

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

**FORM 8-K**

**CURRENT REPORT**  
**Pursuant to Section 13 or 15(d)**  
**of the Securities Exchange Act of 1934**

**Date of Report (Date of earliest event reported):**  
**May 20, 2024**

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

**Delaware**  
(State or other jurisdiction  
of incorporation)

**001-36478**  
(Commission  
File Number)

**46-5670947**  
(IRS Employer  
Identification No.)

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

**90831**  
(Zip code)

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

(Former name or former address, if changed since last report): Not applicable

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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

| Title of each class | Trading<br>Symbol(s) | Name of each exchange<br>on which registered |
|---------------------|----------------------|----------------------------------------------|
| Common Stock        | CRC                  | New York Stock Exchange                      |

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§ 230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§ 240.12b-2 of this chapter).

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. ☐

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**Item 2.02 Results of Operations and Financial Condition.**

To the extent the information included or incorporated into Item 8.01 below with respect to the results of operations or financial condition of California Resources Corporation (the “Company”) relates to or is presented as of or for a completed fiscal period, such information is incorporated into this Item 2.02 by reference herein.

**Item 8.01 Other Events.**

On May 20, 2024, the Company issued a press release announcing the commencement of a proposed private offering of \$500 million in aggregate principal amount of senior unsecured notes due 2029 (the “Notes”). A copy of the press release is included as Exhibit 99.1 hereto and incorporated herein by reference.

In connection with the offering of the Notes, the Company will provide certain financial and other information with respect to the Company to prospective investors in the offering. Excerpts of such information are included as Exhibit 99.2 hereto and incorporated herein by reference.

All statements, except for statements of historical fact, made in this Current Report on Form 8-K regarding activities, events or developments the Company expects, believes or anticipates will or may occur in the future, such as statements regarding the proposed offering, the intended use of proceeds, the business combination (the “Aera Merger”) with Aera Energy LLC and Aera Energy Services Company (the “Aera Companies”) and estimated results of future operations are 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, as amended. All forward-looking statements speak only as of the date of this Current Report on Form 8-K. Although the Company believes that the plans, intentions and expectations reflected in or suggested by the forward-looking statements are reasonable, there is no assurance that these plans, intentions or expectations will be achieved. Therefore, actual outcomes and results could materially differ from what is expressed, implied or forecast in such statements. Except as required by law, the Company expressly disclaims any obligation to and does not intend to publicly update or revise any forward-looking statements.

The Company cautions you that these forward-looking statements are subject to all of the risks and uncertainties incident to the Company’s business, most of which are difficult to predict and many of which are beyond the Company’s control. These risks include, but are not limited to, the risks described under the heading “Risk Factors” in the Company’s Annual Report on Form 10-K for the year ended December 31, 2023 and its subsequently filed Quarterly Reports on Form 10-Q.

**Additional Information and Where to Find It**

This communication may be deemed to be solicitation material in respect of the transactions contemplated by the merger agreement (the “Merger Agreement”) relating to the Aera Merger, including the proposed issuance of the Company’s common stock pursuant to the Merger Agreement. In connection with the transaction, the Company filed a proxy statement on Schedule 14A with the U.S. Securities and Exchange Commission (“SEC”), as well as other relevant materials. Following the filing of the definitive proxy statement, the Company mailed the definitive proxy statement and a proxy card to its stockholders. INVESTORS AND SECURITY HOLDERS OF THE COMPANY ARE URGED TO READ THE PROXY STATEMENT AND OTHER RELEVANT DOCUMENTS FILED OR TO BE FILED WITH THE SEC CAREFULLY WHEN THEY BECOME AVAILABLE BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION ABOUT THE COMPANY, THE AERA COMPANIES, THE AERA MERGER AND RELATED MATTERS. Investors and security holders will be able to obtain copies of the proxy statement as well as other filings containing information about the Companies, the Aera Companies and the Aera Merger, without charge, at the SEC’s website, [www.sec.gov](http://www.sec.gov). Copies of documents filed with the SEC by the Company will be available, without charge, at the Company’s website, [www.crc.com](http://www.crc.com). The information included on, or accessible through, the Company’s website is not incorporated by reference into this communication.

## **Participants in Solicitation**

The Company and its directors and executive officers may be deemed to be participants in the solicitation of proxies in connection with the Aera Merger. Information about the directors and executive officers of the Company is set forth in the proxy statement for the Company's 2024 Annual Meeting of Stockholders, which was filed with the SEC on March 21, 2024. Investors may obtain additional information regarding the interest of such participants by reading the proxy statement regarding the transaction.

### **Item 9.01 Financial Statements and Exhibits**

#### **(d) Exhibits**

| <b>Exhibit No.</b> | <b>Description</b>                                                               |
|--------------------|----------------------------------------------------------------------------------|
| 99.1               | <a href="#"><u>Press Release, dated May 20, 2024, issued by the Company.</u></a> |
| 99.2               | <a href="#"><u>Offering memorandum excerpts.</u></a>                             |
| 104                | Cover Page Interactive Data File (embedded within the Inline XBRL document).     |

**SIGNATURE**

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 hereunto duly authorized.

**California Resources Corporation**

By: /s/ Michael L. Preston

Michael L. Preston

Executive Vice President, Chief Strategy Officer and  
General Counsel

DATED: May 20, 2024

**NEWS RELEASE****For immediate release****California Resources Corporation Announces Private Offering of \$500 Million of Senior Unsecured Notes**

Long Beach, California, May 20, 2024 – California Resources Corporation (NYSE: CRC) (the “Company”) announced today that, subject to market and other conditions, it intends to offer and sell to eligible purchasers \$500 million in aggregate principal amount of senior unsecured notes due 2029 (the “Notes”). The Notes will be guaranteed by all of the Company’s existing subsidiaries that guarantee its revolving credit facility, its 7.125% senior unsecured notes due 2026 and certain future subsidiaries. The Company intends to use the net proceeds from this offering, cash on hand and borrowings under its revolving credit facility to repay the existing indebtedness of Aera Energy, LLC and its operating affiliate Aera Energy Services Company (together, the “Aera Companies”) in connection with the pending business combination with the Aera Companies (the “Aera Merger”).

If (x) the consummation of the Aera Merger does not occur on or before May 7, 2025 (the “Outside Date”) or (y) prior thereto, the Company notifies the trustee in writing that the merger agreement related to the Aera Merger (the “Merger Agreement”) has been terminated or the Company will not pursue the consummation of the Aera Merger or has determined in its sole discretion that the Aera Merger cannot or is not reasonably likely to be consummated by the Outside Date, the Notes will be subject to a special mandatory redemption at a redemption price equal to 100% of the initial issue price of the Notes plus accrued and unpaid interest to, but excluding, the payment date of such special mandatory redemption.

The Notes have not been, and will not be, registered under the Securities Act of 1933, as amended (the “Securities Act”), or any state securities laws and may not be offered or sold in the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and the rules promulgated thereunder and applicable state securities laws. The Notes will be offered only to persons reasonably believed to be qualified institutional buyers in reliance on Rule 144A under the Securities Act and non-U.S. persons in transactions outside the United States in reliance on Regulation S under the Securities Act.

This press release does not and shall not constitute an offer to sell or the solicitation of an offer to buy any Notes, nor shall there be any offer, solicitation or sale of Notes in any state or jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such state or jurisdiction.

**Forward-Looking Statement Disclosure**

All statements, except for statements of historical fact, made in this release regarding activities, events or developments the Company expects, believes or anticipates will or may occur in the future, such as statements regarding the proposed offering, the intended use of proceeds and the business combination with the Aera Companies, are forward-looking statements within the meaning of Section 27A of the Securities Act and Section 21E of the Securities Exchange Act of 1934, as amended. All forward-looking statements speak only as of the date of this release. Although the Company believes that the plans, intentions and expectations reflected in or suggested by the forward-looking statements are reasonable, there is no assurance that these plans, intentions or expectations will be achieved. Therefore, actual outcomes and results could materially differ from what is expressed, implied or forecast in such statements. Except as required by law, the Company expressly disclaims any obligation to and does not intend to publicly update or revise any forward-looking statements.

The Company cautions you that these forward-looking statements are subject to all of the risks and uncertainties incident to the Company's business, most of which are difficult to predict and many of which are beyond the Company's control. These risks include, but are not limited to, the risks described under the heading "Risk Factors" in the Company's Annual Report on Form 10-K for the year ended December 31, 2023 and its subsequently filed Quarterly Report on Form 10-Q.

**About California Resources Corporation**

California Resources Corporation is an independent energy and carbon management company committed to energy transition. CRC produces some of the lowest carbon intensity production in the US and is focused on maximizing the value of its land, mineral and technical resources for decarbonization by developing carbon capture and storage and other emissions reducing projects.

