher legal costs in the nine months ended September 30, 2026 compared to the same prior year period.

Depreciation, depletion and amortization — Depreciation, depletion and amortization for the nine months ended September 30, 2026 was $401 million compared to $382 million during the nine months ended September 30, 2025. The increase was the result of a higher carrying value for our property, plant and equipment and higher production volumes as a result of the Berry Merger.

Taxes other than on income — Taxes other than on income for the nine months ended September 30, 2026 were $214 million, which is an increase of $27 million from $187 million for the nine months ended September 30, 2025. This increase was a result of higher greenhouse gas expense, production taxes and ad valorem taxes related to the Berry assets following the completion of the Berry Merger.

Costs related to marketing of purchased commodities — Costs related to marketing of purchased commodities were $63 million for the nine months ended September 30, 2026, which was a decrease of $72 million from $135 million for the nine months ended September 30, 2025. The decrease primarily related to lower natural gas prices and lower crude oil volumes purchased for blending in the nine months ended September 30, 2026 compared to 2025.

Transportation costs — Transportation costs for the nine months ended September 30, 2026 were $87 million which was an increase of $28 million from $59 million for the nine months ended September 30, 2025. The increase in transportation costs was primarily a result of additional trucking costs due to constraints from pipeline closures and a dispute with a pipeline operator. See *Marketing Arrangements* above for more information on the dispute with a pipeline operator. In addition, transportation costs increased in 2026 as a result of incremental production related to the Berry Merger.

Other operating expenses, net — Other operating expenses, net increased $30 million to $157 million for the nine months ended September 30, 2026 compared to $127 million for the nine months ended September 30, 2025.

For the nine months ended September 30, 2026 and 2025, other operating expenses, net include the following:

	Nine months ended	
	September 30, 2026	September 30, 2025
	(in millions)	
Carbon management expenses[(a)]	$ 22	$ 42
Transaction and integration costs	7	10
Severance and termination costs	23	8
Litigation and settlement related expenses[(b)]	—	26
Offshore platforms maintenance and abandonment costs	26	7
Information technology infrastructure	11	11
Environmental remediation and restoration costs	9	3
Exploration expense	27	1
All other	32	19
Other operating expenses, net	$ 157	$ 127

(a) See *Results of our Carbon Management Segment* below for more information on our carbon management expenses for the periods presented.
(b) See *Part I, Item 1 – Financial Statements, Note 5 Lawsuits, Claims, Commitments and Contingencies* for more information on a $25 million payment we made to CalGEM during the nine months ended September 30, 2025.

Loss on early extinguishment of debt – Loss on early extinguishment of debt was $49 million for the nine months ended September 30, 2026, which included $40 million of premiums paid and $9 million of write-offs of unamortized debt issuance costs net of unamortized premium. Loss on early extinguishment of debt was $1 million for the nine months ended September 30, 2025 for the write-off of unamortized debt issuance costs.

Income taxes – The income tax benefit for the nine months ended September 30, 2026 was $218 million (representing an effective tax rate of 30%), compared to a provision of $128 million (representing an effective tax rate of 27%) for the nine months ended September 30, 2025. See *Part I, Item 1 – Financial Statements, Note 7 Income Taxes* for additional information on our income taxes.

For financial information related to our subsidiaries designated as Unrestricted Subsidiaries under the 2034 Senior Notes Indenture and 2035 Senior Notes Indenture, see *Part I, Item 1 – Financial Statements, Note 15 Condensed Consolidating Financial Information.*

Results of Our Oil and Natural Gas Operations

The following table includes financial results and key operating data for our oil and natural gas segment for the periods presented.

	Three months ended		Nine months ended	
	September 30, 2026	June 30, 2026	September 30, 2026	September 30, 2025
	(in millions, except as otherwise stated)			
Production and oil and natural gas segment financial data				
Net production sold (MBoe/d)	152	149	152	138
Total operating revenues	$ 1,017	$ 1,063	$ 3,000	$ 2,272
Segment profit	$ 360	$ 427	$ 1,071	$ 642
Items affecting comparability:				
Net loss on asset divestitures[a]	$ —	$ —	$ —	$ (1)
Key operating expenses per Boe				
Operating costs	$ 28.09	$ 25.91	$ 26.94	$ 25.11
Operating costs, after hedges on purchased natural gas	$ 28.96	$ 27.80	$ 28.15	$ 25.68
General and administrative expenses[b]	$ 0.93	$ 1.33	$ 1.30	$ 0.80
Depreciation, depletion and amortization[c]	$ 9.15	$ 9.08	$ 9.15	$ 9.68
Taxes other than on income	$ 5.07	$ 4.28	$ 4.56	$ 4.16

(a) Net loss on asset divestitures for the nine months ended September 30, 2025 related to the sale of oil and gas assets located in Ventura.
(b) Includes general and administrative expenses allocated to our oil and natural gas segment.
(c) Excludes depreciation, depletion and amortization related to our corporate assets and our Elk Hills power plant.

Production, Prices, and Realizations

Net Production Sold

The following table presents our net production sold per day in each of the basins in which we operate for the periods presented. The amounts in the production table below include volumes produced from operated and non-operated fields for each of the periods presented.

	Three months ended		Nine months ended	
	September 30, 2026	June 30, 2026	September 30, 2026	September 30, 2025
Oil (MBbl/d)				
San Joaquin Basin	93	93	94	83
Los Angeles Basin	16	15	16	17
Uinta Basin[(a)]	2	3	3	—
Other Basins	10	9	9	9
Total	121	120	122	109
NGLs (MBbl/d)				
San Joaquin Basin	10	10	10	10
Other Basins	1	—	—	—
Total	11	10	10	10
Natural gas (MMcf/d)				
San Joaquin Basin	101	93	96	100
Los Angeles Basin	1	1	1	1
Sacramento Basin	10	10	10	12
Uinta Basin[(a)]	9	9	9	—
Other Basins	2	2	2	2
Total	123	115	118	115
Total Net Production Sold (MBoe/d)	152	149	152	138

(a) Production volumes from our Uinta basin assets are included in our net production sold until the closing of the Uinta Basin Divestiture. Refer to *Part I, Item 1 – Financial Statements, Note 8 Assets Held for Sale* for more information.

Total average net production sold increased by 3 MBoe/d to 152 MBoe/d for the three months ended September 30, 2026 compared to 149 MBoe/d for the three months ended June 30, 2026. The increase was primarily a result of the sale of our crude oil inventory accumulated during the prior quarter and drilling and workover activity, partially offset by natural decline. Additionally, our production-sharing contracts (PSCs), which are described below, positively impacted our net oil production by 1 MBoe/d in the three months ended September 30, 2026 compared to the three months ended June 30, 2026.

Total average net production sold increased to 152 MBoe/d for the nine months ended September 30, 2026 compared to 138 MBoe/d for the nine months ended September 30, 2025. The increase included 21 MBoe/d related to the addition of the Berry properties. Excluding the impact of Berry production, our production decreased as a result of natural production decline, partially offset by increased production from drilling and workover activity. Our PSCs, which are described below, negatively impacted our net oil production by 1 MBoe/d in the nine months ended September 30, 2026 compared to the nine months ended September 30, 2025.

