



**CALIFORNIA**  
RESOURCES CORPORATION

## Fourth Quarter 2020 Earnings Review

March 11, 2021



# Forward Looking / Cautionary Statements – Certain Terms

The information included herein contains forward-looking statements that involve risks and uncertainties that could materially affect our expected results of operations, liquidity, cash flows and business prospects. Such statements include those regarding our expectations as to our future:

- financial position, liquidity, cash flows and results of operations
- business prospects
- transactions and projects
- operating costs
- operations and operational results including production, hedging and capital investment
- budgets and maintenance capital requirements
- reserves
- type curves
- expected synergies from acquisitions and joint ventures

Actual results may differ from anticipated results, sometimes materially, and reported results should not be considered an indication of future performance. While we believe assumptions or bases underlying our expectations are reasonable and make them in good faith, they almost always vary from actual results, sometimes materially. We also believe third-party statements we cite are accurate but have not independently verified them and do not warrant their accuracy or completeness. Factors (but not necessarily all the factors) that could cause results to differ include:

- our ability to execute our business plan post-emergence
- the volatility of commodity prices and the potential for sustained low oil, natural gas and natural gas liquids prices
- impact of our recent emergence from bankruptcy on our business and relationships
- debt limitations on our financial flexibility
- insufficient cash flow to fund planned investments, interest payments on our debt, debt repurchases or changes to our capital plan
- insufficient capital or liquidity, including as a result of lender restrictions, unavailability of capital markets or inability to attract potential investors
- limitations on transportation or storage capacity and the need to shut-in wells
- inability to enter into desirable transactions including acquisitions, asset sales and joint ventures
- our ability to utilize our net operating loss carryforwards to reduce our income tax obligations
- legislative or regulatory changes, including those related to drilling, completion, well stimulation, operation, maintenance or abandonment of wells or facilities, managing energy, water, land, greenhouse gases (GHGs) or other emissions, protection of health, safety and the environment, or transportation, marketing and sale of our products
- joint ventures and acquisitions and our ability to achieve expected synergies
- the recoverability of resources and unexpected geologic conditions
- incorrect estimates of reserves and related future cash flows and the inability to replace reserves
- changes in business strategy
- production-sharing contracts' effects on production and unit operating costs
- the effect of our stock price on costs associated with incentive compensation
- effects of hedging transactions
- equipment, service or labor price inflation or unavailability
- availability or timing of, or conditions imposed on, permits and approvals
- lower-than-expected production, reserves or resources from development projects, joint ventures or acquisitions, or higher-than-expected decline rates
- disruptions due to accidents, mechanical failures, power outages, transportation or storage constraints, natural disasters, labor difficulties, cyber attacks or other catastrophic events
- pandemics, epidemics, outbreaks, or other public health events, such as the COVID-19
- factors discussed in Item 1A, Risk Factors in CRC's Annual Report on Form 10-K available at [www.crc.com](http://www.crc.com).

Words such as "anticipate," "believe," "continue," "could," "estimate," "expect," "goal," "intend," "likely," "may," "might," "plan," "potential," "project," "seek," "should," "target," "will" or "would" and similar words that reflect the prospective nature of events or outcomes typically identify forward-looking statements. Any forward-looking statement speaks only as of the date on which such statement is made, and we undertake no obligation to correct or update any forward-looking statement, whether as a result of new information, future events or otherwise, except as required by applicable law.

See the Investor Relations page at [www.crc.com](http://www.crc.com) for additional information about 3P reserves and other hydrocarbon resource quantities, PV-10 and standardized measure, finding and development (F&D) costs, recycle ratio calculations, reserve replacement ratios, debt-adjusted shares calculations, drilling locations and reconciliations of non-GAAP measures to the closest GAAP equivalent.