**Additional Information and Where to Find It**

This communication may be deemed to be solicitation material in respect of the transactions contemplated by the Merger Agreement, including the proposed issuance of the Company's common stock pursuant to the Merger Agreement. In connection with the transaction, the Company filed a proxy statement on Schedule 14A with the U.S. Securities and Exchange Commission ("SEC"), as well as other relevant materials. Following the filing of the definitive proxy statement, the Company mailed the definitive proxy statement and a proxy card to its

stockholders. INVESTORS AND SECURITY HOLDERS OF THE COMPANY ARE URGED TO READ THE PROXY STATEMENT AND OTHER RELEVANT DOCUMENTS FILED OR TO BE FILED WITH THE SEC CAREFULLY WHEN THEY BECOME AVAILABLE BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION ABOUT THE COMPANY, THE AERA COMPANIES, THE AERA MERGER AND RELATED MATTERS. Investors and security holders will be able to obtain copies of the proxy statement as well as other filings containing information about the Companies, the Aera Companies and the Aera Merger, without charge, at the SEC's website, [www.sec.gov](http://www.sec.gov). Copies of documents filed with the SEC by the Company will be available, without charge, at the Company's website, [www.crc.com](http://www.crc.com). The information included on, or accessible through, the Company's website is not incorporated by reference into this communication.

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**CRC Contacts:**

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Source: California Resources Corporation

## Offering Memorandum Excerpts

*For the purposes of this Exhibit:*

*“Aera” means Aera Energy LLC*

*“Aera Companies” means Aera Energy LLC and its operating affiliate Aera Energy Services Company.*

*“Aera Holding Companies” means IKAV Co-Invest Blocker 1, IKAV Co-Invest Blocker 2, IKAV Blocker, CPP Blocker, and IKAV Co-Invest.*

*“Aera Merger” means the acquisitions by California Resources Corporation of the Aera Companies in an all-stock transaction.*

*“Aera Parent” means Aera Parent Predecessor and Aera Parent Successor on an individual basis and collective basis, as the context requires.*

*“Aera Parent Predecessor” means the combined activity of the Aera Companies in respect of the period prior to the Prior Transaction on February 28, 2023.*

*“Aera Parent Successor” means (x) the combined activity of GGR Holdings and its consolidated subsidiaries in respect of the period subsequent to the incorporation of GGR Parent on August 31, 2022 through December 28, 2023, and (y) the combined activity of GGR Holdings and its consolidated subsidiaries with respect to the period following December 29, 2023.*

*“Existing Aera Indebtedness” means Aera Companies’ \$950 million outstanding indebtedness.*

*“GGR Holdings” means Green Gate Holdings, LLC.*

*“Merger Agreement” a definitive agreement and plan of merger for CRC to acquire the Aera Companies in an all-stock transaction.*

*“Prior Owners” means Exxon Mobil Corporation and Shell plc.*

*“Prior Transaction” means the transaction, in February 2023, where GGR Holdings indirectly acquired all of the Aera Companies’ outstanding equity interests from the Prior Owners.*

*“Revolving Credit Facility” means Credit Agreement, dated as of April 26, 2023, between CRC, Citibank, N.A., as administrative agent, collateral agent, and issuing bank, and the several lenders party thereto, as amended.*

*“Sellers” means certain investment vehicles affiliated with IKAV Impact S.a.r.l, Canada Pension Plan Investment Board and Oaktree Capital Management.*

*“Unrestricted Subsidiaries” means certain of CRC’s subsidiaries that do not guarantee the CRC’s outstanding senior notes.*

For the twelve months ended March 31, 2024, and pro forma for the Aera Merger, we would have had total operating revenues of \$3.8 billion.

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As of and for the three months ended March 31, 2024, and assuming the addition of all of Aera’s subsidiaries as guarantors concurrent with the closing of the Aera Merger, our subsidiaries that do not guarantee our Revolving Credit Facility accounted for approximately 7% of our pro forma property, plant and equipment, net, 10% of our pro forma average daily net production, 17% of our pro forma total operating revenues and 6% of our pro forma adjusted EBITDAX. As of and for the year ended December 31, 2023, and assuming the addition of all of Aera’s subsidiaries as guarantors concurrent with the closing of the Aera Merger, our subsidiaries that do not guarantee our Revolving Credit Facility accounted for approximately 10% of our pro forma average daily net production, 10% of our pro forma total operating revenues and 6% of our pro forma adjusted EBITDAX. In addition, our subsidiaries that do not guarantee our Revolving Credit Facility will have no long-term indebtedness.



As of and for the three months ended March 31, 2024, and assuming the addition of all of Aera's subsidiaries as guarantors concurrent with the closing of the Aera Merger, our Unrestricted Subsidiaries accounted for approximately 0.3% of our pro forma property, plant and equipment, net, none of our pro forma net production volumes, none of our pro forma total operating revenues and (0.4)% of our pro forma adjusted EBITDAX. As of and for the year ended December 31, 2023, and assuming the addition of all of Aera's subsidiaries as guarantors concurrent with the closing of the Aera Merger, our Unrestricted Subsidiaries did not account for any of our pro forma average daily net production or our total pro forma total operating revenues and did account for approximately (0.4)% of our pro forma adjusted EBITDAX.

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|                                           | Historical                      |        |                            |          | Pro Forma                       |                            |                                  |
|-------------------------------------------|---------------------------------|--------|----------------------------|----------|---------------------------------|----------------------------|----------------------------------|
|                                           | Three months ended<br>March 31, |        | Year ended<br>December 31, |          | Three months ended<br>March 31, | Year ended<br>December 31, | Twelve months ended<br>March 31, |
|                                           | 2024                            | 2023   | 2023                       | 2022     | 2024                            | 2023                       | 2024                             |
| (in millions)                             | (Audited)                       |        |                            |          | (Unaudited)                     |                            |                                  |
| Statements of Operations Data:            |                                 |        |                            |          |                                 |                            |                                  |
| Oil, natural gas and NGL sales            | \$ 429                          | \$ 715 | \$ 2,155                   | \$ 2,643 | \$ 920                          | \$ 3,897                   |                                  |
| Total operating revenues                  | 454                             | 1,024  | 2,801                      | 2,707    | 613                             | 4,812                      |                                  |
| Operating costs                           | (176)                           | (254)  | (822)                      | (785)    | 343                             | 1,719                      |                                  |
| General and administrative expenses       | (57)                            | (65)   | (267)                      | (222)    | 103                             | 454                        |                                  |
| Depreciation, depletion and amortization  | (53)                            | (58)   | (225)                      | (198)    | 147                             | 681                        |                                  |
| Total operating expenses                  | (464)                           | (638)  | (2,025)                    | (1,954)  | 828                             | 3,964                      |                                  |
| Interest and debt expense                 | (13)                            | (14)   | (56)                       | (53)     | (28)                            | (118)                      |                                  |
| Net (loss) income                         | (10)                            | 301    | 564                        | 524      | (168)                           | 589                        |                                  |
| Balance Sheet Data (at period end):       |                                 |        |                            |          |                                 |                            |                                  |
| Total current assets                      | \$ 839                          | \$ 972 | \$ 929                     | \$ 864   | \$ 661                          |                            |                                  |
| Total current liabilities                 | 594                             | 717    | 616                        | 894      | 1,093                           |                            |                                  |
| Property, plant and equipment, net        | 2,793                           | 2,764  | 2,770                      | 2,786    | 5,990                           |                            |                                  |
| Total assets                              | 3,910                           | 4,000  | 3,998                      | 3,967    | 7,037                           |                            |                                  |
| Long-term debt, net                       | 541                             | 592    | 540                        | 592      | 1,224                           |                            |                                  |
| Non-current asset retirement obligations  | 429                             | 424    | 422                        | 432      | 1,014                           |                            |                                  |
| Stockholders' equity                      | 2,093                           | 2,092  | 2,219                      | 1,864    | 3,103                           |                            |                                  |
| Statements of Cash Flows Data:            |                                 |        |                            |          |                                 |                            |                                  |
| Net cash provided by operating activities | \$ 87                           | \$ 310 | \$ 653                     | \$ 690   | \$ 202                          | \$ 1,130                   | \$ 1,104                         |
| Net cash used in investing activities     | (49)                            | (61)   | (175)                      | (317)    |                                 |                            |                                  |
| Net cash used in financing activities     | (131)                           | (79)   | (289)                      | (371)    |                                 |                            |                                  |
| Other Supplementary Data (unaudited):     |                                 |        |                            |          |                                 |                            |                                  |
| Adjusted EBITDAX <sup>(1)</sup>           | 149                             | 358    | 862                        | 852      | 371                             | 1,756                      | 1,693                            |
| Free cash flow <sup>(2)</sup>             | 33                              | 263    | 468                        | 311      | 123                             | 808                        |                                  |

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The following tables represent a reconciliation of the GAAP financial measures of net income and net cash provided by operating activities to the non-GAAP financial measure of adjusted EBITDAX.