Production-Sharing Contracts

Our share of production and reserves from operations in the Wilmington field in the Los Angeles basin is subject to contractual arrangements similar to production-sharing contracts that are in effect through the economic life of the assets. Under such contracts we are obligated to fund all capital and operating costs. We record a share of production and reserves to recover a portion of such capital and operating costs and an additional share for profit. Our portion of the production represents volumes: (i) to recover certain capital and operating costs that we incur, (ii) for our share of contractually defined base production where applicable, and (iii) for our share of remaining production thereafter. We generate returns through our defined share of production from (ii) and (iii) above. These contracts do not transfer any right of ownership to us and reserves reported from these arrangements are based on our economic interest as defined in the contracts. Our share of production and reserves from these contracts decreases when product prices rise and increases when prices decline, assuming comparable capital investment and operating costs. However, our net economic benefit is greater when product prices are higher.

The reporting of our PSCs creates a difference between reported operating costs, which are for the full field, and reported volumes, which are only our net share, inflating the per barrel operating costs. For further information on our production-sharing contracts, see *Part I, Item 1 & 2 Business and Properties, Oil and Natural Gas Segment, Production, Price and Cost History* in our 2025 Annual Report.

Prices and Realizations

The following table sets forth the average realized prices and price realizations (as a percentage of average Brent, WTI and NYMEX Henry Hub, as applicable) for the commodities we sell in the periods presented:

	Three months ended			
	September 30, 2026		June 30, 2026	
	Price	Realization	Price	Realization
Oil ($ per Bbl)				
Brent	$ 91.36		$ 96.87	
Realized price without derivative settlements	$ 83.42	91%	$ 91.55	95%
Derivative settlements	(10.96)		(15.12)	
Realized price with derivative settlements	$ 72.46	79%	$ 76.43	79%
WTI	$ 85.79		$ 92.79	
Realized price without derivative settlements	$ 83.42	97%	$ 91.55	99%
Realized price with derivative settlements	$ 72.46	84%	$ 76.43	82%
Natural Gas Liquids ($ per Bbl)				
Realized price (% of Brent)	$ 48.57	53%	$ 49.62	51%
Realized price (% of WTI)	$ 48.57	57%	$ 49.62	53%
Natural gas				
NYMEX Henry Hub ($/MMBtu)	$ 2.96		$ 2.90	
Realized price ($/Mcf)	$ 3.52	119%	$ 1.84	63%

	Nine months ended			
	September 30, 2026		September 30, 2025	
	Price	Realization	Price	Realization
Oil ($ per Bbl)				
Brent	$ 88.71		$ 69.94	
Realized price without derivative settlements	$ 83.08	94%	$ 68.34	98%
Derivative settlements	(10.32)		0.27	
Realized price with derivative settlements	$ 72.76	82%	$ 68.61	98%
WTI	$ 83.50		$ 66.70	
Realized price without derivative settlements	$ 83.08	99%	$ 68.34	102%
Realized price with derivative settlements	$ 72.76	87%	$ 68.61	103%
Natural Gas Liquids ($ per Bbl)				
Realized price (% of Brent)	$ 47.70	54%	$ 46.10	66%
Realized price (% of WTI)	$ 47.70	57%	$ 46.10	69%
Natural gas				
NYMEX Henry Hub ($/MMBtu)	$ 3.63		$ 3.39	
Realized price ($/Mcf)	$ 2.99	82%	$ 3.46	102%

Oil — Brent crude oil prices for the three and nine months ended September 30, 2026 were volatile as a result of the conflict in the Middle East, the conflict between Russia and Ukraine, and the potential for cessation of hostilities or, alternatively, escalation in each. Our oil realizations for the three and nine months ended September 30, 2026 were negatively impacted by a dispute with a pipeline operator and certain counterparty force majeure claims. See *Marketing Arrangements* above for more information.

NGLs — Realized prices on natural gas liquids during the three months ended September 30, 2026 decreased compared to the three months ended June 30, 2026 due to seasonal demand. Prices for natural gas liquids during the nine months ended September 30, 2026 were higher than the prior year although liquids prices failed to keep pace with crude oil prices. California NGLs maintained a premium to the broader North American NGL market.

Natural Gas — North American natural gas prices for the three months ended September 30, 2026 were slightly higher compared to the three months ended June 30, 2026 due to strong seasonal demand. Our prices for the three months ended September 30, 2026 rebounded sharply as the west and southwest experienced warmer-than-normal temperatures and take-away capacity in key production regions provided out-of-state gas supplies with alternative markets to California.

Natural gas prices increased for the nine months ended September 30, 2026 compared to the nine months ended September 30, 2025 as stronger winter and summer demand outpaced materially larger natural gas production. Our realized natural gas prices for the nine months ended September 30, 2026 were lower compared to the prior year as abundant out-of-state production and elevated storage inventory levels impacted prices.

Results of Our Carbon Management Segment

Our carbon management segment, which we refer to as Carbon TerraVault, is engaged in the operation and development of CCS projects. We completed construction of our first carbon capture project at our cryogenic gas processing facility and achieved our first injection during the second quarter of 2026. We expect that our Carbon TerraVault business will develop other CCS projects using CO_2 captured from industrial, power, agriculture and other emissions sources into subsurface reservoirs and permanently store CO_2 deep underground. We may also participate in the ownership and development of projects that are the source of these CO_2 emissions. We define carbon management expenses to be our direct operating costs to run our carbon management segment.

The following table includes results for our carbon management segment for the periods presented.

	Three months ended		Nine months ended	
	September 30, 2026	June 30, 2026	September 30, 2026	September 30, 2025
	(in millions)		(in millions)	
Segment operating revenues	$ 2	$ 1	$ 3	$ —
Segment loss	$ (14)	$ (13)	$ (39)	$ (66)
Carbon management expenses	$ 10	$ 7	$ 22	$ 42
Segment general and administrative expenses	$ —	$ 2	$ 5	$ 10
Loss from investment in the Carbon TerraVault JV	$ 1	$ 2	$ 4	$ 4

Carbon management expenses were slightly higher for the three months ended September 30, 2026 compared to the three months ended June 30, 2026 as a result of higher easement costs.

Carbon management expenses decreased for the nine months ended September 30, 2026 compared to the nine months ended September 30, 2025 as a result of lower easement costs, compensation-related costs and preliminary development expenses.

Liquidity and Capital Resources

Liquidity

Our primary sources of liquidity and capital resources are cash flows from operations, available cash and cash equivalents, proceeds from the 2034 Senior Notes and 2035 Senior Notes and available borrowing capacity under our Revolving Credit Facility. We consider our low leverage and ability to control costs to be a core strength and strategic advantage, which we are focused on maintaining. Our primary uses of operating cash flow for the three and nine months ended September 30, 2026 were for capital investments, payment of dividends, repurchases of our common stock and costs related to the redemption of our 8.250% senior unsecured notes due 2029 (2029 Senior Notes).

The following table summarizes our liquidity:

	September 30, 2026
	(in millions)
Available cash and cash equivalents[(a)]	$ 35
Revolving Credit Facility:	
Borrowing capacity	$ 1,460
Outstanding letters of credit	(180)
Availability	$ 1,280
Liquidity	$ 1,315

(a) Excludes restricted cash of $13 million.