# Key 2020 Year End Takeaways

Successfully and **safely produced essential energy** to California during COVID-19 Pandemic

Completed a **financial restructuring** and **emerged** from Chapter 11 bankruptcy process

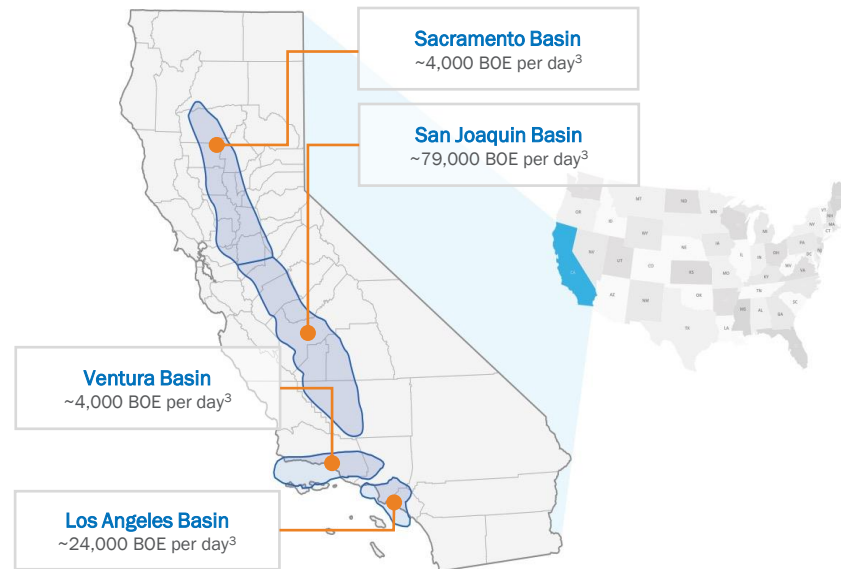
Began a search for a new CEO and initiated a **full-scale business** review

Generated an Adj. EBITDAX<sup>1</sup> of \$489MM and after eliminating one-time bankruptcy related fees generated Free Cash Flow<sup>1</sup> of \$172mm<sup>2</sup>

Effectively **reduced operating costs** per BOE by 19% from 2019

Successfully advanced 2030 Sustainability Goals and received an industry **top “Leadership” ranking** from CDP

## 2020 SNAPSHOT



2020 Net Production | 111 Mboe/d



Proved Developed Reserves<sup>4</sup> | 382 MMboe



Proved Reserves<sup>4</sup> | 442 MMboe







■ Oil  
■ NGLs  
■ Gas



<sup>1</sup> See the Investor Relations page at [www.crc.com](http://www.crc.com) for a reconciliation to the closest GAAP measure and other additional information. | <sup>2</sup> Excludes \$113 million of one-time bankruptcy related fees | <sup>3</sup> Net production shown for full year 2020. | <sup>4</sup> The average realized prices used to estimate our proved reserves as of December 31, 2020 were \$42.35 per barrel for oil, \$26.42 per barrel for NGLs and \$2.28 per Mcf for natural gas.

# Key Highlights

	Average Production	Adj. EBITDAX <sup>1</sup>	Free Cash Flow <sup>1,2</sup>	Adj. EBITDAX Margin <sup>1</sup>
<b>4<sup>th</sup> Quarter 2020</b>	<b>103 Mboe/d</b> 61% Oil	<b>\$116 Million</b>	<b>(\$6) Million</b>	<b>27%</b>
				
<b>Full Year 2020</b>	<b>111 Mboe/d</b> 62% Oil	<b>\$489 Million</b>	<b>\$172 Million</b>	<b>28%</b>

## Other Highlights



Operational Simplification



Improved liquidity and reduced average cost of debt



Sustained Operational Excellence & Safety Record



Streamlined CRC organizational structure with expected annual operating and G&A cost savings of over \$65MM in 2021 compared to 2020 levels



Further simplified CRC capital structure with a \$600MM senior notes offering bearing interest at 7.125% due 2026



Achieved best safety year in Company's history with an 18% decrease in IIR record.

# Fourth Quarter & Full Year 2020 Results Comparison

	4Q19	3Q20	4Q20
Net Oil Production	76 MBbl/d	64 MBbl/d	63 MBbl/d
Total Net Production	123 MBoe/d	106 MBoe/d	103 MBoe/d
Realized Oil Price w/ Hedge (\$/Bbl)	\$70.21	\$42.15	\$44.39
Realized NGL Price (\$/Bbl)	\$33.81	\$25.16	\$35.45
Realized Natural Gas Price (\$/Mcf)	\$3.00	\$2.22	\$3.03
Adjusted Net Income (loss) <sup>1</sup> per Share – Diluted	(\$1.36)	\$1.68	-
Adjusted EBITDAX <sup>1</sup>	\$308 MM	\$103 MM	\$116 MM
Internally Funded Capital Investments	\$62 MM	\$4 MM	\$10 MM
Cash Provided (Used) by Operating Activities	\$136 MM	\$48 MM	(\$35) MM
Free Cash Flow, after internally funded capital <sup>1</sup>	\$74 MM	\$44 MM	(\$45) MM
One-time bankruptcy related fees	-	\$27 MM	\$39 MM
Free Cash Flow <sup>1</sup> , excluding one-time bankruptcy related fees	-	\$71 MM	(\$6) MM