|                                           | Historical CRC                    | Historical Aera Parent Successor  | Adjustments   | Pro Forma                         |
|-------------------------------------------|-----------------------------------|-----------------------------------|---------------|-----------------------------------|
|                                           | Three months ended March 31, 2024 | Three months ended March 31, 2024 |               | Three months ended March 31, 2024 |
| (in millions)                             |                                   | (Unaudited)                       |               |                                   |
| Net income (loss)                         | \$ (10)                           | \$ (234)                          | \$ 76         | \$ (168)                          |
| Interest and debt expense                 | 13                                | 30                                | (15)          | 28                                |
| Income tax provision                      | (9)                               | —                                 | (63)          | (72)                              |
| Interest income                           | (6)                               | (3)                               | —             | (9)                               |
| Depreciation, depletion and amortization  | 53                                | 75                                | 19            | 147                               |
| Exploration expense                       | 1                                 | —                                 | —             | 1                                 |
| Unusual, infrequent and other items       |                                   |                                   |               |                                   |
| Non-cash derivative loss                  | 59                                | 300                               | —             | 359                               |
| Asset impairment                          | —                                 | —                                 | —             | —                                 |
| Severance and termination costs           | —                                 | —                                 | —             | —                                 |
| Transaction costs                         | 14                                | —                                 | —             | 14                                |
| Information technology infrastructure     | 2                                 | —                                 | —             | 2                                 |
| Retention payments                        | 1                                 | —                                 | —             | 1                                 |
| (Gain) loss on asset divestitures         | (6)                               | 7                                 | —             | 1                                 |
| Other, net                                | 19                                | 7                                 | —             | 26                                |
| Non-cash items                            |                                   |                                   |               |                                   |
| Accretion expense                         | 12                                | 37                                | (18)          | 31                                |
| Stock-based compensation                  | 5                                 | —                                 | —             | 5                                 |
| Post-retirement medical and pension       | 1                                 | 4                                 | —             | 5                                 |
| <b>Adjusted EBITDAX</b>                   | <b>\$ 149</b>                     | <b>\$ 223</b>                     | <b>\$ (1)</b> | <b>\$ 371</b>                     |
| Net cash provided by operating activities | \$ 87                             | \$ 130                            | \$ (15)       | \$ 202                            |
| Cash interest payments                    | 21                                | 30                                | (15)          | 36                                |
| Cash income taxes                         | 22                                | —                                 | 28            | 50                                |
| Exploration expenditures                  | 1                                 | —                                 | —             | 1                                 |
| Working capital changes                   | 24                                | 63                                | 1             | 88                                |
| Cash interest received                    | (6)                               | —                                 | —             | (6)                               |
| <b>Adjusted EBITDAX</b>                   | <b>\$ 149</b>                     | <b>\$ 223</b>                     | <b>\$ (1)</b> | <b>\$ 371</b>                     |

|                                          | Historical CRC               | Historical Aera Parent Successor | Historical Aera Parent Predecessor      | Adjustments | Pro Forma                    |
|------------------------------------------|------------------------------|----------------------------------|-----------------------------------------|-------------|------------------------------|
|                                          | Year ended December 31, 2023 | Year ended December 31, 2023     | For the 58-days Ended February 27, 2023 |             | Year ended December 31, 2023 |
| (in millions)                            |                              |                                  |                                         |             | (Unaudited)                  |
| Net income (loss)                        | \$ 564                       | \$ 205                           | \$ (101)                                | \$ (79)     | \$ 589                       |
| Interest and debt expense, net           | 56                           | 110                              | —                                       | (48)        | 118                          |
| Income tax provision (benefit)           | 184                          | (1)                              | —                                       | 5           | 188                          |
| Interest income                          | (21)                         | (5)                              | (1)                                     | —           | (27)                         |
| Depreciation, depletion and amortization | 225                          | 292                              | 77                                      | 87          | 681                          |
| Exploration expense                      | 3                            | —                                | —                                       | —           | 3                            |
| Unusual, infrequent and other items      |                              |                                  |                                         |             |                              |
| Non-cash derivative (gain) loss          | (260)                        | 109                              | —                                       | —           | (151)                        |
| Asset impairment                         | 3                            | —                                | —                                       | —           | 3                            |
| Severance and termination costs          | 10                           | 15                               | —                                       | —           | 25                           |

|                                           | Historical CRC               | Historical Aera Parent Successor | Historical Aera Parent Predecessor For the 58-days Ended February 27, 2023 | Adjustments   | Pro Forma Year ended December 31, 2023 |
|-------------------------------------------|------------------------------|----------------------------------|----------------------------------------------------------------------------|---------------|----------------------------------------|
|                                           | Year ended December 31, 2023 | Year ended December 31, 2023     | For the 58-days Ended February 27, 2023                                    |               |                                        |
| Transaction costs                         | 15                           | 43                               | —                                                                          | 73            | 131                                    |
| Information technology infrastructure     | 17                           | —                                | —                                                                          | —             | 17                                     |
| Retention payments                        | 3                            | —                                | —                                                                          | 22            | 25                                     |
| Net loss on early extinguishment of debt  | 1                            | —                                | —                                                                          | —             | 1                                      |
| Net gain on asset divestitures            | (32)                         | (13)                             | —                                                                          | —             | (45)                                   |
| Other, net                                | 19                           | 15                               | 2                                                                          | —             | 36                                     |
| Non-cash items                            |                              |                                  |                                                                            |               |                                        |
| Accretion expense                         | 46                           | 122                              | 13                                                                         | (65)          | 116                                    |
| Stock-based compensation                  | 27                           | —                                | —                                                                          | —             | 27                                     |
| Post-retirement medical and pension       | 2                            | 14                               | 3                                                                          | —             | 19                                     |
| <b>Adjusted EBITDAX</b>                   | <b>\$ 862</b>                | <b>\$ 906</b>                    | <b>\$ (7)</b>                                                              | <b>\$ (5)</b> | <b>\$ 1,756</b>                        |
| Net cash provided by operating activities | \$ 653                       | \$ 679                           | \$ (28)                                                                    | \$ (174)      | \$ 1,130                               |
| Cash interest payments                    | 49                           | 96                               | —                                                                          | (34)          | 111                                    |
| Cash income taxes                         | 121                          | —                                | —                                                                          | 113           | 234                                    |
| Exploration expenditures                  | 3                            | —                                | —                                                                          | —             | 3                                      |
| Working capital changes                   | 57                           | 136                              | 22                                                                         | 90            | 305                                    |
| Cash interest received                    | (21)                         | (5)                              | (1)                                                                        | —             | (27)                                   |
| <b>Adjusted EBITDAX</b>                   | <b>\$ 862</b>                | <b>\$ 906</b>                    | <b>\$ (7)</b>                                                              | <b>\$ (5)</b> | <b>\$ 1,756</b>                        |

|                                          | Historical CRC                    | Historical Aera Parent Successor  | Historical Aera Parent Predecessor For the 58-days Ended February 27, 2023 | Adjustments | Pro Forma Three months ended March 31, 2023 |
|------------------------------------------|-----------------------------------|-----------------------------------|----------------------------------------------------------------------------|-------------|---------------------------------------------|
|                                          | Three months ended March 31, 2023 | Three months ended March 31, 2023 | For the 58-days Ended February 27, 2023                                    |             |                                             |
|                                          | (Unaudited)                       | (Unaudited)                       |                                                                            |             | (Unaudited)                                 |
| (in millions)                            |                                   |                                   |                                                                            |             |                                             |
| Net income (loss)                        | \$ 301                            | \$ 58                             | \$ (101)                                                                   | \$ (1)      | \$ 257                                      |
| Interest and debt expense                | 14                                | 10                                | —                                                                          | 5           | 29                                          |
| Income tax provision                     | 75                                | —                                 | —                                                                          | (18)        | 57                                          |
| Interest income                          | (4)                               | (1)                               | (1)                                                                        | —           | (6)                                         |
| Depreciation, depletion and amortization | 58                                | 27                                | 77                                                                         | 26          | 188                                         |
| Exploration expense                      | 1                                 | —                                 | —                                                                          | —           | 1                                           |
| Unusual, infrequent and other items      |                                   |                                   |                                                                            |             |                                             |
| Non-cash derivative gain                 | (107)                             | (69)                              | —                                                                          | —           | (176)                                       |
| Asset impairment                         | 3                                 | —                                 | —                                                                          | —           | 3                                           |
| Severance and termination costs          | 1                                 | —                                 | —                                                                          | —           | 1                                           |