We regularly review our financial position and evaluate whether to (i) adjust our drilling program, (ii) return available cash to shareholders through dividends or share repurchases to the extent permitted under our Revolving Credit Facility, our 7.000% senior notes due 2034 (2034 Senior Notes), and our 7.250% senior notes due 2035 (2035 Senior Notes), (iii) reduce outstanding indebtedness, (iv) advance carbon management activities, or (v) maintain cash and cash equivalents on our balance sheet. We continue to monitor the current macroeconomic environment and will adjust our planned uses of cash as necessary. We believe we have sufficient sources of liquidity to meet our obligations for the next twelve months.

Revolving Credit Facility

In October 2026, we entered into the tenth amendment to our Revolving Credit Facility to, among other things, extend the maturity date to March 2030, increase the elected commitments of our lenders to $1.47 billion, re-affirm our borrowing base at $1.5 billion, and implement certain other technical amendments. See *Part I, Item 1 – Financial Statements, Note 16 Subsequent Events* for more information.

Senior Notes

See *Part I, Item 1 – Financial Statements, Note 4 Debt* for more information on our 2029 Senior Notes, 2034 Senior Notes and 2035 Senior Notes.

Share Repurchase Program

See *Part I, Item 1 – Financial Statements, Note 10 Stockholders' Equity* for more information on our Share Repurchase Program.

Dividends

See *Part I, Item 1 – Financial Statements, Note 10 Stockholders' Equity* for more information on our dividends. See *Part I, Item 1 – Financial Statements, Note 16 Subsequent Events* for information on a dividend declared in November 2026.

Capital Program

The amounts in the table below reflect components of our capital investment for the periods indicated. The amounts related to carbon management projects do not include amounts funded by Brookfield through the Carbon TerraVault JV, such as drilling injection and monitoring wells at our 26R reservoir. With respect to oil and natural gas development, we ran an average of 5 drilling rigs in California during the three months ended September 30, 2026. We expect to enter 2027 with 6 rigs in California.

(in millions)	Nine months ended September 30, 2026	Estimated Capital for the three months ended December 31, 2026
Oil and natural gas	$ 416	$110 - $125
Carbon management	16	$0 - $2
Corporate and other	6	$0 - $3
Total capital	$ 438	$110 - $130

Derivatives

Significant changes in oil and natural gas prices may have a material impact on our liquidity. Declining oil prices negatively affect our operating cash flow, and the inverse applies during periods of rising oil prices. Our hedging strategy seeks to mitigate our exposure to commodity price volatility and ensure our financial strength and liquidity by protecting our cash flows. We will continue to evaluate our hedging strategy based on prevailing market prices and conditions.

Unless otherwise indicated, we use the term “hedge” to describe derivative instruments that are designed to achieve our hedging requirements and program goals, even though they are not accounted for as cash-flow or fair-value hedges. We did not have any commodity derivatives designated as accounting hedges as of and during the nine months ended September 30, 2026. See *Part I, Item 1 – Financial Statements, Note 6 Derivatives* for further information on our derivatives and a summary of our open derivative contracts as of September 30, 2026 and *Part II, Item 8 – Financial Statements and Supplementary Data, Note 5 Debt* in our 2025 Annual Report for information on the hedging requirements included in our Revolving Credit Facility.

Cash Flow Analysis

Cash flows from operating activities — For the nine months ended September 30, 2026, our operating cash flow increased by $37 million to $667 million from $630 million in the same period in 2025. This increase in operating cash flow was primarily driven by changes in working capital.

Oil production during the nine months ended September 30, 2026 as compared to the same period in 2025 increased 13 MBbl/d from 109 MBbl/d to 122 MBbl/d as a result of the Berry Merger. Revenue increased as a result of the increases in production from the Berry Merger and higher average realized prices after derivative settlements. Average realized prices after derivative settlements for oil increased by $4.15 per barrel to $72.76 in the nine months ended September 30, 2026 from $68.61 in the same prior year period. Our derivative settlements and premiums paid for the nine months ended September 30, 2026 were $392 million, which was an increase of $380 million from $12 million in the same prior year period. Further, as a result of the Berry Merger, we experienced higher operating costs, employee costs, well abandonment costs, production taxes and greenhouse gas taxes during the nine months ended September 30, 2026 as compared to the same prior year period.

Cash flows used in investing activities — The following table provides a comparative summary of net cash used in investing activities:

	Nine months ended September 30,	
	2026	**2025**
	(in millions)	
Capital investments	$ (438)	$ (202)
Changes in accrued capital investments	(25)	(10)
Proceeds from asset divestitures	—	2
Purchase of a business, net of cash acquired	(68)	—
Asset acquisitions	(5)	—
Distribution from unconsolidated subsidiary	10	—
Other, net	(8)	(7)
Net cash used in investing activities	$ (534)	$ (217)

Cash flows used in financing activities — The following table provides a comparative summary of net cash used in financing activities:

	Nine months ended September 30,	
	2026	2025
	(in millions)	
Proceeds from Revolving Credit Facility	$ 1,194	$ 150
Repayments of Revolving Credit Facility	(1,194)	(150)
Proceeds from 2034 Senior Notes, net	347	—
Proceeds from 2035 Senior Notes, net	543	—
Repurchases of common stock[(a)]	(40)	(352)
Common stock dividends	(108)	(102)
Dividend equivalents on equity-settled awards	(2)	(1)
Issuance of common stock	—	2
Redemption of 2026 Senior Notes	—	(123)
Redemption of 2029 Senior Notes	(940)	—
Debt issuance costs	(4)	(1)
Shares cancelled for taxes	(13)	(12)
Net cash used in financing activities	$ (217)	$ (589)

(a) The total value of shares purchased includes excise taxes, which are generally paid in the year following the share repurchase. Commissions paid on share repurchases were not significant in all periods presented.

For the nine months ended September 30, 2026, our cash flow used in financing activities was $217 million compared to $589 million in the same period in 2025. In the nine months ended September 30, 2026, we completed the issuance of our 2035 Senior Notes, an add-on to our 2034 Senior Notes and redeemed all of our outstanding 2029 Senior Notes. In the nine months ended September 30, 2025, we repurchased $352 million of our common stock and redeemed $123 million of our 2026 Senior Notes.

Lawsuits, Claims, Commitments and Contingencies

See *Part I, Item 1 – Financial Statements, Note 5 Lawsuits, Claims, Commitments and Contingencies* for further information.

Critical Accounting Estimates and Significant Accounting and Disclosure Changes

There have been no changes to our critical accounting estimates, which are summarized in *Part II, Item 7 – Management's Discussion and Analysis of Financial Condition and Results of Operations, Critical Accounting Estimates* of our 2025 Annual Report.