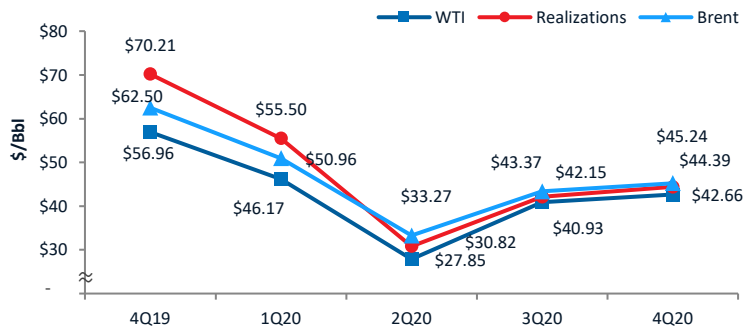
	FY19	FY20
	80 MBbl/d	69 MBbl/d <sup>2</sup>
	128 MBoe/d	111 MBoe/d <sup>2</sup>
	\$68.66	\$43.53
	\$31.71	\$27.63
	\$2.87	\$2.28
	\$1.40	-
	\$1,142 MM	\$489 MM
	\$407 MM	\$47 MM
	\$676 MM	\$106 MM
	\$269 MM	\$59 MM
	-	\$113 MM
	-	\$172 MM



<sup>1</sup>See the Investor Relations page at [www.crc.com](http://www.crc.com) for a reconciliation to the closest GAAP measure and other additional information. Adjusted net income (loss) per diluted share for the three months ended September 30, 2020 includes \$138 million related to the deemed redemption of noncontrolling interest of the Ares JV. | <sup>2</sup> Includes the shutting in of certain wells starting in March 2020 to reduce operating costs and enhance cash flow which curtailed average 2020 net production volumes by approximately 3 MBoe/d.

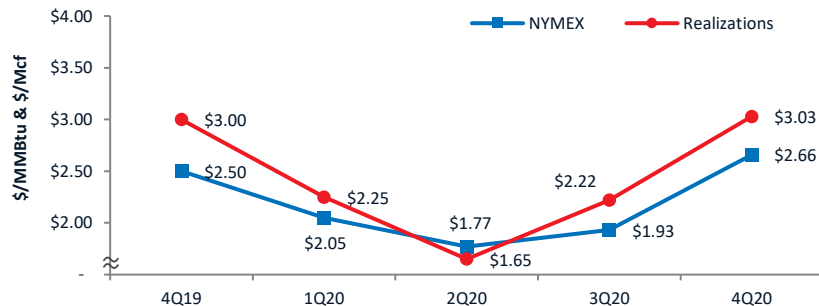
# Advantaged CRC Brent Realizations

## OIL PRICE REALIZATION (WITH HEDGES)



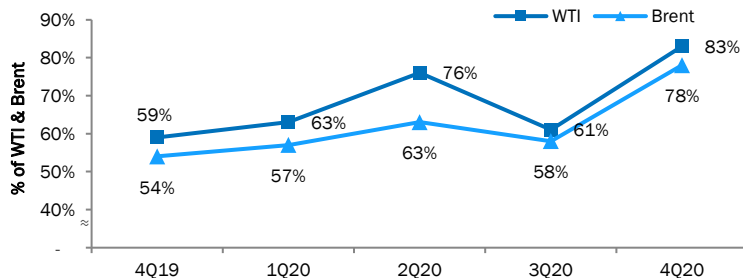
Realization % of WTI	123%	120%	111%	103%	104%
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## GAS PRICE REALIZATION



Realization % of NYMEX	120%	110%	93%	115%	114%
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## NGL PRICE REALIZATION - % OF WTI & BRENT