|                                           | Historical CRC | Historical Aera Parent Successor | Historical Aera Parent Predecessor For the 58-days Ended February 27, 2023 | Adjustments   | Pro Forma Three months ended March 31, 2023 |
|-------------------------------------------|----------------|----------------------------------|----------------------------------------------------------------------------|---------------|---------------------------------------------|
| Transaction costs                         | —              | 29                               | —                                                                          | —             | 29                                          |
| Information technology infrastructure     | 3              | —                                | —                                                                          | —             | 3                                           |
| Net gain on asset divestitures            | (7)            | 5                                | —                                                                          | —             | (2)                                         |
| Other, net                                | —              | 12                               | 2                                                                          | —             | 14                                          |
| Non-cash items                            |                |                                  |                                                                            |               |                                             |
| Accretion expense                         | 12             | 12                               | 13                                                                         | (13)          | 24                                          |
| Stock-based compensation                  | 7              | —                                | —                                                                          | —             | 7                                           |
| Post-retirement medical and pension       | 1              | 1                                | 3                                                                          | —             | 5                                           |
| <b>Adjusted EBITDAX</b>                   | <b>\$ 358</b>  | <b>\$ 84</b>                     | <b>\$ (7)</b>                                                              | <b>\$ (1)</b> | <b>\$ 434</b>                               |
| Net cash provided by operating activities | \$ 310         | \$ (69)                          | \$ (28)                                                                    | \$ 15         | \$ 228                                      |
| Cash interest payments                    | 23             | 9                                | —                                                                          | (9)           | 23                                          |
| Cash income taxes                         | —              | —                                | —                                                                          | (4)           | (4)                                         |
| Exploration expenditures                  | 1              | —                                | —                                                                          | —             | 1                                           |
| Working capital changes                   | 28             | 145                              | 22                                                                         | (3)           | 192                                         |
| Cash interest received                    | (4)            | (1)                              | (1)                                                                        | —             | (6)                                         |
| <b>Adjusted EBITDAX</b>                   | <b>\$ 358</b>  | <b>\$ 84</b>                     | <b>\$ (7)</b>                                                              | <b>\$ (1)</b> | <b>\$ 434</b>                               |

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The following tables present a reconciliation of net cash provided by operating activities to free cash flow and adjusted free cash flow.

|                                           | Historical CRC Three months ended March 31, 2024 | Historical Aera Parent Successor Three months ended March 31, 2024 | Adjustments    | Pro Forma Three months ended March 31, 2024 (Unaudited) |
|-------------------------------------------|--------------------------------------------------|--------------------------------------------------------------------|----------------|---------------------------------------------------------|
| (in millions)                             |                                                  |                                                                    |                |                                                         |
| Net cash provided by operating activities | \$ 87                                            | \$ 130                                                             | \$ (15)        | \$ 202                                                  |
| Capital investments                       | (54)                                             | (35)                                                               | —              | (89)                                                    |
| <b>Free cash flow</b>                     | <b>33</b>                                        | <b>95</b>                                                          | <b>(15)</b>    | <b>113</b>                                              |
| Transaction costs                         | 10                                               | —                                                                  | —              | 10                                                      |
| <b>Adjusted free cash flow</b>            | <b>\$ 43</b>                                     | <b>\$ 95</b>                                                       | <b>\$ (15)</b> | <b>\$ 123</b>                                           |

|                                                  | Historical CRC | Historical Aera Parent Successor | Historical Aera Parent Predecessor For the 58-days Ended February 27, 2023 | Adjustments     | Pro Forma Year ended December 31, 2023 (Unaudited) |
|--------------------------------------------------|----------------|----------------------------------|----------------------------------------------------------------------------|-----------------|----------------------------------------------------|
| (in millions)                                    |                |                                  |                                                                            |                 |                                                    |
| Net cash provided (used) by operating activities | \$ 653         | \$ 679                           | \$ (28)                                                                    | \$ (174)        | \$ 1,130                                           |
| Capital investments                              | (185)          | (215)                            | (39)                                                                       | 1               | (438)                                              |
| <b>Free cash flow</b>                            | <b>468</b>     | <b>464</b>                       | <b>(67)</b>                                                                | <b>(173)</b>    | <b>692</b>                                         |
| Transaction costs                                | —              | 43                               | —                                                                          | 73              | 116                                                |
| <b>Adjusted free cash flow</b>                   | <b>\$ 468</b>  | <b>\$ 507</b>                    | <b>\$ (67)</b>                                                             | <b>\$ (100)</b> | <b>\$ 808</b>                                      |

...

|                                                                         | Three months ended March 31, 2024 |                          |           |
|-------------------------------------------------------------------------|-----------------------------------|--------------------------|-----------|
|                                                                         | CRC                               | Aera Parent<br>Successor | Pro Forma |
| <b>Average Daily Net Production:</b>                                    |                                   |                          |           |
| Oil (MBbl/d)                                                            | 48                                | 70                       | 118       |
| NGLs (MBbl/d)                                                           | 11                                | —                        | 11        |
| Natural gas (MMcf/d)                                                    | 105                               | —                        | 105       |
| Total net production (MBoe/d)                                           | 76                                | 70                       | 146       |
| <b>Average realized prices:</b>                                         |                                   |                          |           |
| Oil with hedge (\$/Bbl)                                                 | \$77.17                           | \$ 74.32                 | \$ 75.48  |
| Oil without hedge (\$/Bbl)                                              | 80.16                             | 77.34                    | 78.49     |
| NGLs (\$/Bbl)                                                           | 50.50                             | 32.88                    | 50.07     |
| Natural gas without hedge (\$/Mcf)                                      | 3.90                              | 3.16                     | 3.89      |
| <b>Average benchmark prices:</b>                                        |                                   |                          |           |
| Brent oil (\$/Bbl)                                                      | \$81.84                           | \$ 81.84                 | \$ 81.84  |
| WTI oil (\$/Bbl)                                                        | 76.96                             | 76.96                    | 76.96     |
| NYMEX gas (\$/MMBtu) – average monthly settled price                    | 2.24                              | 2.24                     | 2.24      |
| <b>Average costs per Boe:</b>                                           |                                   |                          |           |
| Operating costs                                                         | \$25.80                           | \$ 26.17 <sup>(1)</sup>  | \$ 26.00  |
| Operating costs, excluding effects of PSC-type contracts <sup>(2)</sup> | 23.26                             |                          |           |

- (1) Aera Parent’s operating costs reported for the three months ended March 31, 2024 were \$112 million, or \$17.45/Boe. After excluding operating costs related to retained assets and making presentation adjustments to include purchased natural gas and purchased electricity and exclude transportation costs, Aera Parent’s operating costs were \$168 million, or \$26.17/Boe, which is presented on a comparable basis to CRC.
- (2) Operating costs, excluding effects of PSCs is a non-GAAP measure. The reporting of our PSC-type contracts 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 production costs. These amounts represent our operating costs after adjusting for this difference. Aera Parent does not have any PSC-type contracts.

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As of April 30, 2024, we had \$401 million of cash and cash equivalents and no borrowings under our Revolving Credit Facility. As of April 30, 2024, the Aera Companies had \$121 million of cash and cash equivalents and \$950 million of outstanding indebtedness.

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## UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION

The following unaudited pro forma condensed combined financial information is derived from the historical consolidated financial statements of CRC and the historical consolidated and combined financial statements of Aera Parent, respectively, and gives effect to (i) the closing of the Aera Merger, (ii) Revolving Credit Facility Amendment and (iii) this offering and the use of proceeds therefrom, together with borrowings under our Revolving Credit Facility and cash on hand, to repay the Existing Aera Indebtedness and pay related transaction expenses (collectively, the “pro forma events”). The unaudited pro forma condensed combined financial information was prepared in accordance with Article 11 of Regulation S-X.

On February 7, 2024, CRC entered into a merger agreement with the Sellers and the Aera Holding Companies, pursuant to which CRC will acquire the Aera Holding Companies for approximately 21.2 million shares of CRC common stock, par value \$0.01 per share (“common stock”), plus an additional number of shares of common stock to be determined by reference to any dividends declared by CRC having a record date between the effective date of the Merger Agreement and the closing of the Aera Merger. The Merger Agreement provides that the number of

shares of common stock to be issued upon the effective time of the Aera Merger may be reduced with respect to liabilities for certain taxes of the Aera Holding Companies. Each party will pay its own expenses incident to preparing for, entering into and carrying out the Merger Agreement and the consummation of the Aera Merger, whether or not the Aera Merger is consummated (except in the event the CRC stockholders do not approve the issuance of common shares pursuant to the Merger Agreement, the Merger Agreement is terminated and the termination fee is not payable in connection with such termination), provided that in the event that the Aera Merger is consummated, the Sellers will be required to reimburse CRC for certain transaction-related expenses incurred by the Aera Holding Companies, to the extent such expenses exceed \$35 million. However, prior to the closing of the Aera Merger, the Aera Holding Companies may elect, instead of a cash reimbursement, to reduce the aggregate number of shares of common stock to be received equal to the excess of such transaction-related expenses divided by \$51.96.