Forward-Looking Statements

This document contains statements that we believe to be “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. All statements other than historical facts are forward-looking statements, and include statements regarding 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 and Ukraine and geopolitical uncertainty in the Middle East, including the current conflict in Iran;
- the ability to successfully execute integration efforts in connection with the Crimson Acquisition, the Berry Merger, and achieve projected synergies and ensure that such synergies are sustainable;
- the ability to successfully close the divestiture of our Uinta assets;
- 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, EPA and other governmental permits and approvals necessary for drilling or development activities or our carbon management segment; (2) the management of energy, water, land, greenhouse gases (GHGs) or other emissions, (3) the protection of health, safety and the environment, or (4) the transportation, marketing and sale of our products;
- refinery closures and changes in pipeline transportation or storage capacity and their impact on future production, revenues and realizations;
- the efforts of activists to delay or prevent oil and gas activities or the development of our carbon management segment through a variety of tactics, including litigation;
- the impact of inflation, tariffs and changes in domestic or global trade policies on future expenses and changes generally in the prices of goods and services;
- changes in business strategy and the ability and financial resources to execute our capital plan in a timely manner;
- 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;
- 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;
- 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, 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;

- 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, transportation and storage projects, power projects and other renewable energy efforts, including those in connection with the Carbon TerraVault JV, and our ability to convert our MOUs and CDMAs to definitive agreements and enter into other offtake agreements;
- our ability to grow and develop our carbon management segment and achieve projected injection and storage rates;
- 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 segment;
- 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;
- ability 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;
- transaction costs;
- unknown liabilities; and
- other factors discussed in *Part I, Item 1A – Risk Factors* of our 2025 Annual Report.

We caution you not to place undue reliance on forward-looking statements contained in this document, which speak only as of the filing date, and we undertake no obligation to update this information. This document may also contain information from third party sources. This data may involve a number of assumptions and limitations, and we have not independently verified them and do not warrant the accuracy or completeness of such third-party information.

Item 3 Quantitative and Qualitative Disclosures About Market Risk

For the three and nine months ended September 30, 2026, there were no material changes to market risks, other than as noted below, from the information provided under Item 305 of Regulation S-K included under the caption *Part II, Item 7A – Quantitative and Qualitative Disclosures About Market Risk* in the 2025 Annual Report.

Commodity Price Risk

Our financial results are sensitive to fluctuations in oil, NGL and natural gas prices. Increases in commodity prices generally result in higher revenues from commodity sales, while increases in natural gas prices also result in higher operating costs. These commodity price changes also impact the volume changes under our PSCs. We maintain a commodity hedging program focused on hedging crude oil sales and natural gas purchases to help protect our cash flows, margins and capital program from the volatility of commodity prices. As of September 30, 2026, we had a net liability of $699 million for our commodity derivative positions which are carried at fair value. We estimate that a $10/bbl increase in Brent oil forward prices could increase our settlement payments by $71 million for the remainder of 2026, limiting our upside. We estimate that a $10/bbl decrease in Brent oil forward prices could decrease our settlement payments by $70 million for the remainder of 2026, negating the downside price movements for hedged volumes.

As of September 30, 2026, we have hedges on approximately 65% of our expected oil production for the remainder of 2026 at a weighted average floor price of $64.80. As of September 30, 2026, our hedges for purchased natural gas approximate 58% of our expected fuel use in oil and natural gas operations for the remainder of 2026 at a fixed price of $4.23.

For more information on our derivative positions as of September 30, 2026, refer to *Part I, Item 1 – Financial Statements, Note 6 Derivatives.*

Counterparty Credit Risk

Our credit risk relates primarily to trade receivables and derivative financial instruments. Credit exposure for each customer is monitored for outstanding balances and current activity. Counterparty credit limits have been established based upon the financial health of our counterparties, and these limits are actively monitored. In the event counterparty credit risk is heightened, we may request collateral and accelerate payment dates.

We regularly review risks related to concentration of counterparty credit risk and seek to manage those risks to the extent practicable. For the nine months ended September 30, 2026, we had two customers in our oil and gas segment that collectively accounted for 51% of our sales (before the effects of hedging), including a single customer that represented 41% of sales. Oil accounted for approximately 80% of our production during the nine months ended September 30, 2026 and nearly all of our oil sales were to refineries in California. Trade receivables for substantially all of our commodities are collected within 30 to 60 days following the month of delivery.

For derivative instruments entered into as part of our hedging program, we are subject to counterparty credit risk to the extent the counterparty is unable to meet its settlement commitments. We have netting arrangements with each of our derivative counterparties, which allow us to net our settlement payments for the same commodity with the same counterparty. Therefore, our loss is limited to the net amount due from a defaulting counterparty. As of September 30, 2026, the majority of our credit exposure was with investment-grade counterparties. We believe exposure to counterparty credit-related losses related to our business at September 30, 2026 was not material and losses associated with counterparty credit risk have been insignificant for all periods presented.

Interest-Rate Risk

Changes in interest rates may affect the amount of interest we pay on variable rate debt, in particular any borrowings under our Credit Agreement. We had no variable-rate debt outstanding as of September 30, 2026. Our 2034 Senior Notes bear interest at a fixed rate of 7.000% per annum. Our 2035 Senior Notes bear interest at a fixed rate of 7.250% per annum.

Item 4 Controls and Procedures

Our Chief Executive Officer and Chief Financial Officer supervised and participated in management's evaluation of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934) as of the end of the period covered by this report. Based upon that evaluation, our Chief Executive Officer and our Chief Financial Officer concluded that our disclosure controls and procedures were effective as of September 30, 2026.

There were no changes in our internal controls over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Securities Exchange Act of 1934) during the three months ended September 30, 2026 that materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

PART II OTHER INFORMATION

Item 1 Legal Proceedings

For additional information regarding legal proceedings, see *Part I, Item 1 – Financial Statements, Note 5 Lawsuits, Claims, Commitments and Contingencies* in the Notes to the Condensed Consolidated Financial Statements included in Part I of this Form 10-Q, *Part I, Item 2 – Management's Discussion and Analysis of Financial Condition and Results of Operations, Lawsuits, Claims, Commitments and Contingencies* in this Form 10-Q, and *Part I, Item 3, Legal Proceedings* in our 2025 Annual Report.

Item 1A Risk Factors

We are subject to various risks and uncertainties in the course of our business. A discussion of such risks and uncertainties may be found under the heading *Risk Factors* in our 2025 Annual Report. There were no material changes to those risk factors during the three months ended September 30, 2026.

Item 2 Unregistered Sales of Equity Securities and Use of Proceeds

Share Repurchases

Our Board of Directors has authorized a Share Repurchase Program to acquire up to $1.78 billion of our common stock through December 31, 2027. The repurchases may be effected from time-to-time through open market purchases, privately negotiated transactions, Rule 10b5-1 plans, accelerated stock repurchases, derivative contracts or otherwise in compliance with Rule 10b-18, subject to market and contractual limitations in our debt agreements. The Share Repurchase Program does not obligate us to repurchase any dollar amount or number of shares and our Board of Directors may modify, suspend or discontinue authorization of the program at any time. Shares repurchased are either retired or held as treasury stock.

Our share repurchase activity for the three months ended September 30, 2026 was as follows:

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Dollar Value of Shares that May Yet be Purchased Under the Plans or Programs[(a)]
July 1, 2026 - July 31, 2026	—	$ —	—	$ —
August 1, 2026 - August 31, 2026	103,069	$ 52.93	103,069	—
September 1, 2026 - September 30, 2026	456,757	$ 53.61	456,757	—
Total	559,826	$ 53.48	559,826	$ —

(a) The total value of shares that may yet be purchased under the Share Repurchase Program totaled $570 million as of September 30, 2026.

Item 5 Other Disclosures

Rule 10b5-1 Trading Arrangements

During the three months ended September 30, 2026, no directors or officers adopted or terminated a “Rule 10b5-1 trading arrangement” or “non-Rule 10b5-1 trading arrangement,” as each term is defined in Item 408 of Regulation S-K.