- California refiners continue to prioritize California native crude, which enjoys a premium over WTI due to Brent based pricing
- Realized natural gas prices remained strong and were supported by cooler temperatures across California
- NGL price realizations were above normal levels due to decreased local supply and ample demand

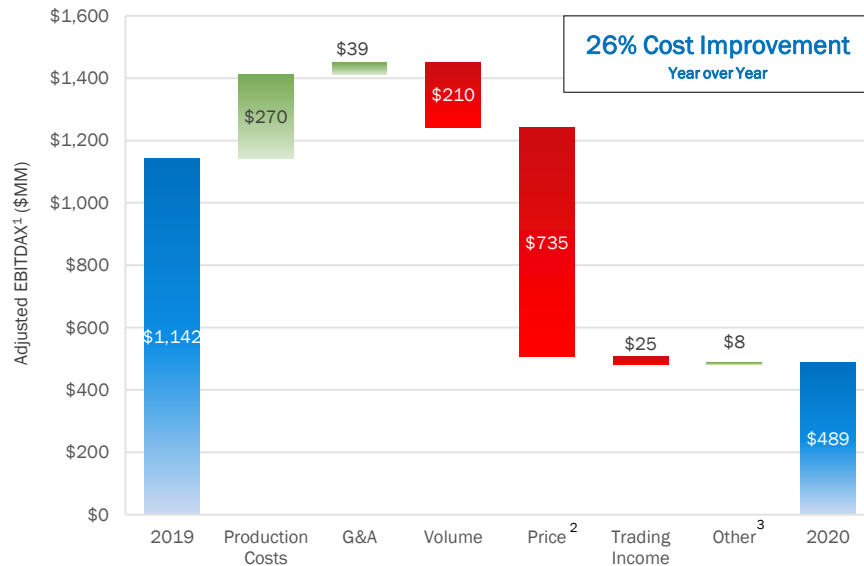


**CRC realizations for all hydrocarbon streams remained strong vs U.S. benchmarks**

# Fourth Quarter 2020 Cost Comparison

	4Q19	3Q20	4Q20
Operating costs (\$/Boe)	\$18.67	\$14.52	\$17.42
Operating costs excluding PSC effects <sup>1</sup> (\$/Boe)	\$17.32	\$13.37	\$16.29
Adjusted G&A <sup>1</sup> (\$/Boe)	\$5.40	\$6.59	\$6.23
Taxes other than on income (\$MM)	\$38	\$42	\$23
Exploration expense (\$MM)	\$4	\$2	\$2
Interest expense (\$MM) <sup>5</sup>	\$90	\$28	\$17
DD&A (\$MM) <sup>5</sup>	\$114	\$89	\$66
Additional expenses (\$MM) <sup>4</sup>	\$79	\$84	\$94

## COST IMPROVEMENTS HELP OFFSET PRICE DECLINE



**CRC plans to maintain recent cost savings and implement further cost reduction measures in 2021**

<sup>1</sup> See the Investor Relations page at [www.crc.com](http://www.crc.com) for a reconciliation to the closest GAAP measure and other additional information. | <sup>2</sup> Price change includes settled hedges. | <sup>3</sup> Other predominantly includes charges relating to the planned maintenance of the Elk Hills power plant which occurred in the first quarter of 2020, as well as changes in taxes. | <sup>4</sup> Additional expenses includes trading costs, electricity cost of sales, transportation costs and other expenses.