The unaudited pro forma condensed combined financial information giving effect to the pro forma events has been prepared by CRC using the acquisition method of accounting in accordance with GAAP. CRC has been treated as the acquirer for accounting purposes, and thus accounts for the Aera Merger as a business combination in accordance with Accounting Standards Codification (“ASC”) Topic 805, Business Combinations (“ASC 805”). The valuations of the assets acquired, and liabilities assumed, and therefore the purchase price allocations, are preliminary and have not yet been finalized as of the date of this filing. As a result of the foregoing, the pro forma adjustments are preliminary and have been made solely for the purpose of providing unaudited pro forma condensed combined financial information.

The unaudited pro forma condensed combined balance sheet as of March 31, 2024 gives effect to the pro forma events as if they had occurred as of March 31, 2024. The unaudited pro forma condensed combined statements of operations for the year ended December 31, 2023, for three months ended March 31, 2024 and for the three months ended March 31, 2023 give effect to the pro forma events as if they had occurred on January 1, 2023.

The unaudited pro forma condensed combined balance sheet and the unaudited pro forma condensed combined statements of operations have been derived from and should be read in conjunction with the following financial statements:

- The historical audited consolidated financial statements of CRC as of and for the year ended December 31, 2023;
- The historical unaudited consolidated financial statements of CRC as of and for the three months ended March 31, 2024;
- The historical unaudited consolidated financial statements of CRC as of and for the three months ended March 31, 2023;
- The historical audited consolidated and combined financial statements of (x) Aera Parent Successor as of and for the year ended December 31, 2023 and (y) Aera Parent Predecessor as of and for the 58 days ended February 27, 2023;
- The historical unaudited condensed consolidated and combined financial statements of Aera Parent Successor as of and for the three months ended March 31, 2024; and
- The historical unaudited consolidated and combined financial statements of (x) Aera Parent Successor as of and for the three months ended March 31, 2023 and (y) Aera Parent Predecessor as of and for the 58 days ended February 27, 2023.

The unaudited condensed combined pro forma financial statements contain certain reclassification adjustments to conform the historical financial statement presentation of Aera Parent to that of CRC.

CRC sold natural gas to and purchased natural gas from Aera Parent during the year ended December 31, 2023 in the amounts of \$8 million and \$13 million, respectively, during the three months ended March 31, 2024 in the amounts of \$0.2 million and \$0.8 million, respectively, and during the three months ended March 31, 2023 in the amounts of \$6 million and \$8 million, respectively. As such, an adjustment was applied to the unaudited pro forma consolidated and combined statements of operations for each of the periods presented to remove this activity, which would be considered intercompany activity and be eliminated upon consolidation.

The pro forma adjustments are based on available information and upon assumptions that management believes are reasonable in order to reflect, on a pro forma basis, the effect of the pro forma events on the historical financial information of CRC. The adjustments are described in the notes to the unaudited pro forma condensed consolidated and combined balance sheet and the unaudited pro forma condensed consolidated and combined statements of operations.

The unaudited pro forma condensed consolidated and combined financial information is included for informational purposes only. The unaudited pro forma condensed consolidated and combined financial information should not be relied upon as being indicative of our results of operations or financial condition had the pro forma events occurred on the dates assumed. The unaudited pro forma condensed consolidated and combined financial information also does not project our results of operations or financial position for any future period or date, including, but not limited to, the anticipated realization of ongoing savings from potential operating efficiencies, asset dispositions, cost savings, or economies of scale that the combined company may achieve with respect to the combined operations. Specifically, the unaudited pro forma condensed combined statement of operations does not include projected synergies expected to be achieved as a result of the Aera Merger and any associated costs that may be required to be incurred to achieve those synergies. The unaudited pro forma condensed combined statement of operations also excludes the effects of costs of integration activities that may result from the Aera Merger. The unaudited pro forma condensed combined statement of operations and balance sheet should be read in conjunction with Part II, Item 7, “Management’s Discussion and Analysis of Financial Condition and Results of Operations” of CRC’s Annual Report on Form 10-K for the fiscal year ended December 31, 2023 (including our audited consolidated financial statements and related notes included in our Annual Report on Form 10-K) and Part I, Item 2, “Management’s Discussion and Analysis of Financial Condition and Results of Operations” of CRC’s Quarterly Report for the three months ended March 31, 2024 (including our unaudited condensed consolidated financial statements and related notes included in our Quarterly Report on Form 10-Q).

CRC has used currently available information to determine preliminary fair value estimates for the common shares issuable pursuant to the Merger Agreement and its allocation to the Aera Parent assets acquired and liabilities assumed.

**Unaudited Pro Forma Condensed Combined Balance Sheet**  
**As of March 31, 2024**  
(in millions)

|                                                       | CRC<br>(as reported) | Aera Parent<br>Successor (as<br>reported) | Presentation<br>Adjustments | Transaction<br>Adjustments –<br>Disposal | Transaction<br>Adjustments –<br>Acquisition | Financing<br>Adjustments | CRC Pro<br>Forma<br>Combined |
|-------------------------------------------------------|----------------------|-------------------------------------------|-----------------------------|------------------------------------------|---------------------------------------------|--------------------------|------------------------------|
| <b>Assets</b>                                         |                      |                                           |                             |                                          |                                             |                          |                              |
| <b>Current assets:</b>                                |                      |                                           |                             |                                          |                                             |                          |                              |
| Cash and cash equivalents                             | \$ 403               | \$ 89                                     |                             |                                          | \$ (1,041)(C)                               | \$ 486 (H)               | \$ —                         |
|                                                       |                      |                                           |                             |                                          | (82)(D)                                     | 191 (I)                  |                              |
|                                                       |                      |                                           |                             |                                          | (24)(E)                                     |                          |                              |
|                                                       |                      |                                           |                             |                                          | (22)(F)                                     |                          |                              |
| Restricted cash                                       | —                    | 26                                        |                             |                                          |                                             |                          | 26                           |
| Trade receivables, net                                | 192                  | 187                                       |                             |                                          |                                             |                          | 379                          |
| Inventories                                           | 70                   | 17                                        |                             |                                          |                                             |                          | 87                           |
| Asset held for sale                                   | 13                   | —                                         |                             |                                          |                                             |                          | 13                           |
| Receivable from affiliate                             | 66                   | 50                                        |                             | (50)(B)                                  |                                             |                          | 66                           |
| Other current assets, net                             | 95                   | 3                                         |                             |                                          | (3)(G)                                      | (5)(H)                   | 90                           |
| <b>Total current assets</b>                           | <b>839</b>           | <b>372</b>                                | <b>—</b>                    | <b>(50)</b>                              | <b>(1,172)</b>                              | <b>672</b>               | <b>661</b>                   |
| Property, plant, and equipment, net                   | 2,793                | 2,880                                     |                             | (319)(B)                                 | 636 (C)                                     |                          | 5,990                        |
| Investments in unconsolidated subsidiaries            | 16                   | 35                                        |                             | (1)(B)                                   | 42 (C)                                      |                          | 92                           |
| Deferred income tax assets                            | 139                  | 14                                        |                             |                                          | (14)(C)                                     |                          | 77                           |
|                                                       |                      |                                           |                             |                                          | (62)(G)                                     |                          |                              |
| Other noncurrent assets                               | 123                  | 88                                        |                             |                                          |                                             | 6 (H)                    | 217                          |
| <b>Total assets</b>                                   | <b>\$ 3,910</b>      | <b>\$ 3,389</b>                           | <b>—</b>                    | <b>\$ (370)</b>                          | <b>\$ (570)</b>                             | <b>\$ 678</b>            | <b>\$ 7,037</b>              |
| <b>Current liabilities:</b>                           |                      |                                           |                             |                                          |                                             |                          |                              |
| Accounts payable                                      | 251                  | 127                                       |                             |                                          | (9)(D)                                      |                          | 369                          |
| Liabilities associated with assets held for sale      | 5                    | —                                         |                             |                                          |                                             |                          | 5                            |
| Fair value of derivative contracts                    | —                    | 200                                       |                             |                                          |                                             |                          | 200                          |
| Taxes payable                                         | —                    | 14                                        |                             |                                          |                                             |                          | 14                           |
| Accrued liabilities                                   | 338                  | 126                                       | 87 (A)                      |                                          | (46)(C)                                     |                          | 505                          |
| Current portion of long-term debt                     | —                    | 100                                       |                             |                                          | (100)(C)                                    |                          | —                            |
| Accrued restoration, removal, and environmental costs | —                    | 87                                        | (87)(A)                     |                                          |                                             |                          | —                            |
| <b>Total current liabilities</b>                      | <b>594</b>           | <b>654</b>                                | <b>—</b>                    | <b>—</b>                                 | <b>(155)</b>                                | <b>—</b>                 | <b>1,093</b>                 |
| <b>Non-Current liabilities:</b>                       |                      |                                           |                             |                                          |                                             |                          |                              |
| Long-term debt, net                                   | 541                  | 815                                       |                             |                                          | (815)(C)                                    | 492 (H)                  | 1,224                        |
|                                                       |                      |                                           |                             |                                          |                                             | 191 (I)                  |                              |
| Asset retirement obligations                          | 429                  | 1,041                                     |                             | (149)(B)                                 | (307)(C)                                    |                          | 1,014                        |
| Long term – fair value of derivative contracts        | —                    | 210                                       |                             |                                          |                                             |                          | 210                          |
| Other long-term liabilities                           | 253                  | 48                                        |                             | (1)(B)                                   |                                             |                          | 300                          |
| Deferred income tax liabilities                       | —                    | —                                         |                             |                                          | 158 (C)                                     |                          | 93                           |
|                                                       |                      |                                           |                             |                                          | (65)(G)                                     |                          |                              |
| <b>Stockholders' equity:</b>                          |                      |                                           |                             |                                          |                                             |                          |                              |
| Common stock                                          | 1                    | —                                         |                             |                                          |                                             |                          | 1                            |
| Treasury stock                                        | (662)                | —                                         |                             |                                          |                                             |                          | (662)                        |
| Additional paid-in capital                            | 1,295                | —                                         |                             |                                          | 1,075 (C)                                   |                          | 2,370                        |
| Retained earnings                                     | 1,387                | 609                                       |                             | (220)(B)                                 | (330)(C)                                    | (5)(H)                   | 1,322                        |
|                                                       |                      |                                           |                             |                                          | (73)(D)                                     |                          |                              |
|                                                       |                      |                                           |                             |                                          | (24)(F)                                     |                          |                              |
|                                                       |                      |                                           |                             |                                          | (22)(C)                                     |                          |                              |
| Accumulated other comprehensive income                | 72                   | 12                                        |                             |                                          | (12)(C)                                     |                          | 72                           |
| <b>Total stockholders' equity</b>                     | <b>2,093</b>         | <b>621</b>                                | <b>—</b>                    | <b>(220)</b>                             | <b>614</b>                                  | <b>(5)</b>               | <b>3,103</b>                 |
| <b>Total liabilities and stockholders' equity</b>     | <b>\$ 3,910</b>      | <b>\$ 3,389</b>                           | <b>\$ —</b>                 | <b>\$ (370)</b>                          | <b>\$ (570)</b>                             | <b>\$ 678</b>            | <b>\$ 7,037</b>              |