Item 6 Exhibits

2.1**	Agreement and Plan of Merger, dated September 14, 2025, by and among California Resources Corporation, Berry Corporation (bry) and Dornoch Merger Sub, LLC (filed as Exhibit 2.1 to Registrant's Current Report on Form 8-K filed on September 17, 202 and incorporated herein by reference).
3.1	Amended and Restated Certificate of Incorporation of California Resources Corporation (filed as Exhibit 3.1 to Registrant's Registration Statement on Form 8-A filed October 27, 2020 and incorporated herein by reference).
3.2	Certificate of Amendment of Amended and Restated Certificate of Incorporation of California Resources Corporation (filed as Exhibit 3.1 to Registrant's Current Report on Form 8-K filed on May 6, 2022 and incorporated herein by reference).
3.3	Certificate of Amendment of Amended and Restated Certificate of Incorporation of California Resources Corporation (filed as Exhibit 3.1 to Registrant's Current Report on Form 8-K filed on May 1, 2023 and incorporated herein by reference).
3.4	Amended and Restated Bylaws of California Resources Corporation (filed as Exhibit 3.2 to the Registrant's Registration Statement on Form 8-A filed October 27, 2020 and incorporated herein by reference).
10.1*, **	Tenth Amendment to the Amended and Restated Credit Agreement, entered into effective as of October 29, 2026, by and amor California Resources Corporation, as the Borrower, the several lenders from time to time parties thereto and Citibank, N.A., as Administrative Agent.
31.1*	Certification of Principal Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Certification of Principal Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1*	Certifications of Principal Executive Officer and Principal Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act o 2002.
101.INS*	Inline XBRL Instance Document.
101.SCH*	Inline XBRL Taxonomy Extension Schema Document.
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase Document.
101.LAB*	Inline XBRL Taxonomy Extension Label Linkbase Document.
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase Document.
101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase Document.
104	Cover Page Interactive Data File (formatted in inline XBRL and contained in Exhibits 101).

* - Filed or furnished herewith
** - Certain portions of this exhibit (indicated by "[*****]") have been omitted pursuant to Item 601(b)(10) of Regulation S-K.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

CALIFORNIA RESOURCES CORPORATION

DATE: November 3, 2026

/s/ Michael S. Helm
Michael S. Helm
Vice President Finance and Controller
(Principal Accounting Officer)

Certain portions of this exhibit (indicated by "[*****]") have been omitted pursuant to Item 601(b)(10) of Regulation S-K.

TENTH AMENDMENT TO AMENDED AND RESTATED CREDIT AGREEMENT

This TENTH AMENDMENT TO AMENDED AND RESTATED CREDIT AGREEMENT (this "Amendment") is entered into effective as of October 29, 2026 (the "Tenth Amendment Effective Date") among CALIFORNIA RESOURCES CORPORATION, a Delaware corporation (the "Borrower"), each other Credit Party party hereto, the Lenders party hereto and CITIBANK, N.A., as Administrative Agent.

WITNESSETH:

WHEREAS, the Borrower, the Administrative Agent and the Lenders party thereto from time to time are parties to that certain Amended and Restated Credit Agreement, dated as of April 26, 2023 (as amended, restated, amended and restated, supplemented or otherwise modified from time to time prior to the date hereof, the "Existing Credit Agreement" and as amended by this Amendment, the "Credit Agreement"; unless otherwise defined herein, all capitalized terms used herein that are defined in the Credit Agreement shall have the meanings given such terms in the Credit Agreement); and

WHEREAS, the parties to this Amendment desire to enter into this Amendment to amend the Existing Credit Agreement as provided herein.

NOW THEREFORE, in consideration of the premises contained herein, and for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto, intending to be legally bound, hereby agree as follows:

Section 1. Amendments to Credit Agreement.

Subject to the satisfaction or waiver in writing of each of the conditions set forth in Section 2 below and in reliance upon the representations, warranties, covenants and agreements contained in this Amendment, the parties hereto hereby agree that:

(a) Section 1.1 of the Existing Credit Agreement is hereby amended by amending and restating the following definitions in their entirety as follows:

"Aggregate Elected Revolving Commitment Amount" shall mean, at any time, an amount equal to the sum of the aggregate Elected Revolving Commitments, as the same may be increased, reduced or terminated pursuant to Section 2.16. The Aggregate Elected Revolving Commitment Amount as of the Tenth Amendment Effective Date is $1,470,000,000.

"Arrangers" shall mean Citi, Mizuho Bank, Ltd., Keybanc Capital Markets Inc., Deutsche Bank AG New York Branch, Wells Fargo Securities, LLC, Truist Securities, Inc., MUFG Bank, Ltd., TD Securities (USA) LLC, Sumitomo Mitsui Banking Corporation, Royal Bank of Canada, Barclays Bank PLC and Bank of Montreal, each in its capacity as a joint lead arranger and joint bookrunner in respect of the Facility.

"Credit Documents" shall mean this Agreement, the First Amendment, the Second Amendment, the Third Amendment, the Fourth Amendment, the

Fifth Amendment, the Sixth Amendment, the Seventh Amendment, the Eighth Amendment, the Ninth Amendment, the Tenth Amendment, the Guarantee, the Security Documents, each Letter of Credit Application, any Notes issued by the Borrower to a Lender under this Agreement and any other document, instrument or agreement (other than Secured Hedge Agreements or Secured Cash Management Agreements) now or hereafter delivered by or on behalf of a Credit Party under this Agreement.

"Excluded Accounts" shall mean (a) each account all of the deposits in which consist of amounts utilized solely to fund payroll, employee benefit or tax obligations of the Borrower and its Restricted Subsidiaries, (b) fiduciary accounts, (c) segregated accounts of the Borrower and the Grantors solely holding royalty obligations owed to a person other than the Borrower or a Guarantor, suspense funds, royalty payments, net profits interest payments and other similar payments constituting property of a third party, (d) escrow or trust accounts pending litigation or other settlement claims, (e) accounts solely holding purchase price deposits held in escrow pursuant to a purchase and sale agreement with a third party containing customary provisions regarding the payment and refunding of such deposits, (f) accounts solely holding cash collateral to secure letters of credit permitted pursuant to Section 10.2(d), (g) zero-balance accounts and (h) other accounts selected by the Borrower and its Restricted Subsidiaries so long as the average daily maximum balance in any such other account over a thirty (30) day period does not at any time exceed $10,000,000; *provided* that the aggregate daily maximum balance for all such bank accounts excluded pursuant to this clause (h) on any day shall not exceed $20,000,000.

"Revolving Maturity Date" shall mean March 16, 2030.

(b) Section 1.1 of the Existing Credit Agreement is hereby amended by inserting the following defined terms in the appropriate alphabetical order:

"Tenth Amendment" shall mean that certain Tenth Amendment to Amended and Restated Credit Agreement, dated as of the Tenth Amendment Effective Date, among the Borrower, the Guarantors party thereto, the Administrative Agent and the Lenders party thereto.

"Tenth Amendment Effective Date" shall mean October 29, 2026.