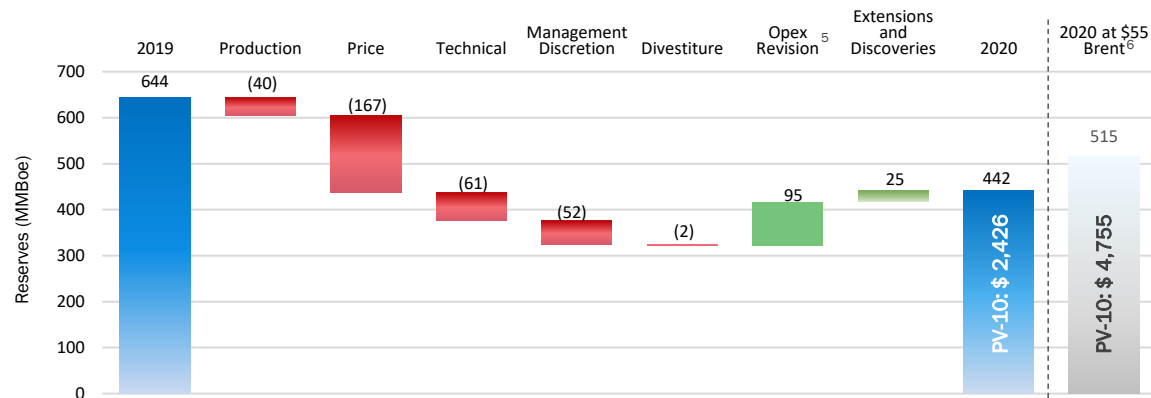
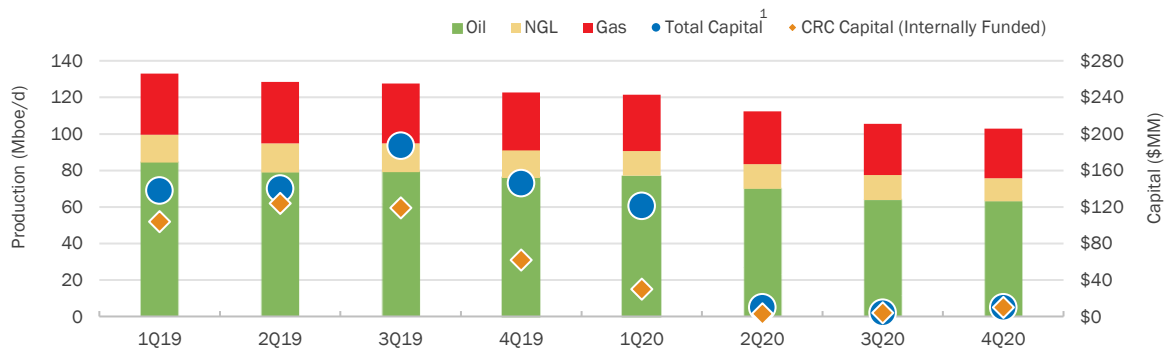
<sup>5</sup> The periods of November 1, 2020 through December 31, 2020 (Successor period) and January 1, 2020 through October 31, 2020 (Predecessor period) are distinct reporting periods as a result of the adoption of fresh start accounting upon emergence from Chapter 11 bankruptcy and as such, DD&A and Interest expense are not comparable to prior periods b/c these line items were significantly affected by fresh start accounting. For further information, consult the 2020 10K, Part II, Item 8 – Financial Statements and Supplementary Data, Note 3 Fresh Start Accounting.

# Long Reserve Life Despite a Minimal Investment and Low-Price Environment

YEAR ENDED DECEMBER 31, 2020

## RESERVE METRICS

Total Proved Reserves <sup>2</sup> / 2020 Production	10.9x
PV-10 (\$MM)	\$2,426
PV-10 / Net Debt <sup>3</sup> (\$)	4.3x
Net Debt <sup>3</sup> / Total Proved Reserves <sup>2</sup> (\$/Boe)	\$1.29
EV <sup>4</sup> /Total Proved Reserves <sup>2</sup> (\$/Boe)	\$6.29
PV-10/Total Proved Reserves <sup>2</sup> (\$/Boe)	\$5.49
EV <sup>4</sup> /PV-10 (\$)	1.1x



<sup>1</sup> Total Capital reflected in the graph includes the capital investment of internal CRC capital as well as JV partners BSP, MIRA, and Alpine. Our condensed consolidated financial statements include BSP's investment and exclude MIRA's and Alpine's investment based on the accounting treatment of each venture. | <sup>2</sup> The average realized prices used to estimate our proved reserves as of December 31, 2020 were \$42.35 per barrel for oil, \$26.42 per barrel for NGLs and \$2.28 per Mcf for natural gas | <sup>3</sup> See the Investor Relations page at [www.crc.com](http://www.crc.com) for a reconciliation to the closest GAAP measure and other additional information. | <sup>4</sup> As of February 26, 2021. | <sup>5</sup> Lower OPEX in 2020 lengthened the economic life of PDP wells and PUDs | <sup>6</sup> Average realized prices used to estimate our reserves were \$55 per barrel for oil and \$2.50 per Mcf for gas. GAAP does not prescribe a standardized measure of reserves on a basis other than SEC pricing. As such, no standardized measure of proved reserves using \$55 per barrel for oil and \$2.50 per Mcf for natural gas has been provided.