*Please refer to the notes to the unaudited pro forma condensed combined financial information.*



**Unaudited Pro Forma Condensed Combined Statement of Operations**  
**For the Three Months Ended March 31, 2024**  
(in millions, except share and per share amounts; shares in millions)

|                                                              | <u>CRC<br/>(as reported)</u> | <u>Aera Parent<br/>Successor (as<br/>reported)</u> | <u>Presentation<br/>Adjustments</u> | <u>Transaction<br/>Adjustments –<br/>Disposal</u> | <u>Transaction<br/>Adjustments –<br/>Acquisition</u> | <u>Financing<br/>Adjustments</u> | <u>CRC Pro<br/>Forma<br/>Combined</u> |
|--------------------------------------------------------------|------------------------------|----------------------------------------------------|-------------------------------------|---------------------------------------------------|------------------------------------------------------|----------------------------------|---------------------------------------|
| <b>Revenues:</b>                                             |                              |                                                    |                                     |                                                   |                                                      |                                  |                                       |
| Total operating revenues                                     | \$ 454                       | \$ 150                                             | \$ 5 (AA)                           | \$ (2)(BB)                                        | \$ (1)(HH)                                           |                                  | \$ 613                                |
|                                                              |                              |                                                    | 7 (AA)                              |                                                   |                                                      |                                  |                                       |
| <b>Operating expenses:</b>                                   |                              |                                                    |                                     |                                                   |                                                      |                                  |                                       |
| Operating costs                                              | 176                          | 112                                                | 57 (AA)                             | (1)(BB)                                           | (1)(HH)                                              |                                  | 343                                   |
| General & administrative expenses                            | 57                           | 47                                                 | (1)(AA)                             |                                                   |                                                      |                                  | 103                                   |
| Depreciation, depletion and amortization                     | 53                           | 75                                                 |                                     |                                                   | 19 (CC)                                              |                                  | 147                                   |
| Taxes other than income                                      | 38                           | 24                                                 |                                     |                                                   |                                                      |                                  | 62                                    |
| Exploration expense                                          | 1                            | —                                                  |                                     |                                                   |                                                      |                                  | 1                                     |
| Purchased natural gas marketing expense                      | 54                           | 45                                                 | (45)(AA)                            |                                                   |                                                      |                                  | 54                                    |
| Electricity generation expenses                              | 8                            | 14                                                 | (14)(AA)                            |                                                   |                                                      |                                  | 8                                     |
| Transportation costs                                         | 20                           | —                                                  | 2 (AA)                              |                                                   |                                                      |                                  | 22                                    |
| Accretion expense                                            | 12                           | 37                                                 |                                     | (5)(BB)                                           | (13)(CC)                                             |                                  | 31                                    |
| Carbon management business expenses                          | 8                            | —                                                  | 1 (AA)                              |                                                   |                                                      |                                  | 9                                     |
| Other operating expenses, net                                | 37                           | 6                                                  | 5 (AA)                              |                                                   |                                                      |                                  | 48                                    |
| Total operating expenses                                     | 464                          | 360                                                | 5                                   | (6)                                               | 5                                                    | —                                | 828                                   |
| Net gain (loss) on asset divestitures                        | 6                            | —                                                  | (7)(AA)                             |                                                   |                                                      |                                  | (1)                                   |
| <b>Operating (Loss) Income</b>                               | <b>(4)</b>                   | <b>(210)</b>                                       | <b>—</b>                            | <b>4</b>                                          | <b>(6)</b>                                           | <b>—</b>                         | <b>(216)</b>                          |
| <b>Non-operating (Expenses) Income</b>                       |                              |                                                    |                                     |                                                   |                                                      |                                  |                                       |
| Interest Income                                              | —                            | 2                                                  |                                     |                                                   |                                                      |                                  | 2                                     |
| Interest and debt expense                                    | (13)                         | (30)                                               |                                     |                                                   | 30 (DD)                                              | (15)(JJ)                         | (28)                                  |
| (Loss) income from investment in unconsolidated subsidiaries | (3)                          | 2                                                  |                                     |                                                   |                                                      |                                  | (1)                                   |
| Other non-operating expenses, net                            | 1                            | 2                                                  |                                     |                                                   |                                                      |                                  | 3                                     |
| <b>(Loss) income before income taxes</b>                     | <b>(19)</b>                  | <b>(234)</b>                                       | <b>—</b>                            | <b>4</b>                                          | <b>24</b>                                            | <b>(15)</b>                      | <b>(240)</b>                          |
| Income tax provision                                         | 9                            | —                                                  |                                     |                                                   | 66 (FF)                                              | 4(II)                            | 72                                    |
|                                                              |                              |                                                    |                                     |                                                   | (7)(II)                                              |                                  |                                       |
| <b>Net (Loss) Income</b>                                     | <b>\$ (10)</b>               | <b>\$ (234)</b>                                    | <b>\$ —</b>                         | <b>\$ 4</b>                                       | <b>\$ 83</b>                                         | <b>\$ (11)</b>                   | <b>\$ (168)</b>                       |
| <b>Net income and pro forma net income per share:</b>        |                              |                                                    |                                     |                                                   |                                                      |                                  |                                       |
| Basic                                                        | \$ (0.14)                    |                                                    |                                     |                                                   |                                                      |                                  | \$ (1.86)                             |
| Diluted                                                      | \$ (0.14)                    |                                                    |                                     |                                                   |                                                      |                                  | \$ (1.86)                             |
| <b>Weighted average shares outstanding</b>                   |                              |                                                    |                                     |                                                   |                                                      |                                  |                                       |
| Basic                                                        | 69.0                         |                                                    |                                     |                                                   |                                                      |                                  | 90.4                                  |
| Diluted                                                      | 69.0                         |                                                    |                                     |                                                   |                                                      |                                  | 90.4                                  |

*Please refer to the notes to the unaudited pro forma condensed combined financial information.*