(c) Schedule 1.1(a) to the Existing Credit Agreement is hereby deleted in its entirety and replaced with Schedule 1.1(a) attached hereto; provided that immediately after giving effect to this Amendment and any Revolving Loans made on the Tenth Amendment Effective Date, (i) each Lender who holds Revolving Loans in an aggregate amount less than its Revolving Commitment Percentage (after giving effect to this Amendment) shall advance new Revolving Loans which shall be disbursed to the Administrative Agent and used to repay Revolving Loans outstanding to each Lender who holds Revolving Loans in an aggregate amount greater than its Revolving Commitment Percentage (after giving effect to this Amendment), (ii) each Lender's participation in each Letter of Credit, if any, shall be automatically adjusted to equal its Revolving Commitment Percentage, (iii) such other adjustments shall be made as the Administrative Agent shall specify so that the Revolving Credit Exposure applicable to each Lender equals its Revolving Commitment Percentage and (iv) each Lender party hereto hereby waives any break funding payments owing to any such Lender that are required under Section

2.11 of the Credit Agreement as a result of the reallocation of the Revolving Loans and the other adjustments contemplated by this Amendment.

Section 2. **Conditions Precedent**. The effectiveness of this Amendment is subject to satisfaction of each of the following conditions precedent:

2.1 **Executed Amendment**. The Administrative Agent shall have received counterparts of this Amendment duly executed by the Borrower, the other Credit Parties and each of the Lenders.

2.2 **Closing Certificate**. The Administrative Agent shall have received a certificate executed by an Authorized Officer of the Borrower certifying that (a) no Default or Event of Default has occurred that is continuing immediately prior to and after giving effect to this Amendment and (b) each representation and warranty contained in Section 3 hereof shall be true and correct in all material respects, except that any such representations and warranties that are qualified by "materiality," "Material Adverse Effect" or similar language shall be true and correct (after giving effect to any qualification therein) in all respects, and except to the extent such representations and warranties expressly relate to an earlier date, in which case such representations and warranties shall have been true and correct on and as of such earlier date.

2.3 **Fees**. The Borrower shall have paid or caused to be paid, the fees, costs and expenses required to be paid on the Tenth Amendment Effective Date under any fee letters entered into on or prior to the Tenth Amendment Effective Date by and between the Borrower, on the one hand, and the Administrative Agent or any Lender, on the other hand, and to the extent payable under Section 13.5 of the Credit Agreement, all reasonable and documented out-of-pocket costs and expenses incurred in connection with the preparation, negotiation and execution of this Amendment and the other instruments and documents to be delivered hereunder, if any (including the reasonable and documented fees, disbursements and other charges of Latham & Watkins LLP, counsel for the Administrative Agent).

2.4 **Legal Opinions**. The Administrative Agent (or its counsel) shall have received, on behalf of itself, the Collateral Agent and the Lenders, written opinions of Sullivan & Cromwell LLP, counsel to the Credit Parties, (a) dated the Tenth Amendment Effective Date, (b) addressed to the Administrative Agent, the Collateral Agent, the Lenders and each Issuing Bank and (c) in form and substance reasonably satisfactory to the Administrative Agent and customary for transactions of this type.

2.5 **Secretary's Certificates.** The Administrative Agent shall have received, in the case of each Credit Party, a certificate of the Secretary or Assistant Secretary or similar officer of each Credit Party dated the Tenth Amendment Effective Date and certifying:

(i) that attached thereto is a true and complete copy of the bylaws (or limited liability company agreement or other equivalent governing documents) of such Credit Party as in effect on the Tenth Amendment Effective Date or that there have been no amendments or modifications to the bylaws (or limited liability company agreement or other equivalent governing documents) of such Credit Party most recently delivered to the Administrative Agent,

(ii) that attached thereto is a true and complete copy of resolutions duly adopted by the board of directors (or managing member or equivalent) of such Credit Party authorizing the execution, delivery and performance of the Credit Documents to which such person is a party and, in the case of the Borrower, the borrowings hereunder, and that such resolutions have not been modified, rescinded or amended and are in full force and effect on the Tenth Amendment Effective Date,

(iii) that attached thereto is (A) a true and complete copy of the certificate or articles of incorporation or certificate of formation, including all amendments thereto, of such Credit Party, certified as of a recent date by the Secretary of State (or other similar official) of the jurisdiction of its organization, or that there have been no amendments or modifications to the

certificate or articles of incorporation or certificate of formation of such Credit Party most recently delivered to the Administrative Agent, (B) a certificate as to the good standing (to the extent such concept or a similar concept exists under the laws of such jurisdiction) of each such Credit Party in the jurisdiction in which it is formed or organized as of a recent date from such Secretary of State (or other similar official), which has not been amended and, (C) a certificate as to the good standing (to the extent such concept or a similar concept exists under the laws of such jurisdiction) of each Credit Party in each jurisdiction where such Credit Party owns material Borrowing Base Properties (other than in the jurisdiction where such Credit Party is formed or organized), as of a recent date from the Secretary of State (or other similar official) of such jurisdiction, which has not been amended, and

(iv) as to the incumbency and specimen signature of each officer executing any Credit Document or any other document delivered in connection herewith on behalf of such Credit Party or that there have been no amendments or modifications to the applicable incumbency certification most recently delivered to the Administrative Agent.

2.6 **Solvency Certificate**. The Administrative Agent (or its counsel) shall have received a solvency certificate substantially in the form of Exhibit H attached to the Credit Agreement and signed by a Financial Officer of the Borrower.

Section 3. **Representations and Warranties**.

In order to induce the Administrative Agent and the Lenders to enter into this Amendment, each of the Borrower and the other Credit Parties hereby represents and warrants to the Administrative Agent and the Lenders that:

3.1 **Accuracy of Representations and Warranties**. (a) Both immediately before and after giving effect to this Amendment, no Default or Event of Default has occurred and is continuing and (b) after giving effect to this Amendment, all representations and warranties made by each Credit Party contained herein or in the other Credit Documents shall be true and correct in all material respects with the same effect as though such representations and warranties had been made on and as of the Tenth Amendment Effective Date (except where such representations and warranties expressly relate to an earlier date, in which case such representations and warranties shall have been true and correct in all material respects as of such earlier date and except that any representation and warranty that is qualified as to "materiality," "Material Adverse Effect" or similar language shall be true and correct (after giving effect to any qualification therein) in all respects on such respective dates).

3.2 **No Conflicts**. None of the execution, delivery or performance by any Credit Party of this Amendment will (a) contravene any Requirement of Law, except to the extent such contravention would not reasonably be expected to result in a Material Adverse Effect, (b) result in any breach of any of the terms, covenants, conditions or provisions of, or constitute a default under, or result in the creation or imposition of (or the obligation to create or impose) any Lien upon any of the property or assets of such Credit Party or any of the Restricted Subsidiaries (other than Liens created under the Credit Documents) pursuant to the terms of any Contractual Requirement, except to the extent that such breach, default or Lien would not reasonably be expected to result in a Material Adverse Effect or (c) violate any provision of the Organization Documents of such Credit Party or any of the Restricted Subsidiaries.

3.3 **Due Authorization**. Each Credit Party has the corporate or other organizational power and authority to execute, deliver and carry out the terms and provisions of this Amendment, and has taken all necessary corporate or other organizational action to authorize the execution and delivery of this Amendment and performance of this Amendment and the Credit Agreement, and has duly executed and delivered this Amendment.

3.4 **Validity and Binding Effect**. This Amendment and the Credit Agreement constitute the legal, valid and binding obligation of each Credit Party, enforceable in accordance with its terms, subject

to the effects of bankruptcy, insolvency, fraudulent conveyance, reorganization and other similar laws relating to or affecting creditors' rights generally and general principles of equity (whether considered in a proceeding in equity or law).