# Hedging Program Provides a Cash Flow Margin of Safety

## Strategy

- CRC hedging strategy typically utilizes a mixture of Puts, Collars and Swaps to protect cash flow and to ensure CRC's ability to live within cash flow, and is also aligned with CRC's RBL requirements

## Cash Flow Protected

- CRC has hedges in place for ~78% of anticipated oil production through June 2021 and ~72% through October 2022, and thereafter ~42% through 3Q 2023

## Current Hedge Protection<sup>1</sup>

		1Q21	2Q21	3Q21	4Q21	2022
SOLD CALLS	Barrels per Day	19,028	33,537	36,362	36,700	30,783
	Weighted Average Price per Barrel	\$47.88	\$48.73	\$50.31	\$60.70	\$59.37
PURCHASED PUTS	Barrels per Day	39,148	37,872	36,617	35,483	30,783
	Weighted Average Price per Barrel	\$41.88	\$40.00	\$40.00	\$40.00	\$40.00
SOLD PUTS	Barrels per Day	15,659	15,149	14,647	14,193	3,042
	Weighted Average Price per Barrel	\$35.97	\$31.41	\$30.00	\$32.00	\$32.00
SWAPS	Barrels per Day	8,524	9,639	9,063	8,922	6,576
	Weighted Average Price per Barrel	\$44.54	\$46.35	\$47.18	\$48.57	\$46.29

# Dedicated to ESG Leadership



## ENVIRONMENTAL

CRC's 2030 **Sustainability Goals align with California's landmark goals** as a signatory of the Paris Climate Accord

CRC **methane emissions declined by ~63%** since 2013



## SOCIAL

CRC's values of **Character, Responsibility and Commitment** direct how we conduct our business, contribute to our communities, support local economies, protect the environment, and interact daily with our stakeholders.

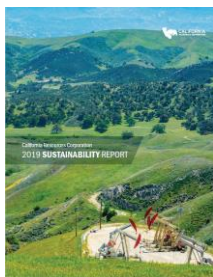
Our Diversity & Gender metrics reflect our **consistent focus on strengthening our organization**



## GOVERNANCE

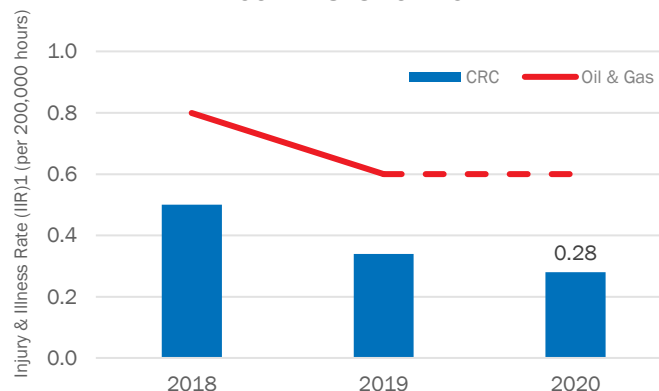
CRC's **new Board of experienced & independent Directors from diverse backgrounds** will build on CRC's exemplary ESG performance

CRC's 2021 **compensation metrics are tied to our ESG targets**



- **CRC remains dedicated to improving upon all ESG & HSE metrics** while continuing to deliver reliable and affordable energy to California
- **2020 was CRC's best year for safety to date.** Our safety performance continues to surpass the rest of the Oil and Natural Gas industry as well as most other sectors including finance & insurance, radio & television broadcasting and publishing industries<sup>1</sup>

## IIR<sup>1</sup> CONTINUES TO DECLINE



Attained **CDP's highest 2020 climate disclosure ranking** among all U.S. oil and gas companies with an A-, tying for first with one other U.S.-based E&P

For additional information please refer to CRC's Sustainability Report which references both Sustainability Accounting Standards Board (SASB) and Global Reporting Initiative (GRI) standards at [crc.com/sustainability](http://crc.com/sustainability).

# CRC Strategy Day To Provide More Details and Guidance



## CRC STRATEGY DAY

March 18<sup>th</sup>, 2021 / 1 - 2 PM EST



New Strategic Direction



Strong Financial Position



Cash-Advantaged Portfolio



Integrated Model



Committed to ESG Advancement

California Resources Corporation