**Unaudited Pro Forma Condensed Combined Statement of Operations**  
**For the Year Ended December 31, 2023**  
(in millions, except per share amounts)

|                                                              | For the Year<br>Ended<br>December 31,<br>2023 | For the Year<br>Ended<br>December 31,<br>2023 | For the 58-days<br>Ended<br>February 27,<br>2023 | For the Year Ended December 31, 2023 |                                          |                                             |                          |                              |
|--------------------------------------------------------------|-----------------------------------------------|-----------------------------------------------|--------------------------------------------------|--------------------------------------|------------------------------------------|---------------------------------------------|--------------------------|------------------------------|
|                                                              | CRC<br>(as reported)                          | Aera Parent<br>Successor<br>(as reported)     | Aera Parent<br>Predecessor<br>(as reported)      | Presentation<br>Adjustments          | Transaction<br>Adjustments<br>– Disposal | Transaction<br>Adjustments<br>– Acquisition | Financing<br>Adjustments | CRC Pro<br>Forma<br>Combined |
| <b>Revenues:</b>                                             |                                               |                                               |                                                  |                                      |                                          |                                             |                          |                              |
| Total operating revenues                                     | \$ 2,801                                      | \$ 1,655                                      | \$ 349                                           | \$ (13) (AA)                         | \$ (8) (BB)                              | \$ (21) (HH)                                |                          | \$ 4,812                     |
|                                                              |                                               |                                               |                                                  | 42 (AA)                              |                                          |                                             |                          |                              |
|                                                              |                                               |                                               |                                                  | 5 (AA)                               |                                          |                                             |                          |                              |
|                                                              |                                               |                                               |                                                  | 2 (AA)                               |                                          |                                             |                          |                              |
| <b>Operating expenses:</b>                                   |                                               |                                               |                                                  |                                      |                                          |                                             |                          |                              |
| Operating costs                                              | 822                                           | 395                                           | 69                                               | 455 (AA)                             | (3) (BB)                                 | (21) (HH)                                   |                          | 1,719                        |
|                                                              |                                               |                                               |                                                  | 2 (AA)                               |                                          |                                             |                          |                              |
| General & administrative expenses                            | 267                                           | 160                                           | 31                                               | (4) (AA)                             |                                          |                                             |                          | 454                          |
| Depreciation, depletion and amortization                     | 225                                           | 292                                           | 77                                               |                                      |                                          | 87 (CC)                                     |                          | 681                          |
| Asset impairments                                            | 3                                             | —                                             | —                                                |                                      |                                          |                                             |                          | 3                            |
| Taxes other than on income                                   | 165                                           | 84                                            | 14                                               |                                      |                                          |                                             |                          | 263                          |
| Exploration expense                                          | 3                                             | —                                             | —                                                |                                      |                                          |                                             |                          | 3                            |
| Purchased natural gas marketing expense                      | 221                                           | 170                                           | 229                                              | (399) (AA)                           |                                          |                                             |                          | 221                          |
| Electricity generation expenses                              | 103                                           | 55                                            | 10                                               | (65) (AA)                            |                                          |                                             |                          | 103                          |
| Transportation costs                                         | 67                                            | —                                             | —                                                | 9 (AA)                               |                                          |                                             |                          | 76                           |
| Accretion expense                                            | 46                                            | 122                                           | 13                                               |                                      | (17) (BB)                                | (48) (CC)                                   |                          | 116                          |
| Carbon management business expenses                          | 37                                            | —                                             | —                                                | 4 (AA)                               |                                          |                                             |                          | 41                           |
| Research expenses                                            | —                                             | 1                                             | —                                                | (1) (AA)                             |                                          |                                             |                          | —                            |
| Other operating expenses, net                                | 66                                            | 72                                            | 8                                                | 1 (AA)                               |                                          | 73 (EE)                                     |                          | 284                          |
|                                                              |                                               |                                               | —                                                | 42 (AA)                              |                                          | 22 (GG)                                     |                          |                              |
| Total operating expenses                                     | 2,025                                         | 1,351                                         | 451                                              | 44                                   | (20)                                     | 113                                         | —                        | 3,964                        |
| Net gain on asset divestitures                               | 32                                            | —                                             | —                                                | 13 (AA)                              |                                          |                                             |                          | 45                           |
| <b>Operating income (loss)</b>                               | 808                                           | 304                                           | (102)                                            | 5                                    | 12                                       | (134)                                       | —                        | 893                          |
| <b>Non-operating (expenses) income</b>                       |                                               |                                               |                                                  |                                      |                                          |                                             |                          |                              |
| Interest income                                              | —                                             | 5                                             | 1                                                | (5) (AA)                             |                                          |                                             |                          | 1                            |
| Interest and debt expenses                                   | (56)                                          | (110)                                         | —                                                |                                      |                                          | 110 (DD)                                    | (62) (JJ)                | (118)                        |
| Loss on early extinguishment of debt                         | (1)                                           | —                                             | —                                                |                                      |                                          |                                             |                          | (1)                          |
| (Loss) income from investment in unconsolidated subsidiaries | (9)                                           | 7                                             | —                                                |                                      |                                          |                                             |                          | (2)                          |
| Other non-operating expense (income), net                    | 6                                             | (2)                                           | —                                                |                                      |                                          | — (EE)                                      |                          | 4                            |
| <b>Income (loss) before income taxes</b>                     | 748                                           | 204                                           | (101)                                            | —                                    | 12                                       | (24)                                        | (62)                     | 777                          |

|                                                       |               |               |                 |             |              |                |                |               |       |
|-------------------------------------------------------|---------------|---------------|-----------------|-------------|--------------|----------------|----------------|---------------|-------|
| Income tax                                            |               |               |                 |             |              |                |                |               |       |
| (provision) benefit                                   | (184)         | 1             |                 | —           |              |                | (29) (FF)      | 17 (II)       | (188) |
|                                                       |               |               |                 |             |              |                | 7 (II)         |               |       |
| <b>Net Income (Loss)</b>                              | <b>\$ 564</b> | <b>\$ 205</b> | <b>\$ (101)</b> | <b>\$ —</b> | <b>\$ 12</b> | <b>\$ (46)</b> | <b>\$ (45)</b> | <b>\$ 589</b> |       |
| <b>Net income and pro forma net income per share:</b> |               |               |                 |             |              |                |                |               |       |
| Basic                                                 | \$ 8.10       |               |                 |             |              |                |                | \$ 6.47       |       |
| Diluted                                               | \$ 7.78       |               |                 |             |              |                |                | \$ 6.27       |       |
| <b>Weighted average common shares outstanding</b>     |               |               |                 |             |              |                |                |               |       |
| Basic                                                 | 69.6          |               |                 |             |              |                |                | 91.0          |       |
| Diluted                                               | 72.5          |               |                 |             |              |                |                | 93.9          |       |

**Unaudited Pro Forma Condensed Combined Statement of Operations**  
**For the Three Months Ended March 31, 2023**  
(in millions, except per share amounts)