Section 4. **Aggregate Elected Revolving Commitment Amounts.**

In reliance on the representations, warranties, covenants and agreements contained in this Amendment, and subject to the satisfaction of the conditions precedent set forth in Section 2 hereof, after giving effect to this Amendment, (a) each Lender hereby agrees that its Maximum Credit Amount, Elected Revolving Commitment and Revolving Commitment Percentage under the Credit Agreement effective as of the Tenth Amendment Effective Date shall be in the amount set forth opposite such Lender's name on Schedule 1.1(a) to the Credit Agreement (as amended hereby), (b) after giving effect to any Borrowing made on the Tenth Amendment Effective Date, each Lender that has outstanding Revolving Loans (and participations in Letters of Credit) in amounts less than its Revolving Commitment Percentage of all outstanding Revolving Loans (and participations in Letters of Credit) shall purchase outstanding Revolving Loans (and participations in Letters of Credit) from Lenders that have outstanding Revolving Loans (and participations in Letters of Credit) in amounts greater than their Revolving Commitment Percentage of all outstanding Revolving Loans (and participations in Letters of Credit) such that each Lender holds Revolving Loans (and participations in Letters of Credit) in its Revolving Commitment Percentage of all outstanding Revolving Loans (and participations in Letters of Credit), including with respect to portions of any outstanding SOFR Loans which SOFR Loans shall otherwise remain outstanding through the last day of the Interest Period applicable thereto unless repaid prior thereto by the Borrower after giving effect to the adjustments described in this Section 4; provided, that in no event shall any such advance, disbursement or other adjustment be considered an extinguishment, novation or retirement of the Obligations under the Credit Agreement or any other Credit Document, and (c) the adjustments pursuant to this Section 4 shall be deemed to occur simultaneously with the Tenth Amendment Effective Date. Notwithstanding anything to the contrary, each Lender that would otherwise be entitled to request or require that the Borrower pay any break-funding payments pursuant to Section 2.11 of the Existing Credit Agreement expressly waives the requirement that the Borrower pay any such break-funding payments pursuant to Section 2.11 of the Existing Credit Agreement as a result of the reallocation of Revolving Loans and other adjustments set forth in this Amendment.

Section 5. **Borrowing Base Redetermination**.

Subject to the satisfaction or waiver in writing of each of the conditions set forth in Section 2 hereof and in reliance upon the representations, warranties, covenants and agreements contained in this Amendment, (a) the Administrative Agent and the Lenders hereby reaffirm the Borrowing Base, effective as of the date hereof, to be $1,500,000,000 and (b) the Administrative Agent, the Lenders, the Borrower and the other Credit Parties hereby agree and acknowledge that such reaffirmed Borrowing Base shall remain in effect until the date such Borrowing Base is otherwise adjusted pursuant to the terms of the Credit Agreement. The Borrower hereby accepts such Borrowing Base as so reaffirmed to be effective upon the Tenth Amendment Effective Date. The reaffirmation of the Borrowing Base hereunder shall constitute the semi-annual Scheduled Redetermination for October 2026.

Section 6. **Miscellaneous**.

6.1 **Confirmation and Effect**. The provisions of the Credit Agreement shall remain in full force and effect in accordance with its terms following the effectiveness of this Amendment, and this Amendment shall not constitute a waiver of any provision of the Credit Agreement or any other Credit Document. Each reference in the Credit Agreement to "this Agreement", "hereunder", "hereof", "herein", or words of like import shall mean and be a reference to the Credit Agreement, and each reference to the "Credit Agreement" in any other document, instrument or agreement executed and/or delivered in connection with the Credit Agreement shall mean and be a reference to the Credit Agreement. This Amendment shall not constitute a novation of the Credit Agreement or any of the Credit Documents.

6.2 **Ratification and Affirmation of Credit Parties**. Each of the Credit Parties hereby expressly (a) acknowledges the terms of this Amendment, (b) ratifies and affirms its obligations under the

Guarantee, the Security Documents and the other Credit Documents to which it is a party, (c) acknowledges, renews and extends its continued liability under the Guarantee, the Security Documents and the other Credit Documents to which it is a party and (d) agrees that its guarantee under the Guarantee, the Security Documents and the other Credit Documents to which it is a party remains in full force and effect with respect to the Obligations as amended hereby.

6.3 **Parties in Interest**. All of the terms and provisions of this Amendment shall bind and inure to the benefit of the parties hereto and their respective successors and assigns.

6.4 **Counterparts; Facsimile**. This Amendment may be executed by one or more of the parties to this Amendment on any number of separate counterparts and all of said counterparts taken together shall be deemed to constitute one and the same instrument. A set of the copies of this Amendment signed by all the parties shall be lodged with the Borrower and the Administrative Agent. This Amendment may be validly delivered by facsimile or other electronic transmission of an executed counterpart of the signature page hereof. The words "execution," "execute", "signed," "signature," and words of like import in or related to any document to be signed in connection with this Amendment and the transactions contemplated hereby shall be deemed to include electronic signatures, the electronic matching of assignment terms and contract formations on electronic platforms approved by the Administrative Agent, or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature or the use of a paper-based recordkeeping system, as the case may be, to the extent and as provided for in any applicable law, including the Federal Electronic Signatures in Global and National Commerce Act, the New York State Electronic Signatures and Records Act, or any other similar state laws based on the Uniform Electronic Transactions Act.

6.5 **COMPLETE AGREEMENT**. THIS AMENDMENT AND THE OTHER CREDIT DOCUMENTS REPRESENT THE AGREEMENT OF THE BORROWER, THE GUARANTORS, THE GRANTORS, THE COLLATERAL AGENT, THE ADMINISTRATIVE AGENT AND THE LENDERS WITH RESPECT TO THE SUBJECT MATTER HEREOF AND THEREOF, AND THERE ARE NO PROMISES, UNDERTAKINGS, REPRESENTATIONS OR WARRANTIES BY THE BORROWER, THE GUARANTORS, THE GRANTORS, ANY AGENT NOR ANY LENDER RELATIVE TO SUBJECT MATTER HEREOF NOT EXPRESSLY SET FORTH OR REFERRED TO HEREIN OR IN THE OTHER CREDIT DOCUMENTS.

6.6 **Interpretation**. Wherever the context hereof shall so require, the singular shall include the plural, the masculine gender shall include the feminine gender and the neuter and vice versa. The headings, captions and arrangements used in this Amendment are for convenience only, shall not affect the interpretation of this Amendment, and shall not be deemed to limit, amplify or modify the terms of this Amendment, nor affect the meaning thereof.

6.7 **Titles of Sections**. All titles or headings to the sections or other divisions of this Amendment are only for the convenience of the parties and shall not be construed to have any effect or meaning with respect to the other content of such sections, subsections or other divisions, such other content being controlling as to the agreement between the parties hereto.

6.8 **Severability**. In case any one or more of the provisions contained in this Amendment shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect any other provision hereof, and this Amendment shall be construed as if such invalid, illegal, or unenforceable provision had never been contained herein.

6.9 **Payment of Expenses**. The Borrower agrees to pay or reimburse the Administrative Agent in accordance with Section 13.5 of the Credit Agreement for all of its reasonable and documented out-of-pocket costs and expenses incurred in connection with this Amendment, any other documents prepared in connection herewith and the transactions contemplated hereby, including, without limitation, the reasonable fees and disbursements of counsel to Administrative Agent.

6.10 **Credit Documents**. The Borrower acknowledges and agrees that this Amendment is a Credit Document.

6.11 **Governing Law**. THIS AMENDMENT AND ANY CLAIMS, CONTROVERSY, DISPUTE, OR CAUSE OF ACTION (WHETHER BASED IN CONTRACT, TORT, OR OTHERWISE AND WHETHER AT LAW OR IN EQUITY) AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES HEREUNDER SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK.

6.12 **Exiting Lender**. On and after the Tenth Amendment Effective Date, (a) Jefferies Finance LLC (the "Exiting Lender") shall cease to be a Lender under the Credit Agreement, (b) the Exiting Lender shall have no obligations or liabilities as a Lender under the Credit Agreement with respect to the period from and after the Tenth Amendment Effective Date and, without limiting the foregoing, the Exiting Lender shall have no Commitment under the Credit Agreement or any L/C Obligations outstanding thereunder and (c) the Exiting Lender shall have no rights under the Existing Credit Agreement, the Credit Agreement or any other Credit Document as a Lender (other than rights under the Existing Credit Agreement expressly stated to survive the termination of the Existing Credit Agreement and the repayment of amounts outstanding thereunder) and such Exiting Lender's receipt in cash of an amount to repay such Exiting Lender's Loans in full under the Existing Credit Agreement shall be deemed to be a consent to the transactions contemplated hereby. The Administrative Agent shall have received evidence reasonably satisfactory to it that all Revolving Loans, accrued interest, fees and other amounts owing to the Exiting Lender under the Existing Credit Agreement have been, or substantially concurrently with the effectiveness of this Amendment will be, paid in full.

[Signature Pages Follow]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed by their respective authorized officers on the date and year first above written.

BORROWER: CALIFORNIA RESOURCES CORPORATION

By: /s/ Clio C. Crespy
Name: Clio C. Crespy
Title: Executive Vice President and Chief Financial Officer

SUBSIDIARY GRANTORS:

BERRY CORPORATION (BRY)
BERRY PETROLEUM COMPANY, LLC
CALIFORNIA HEAVY OIL, INC.
CALIFORNIA RESOURCES ELK HILLS, LLC
CALIFORNIA RESOURCES LONG BEACH, INC.
CALIFORNIA RESOURCES PETROLEUM CORPORATION
CALIFORNIA RESOURCES PRODUCTION CORPORATION
CALIFORNIA RESOURCES REAL ESTATE VENTURES, LLC
CALIFORNIA RESOURCES ROYALTY HOLDINGS, LLC
CALIFORNIA RESOURCES TIDELANDS, INC.
CALIFORNIA RESOURCES WILMINGTON, LLC
CJ BERRY WELL SERVICES MANAGEMENT, LLC
CRC CONSTRUCTION SERVICES, LLC
CRC MARKETING, INC.
CRC SERVICES, LLC
MACPHERSON ENERGY, LLC
MACPHERSON OIL COMPANY LLC
MACPHERSON ROUND MOUNTAIN HOLDINGS, LLC
MACPHERSON POWER COMPANY, LLC
MACPHERSON POWER COMPANY, L.P.
MACPHERSON OPERATING COMPANY, LLC
MACPHERSON OPERATING COMPANY, L.P.
MACPHERSON POWER COMMERCIAL SERVICES, LLC
MACPHERSON POWER COMMERCIAL SERVICES, L.P.
MACPHERSON LAND COMPANY, LLC
MACPHERSON LAND COMPANY, L.P.
MACPHERSON GREEN POWER COMPANY, LLC
SOCAL HOLDING, LLC
SOUTHERN SAN JOAQUIN PRODUCTION, INC.
THUMS LONG BEACH COMPANY
TIDELANDS OIL PRODUCTION COMPANY LLC
AERA ENERGY LLC
AERA ENERGY SERVICES COMPANY
AERA FEDERAL LLC
BELRIDGE FARMS & PACKING LLC
GREEN GATE INTERMEDIATE LLC
GREEN GATE RESOURCES E LLC
GREEN GATE RESOURCES HOLDINGS LLC
GREEN GATE RESOURCES PARENT LLC
GREEN GATE RESOURCES S LLC
GREEN GATE SAN ARDO LLC
PETRA MERGER SUB S, LLC
TERRAIN TECHNOLOGY INC.
MT. POSO COGENERATION COMPANY, LLC
CMH ACQUISITION COMPANY, LLC
CRIMSON MIDSTREAM HOLDINGS, LLC
CRIMSON MIDSTREAM OPERATING, LLC
CRIMSON PIPELINE, LLC
CRIMSON MIDSTREAM SERVICES, LLC
CARDINAL PIPELINE, L.P.

By: /s/Clio C. Crespy

Name: Clio C. Crespy

Title: Executive Vice President and Chief Financial Officer

SUBSIDIARY GRANTOR: C&J WELL SERVICES, LLC

By: /s/ Michael S. Helm
Name: Michael S. Helm
Title: Vice President – Finance and Treasurer

[*****]

EXHIBIT 31.1

RULE 13a – 14(a) / 15d – 14(a)
CERTIFICATION
PURSUANT TO §302 OF THE SARBANES-OXLEY ACT OF 2002

I, Francisco J. Leon, certify that:

1. I have reviewed this quarterly report on Form 10-Q of California Resources Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant’s other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 3, 2026

/s/ Francisco J. Leon

Francisco J. Leon

President and Chief Executive Officer
(Principal Executive Officer)

EXHIBIT 31.2

RULE 13a – 14(a) / 15d – 14(a)
CERTIFICATION
PURSUANT TO §302 OF THE SARBANES-OXLEY ACT OF 2002

I, Clio Crespy, certify that:

1. I have reviewed this quarterly report on Form 10-Q of California Resources Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 3, 2026

/s/ Clio Crespy
Clio Crespy
Executive Vice President and
Chief Financial Officer
(Principal Financial Officer)

CERTIFICATION OF CEO AND CFO PURSUANT TO
18 U.S.C. § 1350,
AS ADOPTED PURSUANT TO
§ 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q of California Resources Corporation (the "Company") for the fiscal period ended September 30, 2026, as filed with the Securities and Exchange Commission on November 3, 2026 (the "Report"), Francisco J. Leon, as Chief Executive Officer of the Company, and Clio Crespy, as Chief Financial Officer of the Company, each hereby certifies, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that, to the best of his or her knowledge, respectively:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Francisco J. Leon

Name:	Francisco J. Leon
Title:	President and Chief Executive Officer (Principal Executive Officer)
Date:	November 3, 2026

/s/ Clio Crespy

Name:	Clio Crespy
Title:	Executive Vice President and Chief Financial Officer (Principal Financial Officer)
Date:	November 3, 2026

A signed original of this written statement required by Section 906 has been provided to California Resources Corporation and will be retained by California Resources Corporation and furnished to the Securities and Exchange Commission or its staff upon request.

This certification accompanies the Report pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not, except to the extent required by the Sarbanes-Oxley Act of 2002, be deemed filed by the Company for purposes of Section 18 of the Securities Exchange Act of 1934, as amended.