|                                                              | For the Three<br>Months<br>Ended<br>March 31,<br>2023 | For the Period<br>from<br>February 28<br>through<br>March 31,<br>2023 | For the Period<br>from<br>January 1<br>through<br>February 27,<br>2023 | For the Three Months Ended March 31, 2023 |                                          |                                             |                          |                              |
|--------------------------------------------------------------|-------------------------------------------------------|-----------------------------------------------------------------------|------------------------------------------------------------------------|-------------------------------------------|------------------------------------------|---------------------------------------------|--------------------------|------------------------------|
|                                                              | CRC<br>(as reported)                                  | Aera Parent<br>Successor<br>(as reported)                             | Aera Parent<br>Predecessor<br>(as reported)                            | Presentation<br>Adjustments               | Transaction<br>Adjustments –<br>Disposal | Transaction<br>Adjustments –<br>Acquisition | Financing<br>Adjustments | CRC Pro<br>Forma<br>Combined |
| <b>Revenues:</b>                                             |                                                       |                                                                       |                                                                        |                                           |                                          |                                             |                          |                              |
| Total operating revenues                                     | \$ 1,024                                              | \$ 238                                                                | \$ 349                                                                 | \$ 5 (AA)                                 | \$ (2) (BB)                              | \$ (14) (HH)                                |                          | \$ 1,600                     |
| <b>Operating expenses:</b>                                   |                                                       |                                                                       |                                                                        |                                           |                                          |                                             |                          |                              |
| Operating costs                                              | 254                                                   | 38                                                                    | 69                                                                     | (2) (AA)                                  | (1) (BB)                                 | (14) (HH)                                   |                          | 610                          |
|                                                              |                                                       |                                                                       |                                                                        | 266 (AA)                                  |                                          |                                             |                          |                              |
| General & administrative expenses                            | 65                                                    | 16                                                                    | 31                                                                     | (1) (AA)                                  |                                          |                                             |                          | 111                          |
| Depreciation, depletion and amortization                     | 58                                                    | 27                                                                    | 77                                                                     |                                           |                                          | 26 (CC)                                     |                          | 188                          |
| Asset impairments                                            | 3                                                     | —                                                                     | —                                                                      |                                           |                                          |                                             |                          | 3                            |
| Taxes other than on income                                   | 42                                                    | 8                                                                     | 14                                                                     |                                           |                                          |                                             |                          | 64                           |
| Exploration expense                                          | 1                                                     | —                                                                     | —                                                                      |                                           |                                          |                                             |                          | 1                            |
| Purchased natural gas marketing expense                      | 124                                                   | 25                                                                    | 229                                                                    | (254) (AA)                                |                                          |                                             |                          | 124                          |
| Electricity generation expenses                              | 49                                                    | 2                                                                     | 10                                                                     | (12) (AA)                                 |                                          |                                             |                          | 49                           |
| Transportation costs                                         | 17                                                    | —                                                                     | —                                                                      | 2 (AA)                                    |                                          |                                             |                          | 19                           |
| Accretion expense                                            | 12                                                    | 12                                                                    | 13                                                                     |                                           | (4) (BB)                                 | (9) (CC)                                    |                          | 24                           |
| Carbon management business expenses                          | 5                                                     | —                                                                     | —                                                                      | 1 (AA)                                    |                                          |                                             |                          | 6                            |
| Other operating expenses, net                                | 8                                                     | 43                                                                    | 8                                                                      |                                           |                                          |                                             |                          | 59                           |
| Total operating expenses                                     | 638                                                   | 171                                                                   | 451                                                                    | —                                         | (5)                                      | 3                                           | —                        | 1,258                        |
| Net gain (loss) on asset divestitures                        | 7                                                     | —                                                                     | —                                                                      | (5) (AA)                                  |                                          |                                             |                          | 2                            |
| <b>Operating income (loss)</b>                               | 393                                                   | 67                                                                    | (102)                                                                  | —                                         | 3                                        | (17)                                        | —                        | 344                          |
| <b>Non-operating (expenses) income</b>                       |                                                       |                                                                       |                                                                        |                                           |                                          |                                             |                          |                              |
| Interest income                                              | —                                                     | —                                                                     | 1                                                                      |                                           |                                          |                                             |                          | 1                            |
| Interest and debt expenses                                   | (14)                                                  | (10)                                                                  | —                                                                      |                                           |                                          | 10 (DD)                                     | (15) (JJ)                | (29)                         |
| (Loss) income from investment in unconsolidated subsidiaries | (2)                                                   | 1                                                                     | —                                                                      |                                           |                                          |                                             |                          | (1)                          |
| Other non-operating expenses, net                            | (1)                                                   | —                                                                     | —                                                                      |                                           |                                          |                                             |                          | (1)                          |
| <b>Income (loss) before income taxes</b>                     | 376                                                   | 58                                                                    | (101)                                                                  | —                                         | 3                                        | (7)                                         | (15)                     | 314                          |
| Income tax (provision) benefit                               | (75)                                                  | —                                                                     | —                                                                      |                                           |                                          | 12 (FF)<br>2 (II)                           | 4 (II)                   | (57)                         |
| <b>Net Income (Loss)</b>                                     | \$ 301                                                | \$ 58                                                                 | \$ (101)                                                               | \$ —                                      | \$ 3                                     | \$ 7                                        | \$ (11)                  | \$ 257                       |

|                                                                   |    |      |         |
|-------------------------------------------------------------------|----|------|---------|
| <b>Net income and<br/>pro forma net<br/>income per<br/>share:</b> |    |      |         |
| Basic                                                             | \$ | 4.22 | \$ 2.77 |
| Diluted                                                           | \$ | 4.09 | \$ 2.69 |
| <b>Weighted average<br/>common shares<br/>outstanding</b>         |    |      |         |
| Basic                                                             |    | 71.3 | 92.7    |
| Diluted                                                           |    | 73.5 | 95.6    |

**1. Basis of Presentation**

The unaudited pro forma condensed combined financial information was prepared in accordance with Article 11 of Regulation S-X and presents the pro forma financial condition and results of operations of CRC based upon the historical financial information of CRC and Aera Parent after giving effect to the pro forma events and related adjustments set forth in the notes to the unaudited pro forma condensed combined financial information.

The unaudited pro forma condensed combined financial information does not reflect any management adjustments for expected synergies or dis-synergies resulting from the Aera Merger.

The unaudited pro forma condensed combined balance sheet as of March 31, 2024, gives effect to the pro forma events as if they had occurred on March 31, 2024. The unaudited pro forma condensed combined statements of operations for the year ended December 31, 2023, for three months ended March 31, 2024, and for the three months ended March 31, 2023 give effect to the pro forma events as if they had occurred on January 1, 2023.

Aera Parent's historical statement of operations for the year ended December 31, 2023 includes \$44 million of transaction costs associated with the Prior Transaction; these transaction costs were not recurring in nature.

***The Aera Merger***

On February 7, 2024, CRC entered into a Merger Agreement with the Aera Holding Companies and Sellers, pursuant to which CRC will acquire the Aera Holding Companies for approximately 21.2 million shares of common stock, plus an additional number of shares of common stock to be determined by reference to any dividends declared by CRC having a record date between the effective date of the Merger Agreement and the closing of the Aera Merger.

***Financing of the Aera Merger***

The total amount of funds necessary for CRC to close the Aera Merger includes the funds needed to extinguish the outstanding debt of Aera Parent.

**2. Notes to Unaudited Pro Forma Condensed Combined Balance Sheet**

The following adjustments were made related to the unaudited pro forma condensed combined balance sheet as of March 31, 2024:

- A. Reflects certain reclassification adjustments to conform Aera Parent's historical assets and liabilities to the financial statement presentation of CRC.
- B. Reflects the distribution of certain assets and associated liabilities prior to closing of the Aera Merger to the Sellers. This represents a \$50 million receivable from affiliate; \$319 million in property, plant, and equipment; \$1 million in investment in an unconsolidated subsidiary; \$149 million in asset retirement obligations; and \$1 million of other liabilities.
- C. Reflects the purchase price allocation adjustments to record Aera Parent's assets and liabilities at estimated fair value based on the consideration conveyed of \$2.1 billion, as detailed below, and to eliminate Aera Parent's historical equity balances.

The purchase price was allocated among the identified assets to be acquired. This was considered appropriate based on the determination that the Aera Merger would be accounted for as a business acquisition under ASC 805. The estimates of fair value are based upon preliminary valuation assumptions believed to be reasonable, but which are inherently uncertain and unpredictable; and, as a result, actual results may differ from estimates.

| <u>Net Assets Identified</u>                       | <u>Fair Value</u> |
|----------------------------------------------------|-------------------|
| Cash (5)                                           | \$ 30             |
| Restricted cash                                    | 26                |
| Accounts receivable                                | 187               |
| Inventory                                          | 17                |
| Other current assets                               | 3                 |
| Investment in unconsolidated subsidiaries (1)      | 76                |
| Oil and gas properties (1)                         | 3,167             |
| Facilities and other (2)                           | 30                |
| Other non-current assets                           | 88                |
| Accounts payable                                   | (127)             |
| Taxes payable                                      | (14)              |
| Fair value of derivative contracts (1)             | (200)             |
| Accrued liabilities                                | (167)             |
| Asset retirement obligations, non-current          | (585)             |
| Long term - fair value of derivative contracts (1) | (210)             |
| Other long-term liabilities                        | (47)              |
| Deferred income tax liability                      | (158)             |
| <b>Total Fair Value</b>                            | <b>\$ 2,116</b>   |
| <br><u>Value Conveyed</u>                          |                   |
| Purchase Consideration (3)                         | \$1,075           |
| Settlement of Aera Parent debt (4)                 | 1,041             |
| <b>Total Purchase Consideration</b>                | <b>\$2,116</b>    |

- (1) Aera Parent's principal assets are their oil and natural gas properties, which are valued using an income approach. We applied a risk-adjusted discount rate using a market-participant weighted average cost of capital which utilized a blended expected cost of debt and expected returns on equity for similar industry participants. We estimated futures prices to calculate future oil and NGLs revenue, as reported on the ICE Brent as of March 31, 2024. We estimated future natural gas prices based on the average of the first-day-of-the-month PG&E Citygate price for each month during 2023. Non-energy operating costs were adjusted for inflation. We valued the investment in unconsolidated subsidiaries using a market approach. The derivative positions were valued using quoted forward prices as of March 31, 2024.
- (2) The remaining useful lives for facilities and other include 15-19 years for buildings, 8-10 years for gas plants and other supporting equipment, 2-4 years for office equipment and leasehold improvements, and 1-3 years for computer equipment.
- (3) Purchase consideration was provided in the form of common stock and was calculated as the 21.2 million total shares to be issued to the Sellers plus an additional 0.2 million shares for dividends declared and paid by CRC from January 1, 2024 through the date of this filing, multiplied by \$50.19, the closing price of shares of CRC common stock on May 9, 2024.
- (4) In addition to the purchase consideration provided in the form of common stock, \$950 million of Aera Parent outstanding long-term debt as of March 31, 2024 was repaid along with an estimated prepayment penalty of \$91 million, assuming a mid-year 2024 close. Aera Parent's debt was settled upon closing due to a change in control provision within their legacy debt agreements. The prepayment penalty owed in connection with the settlement would have been \$109 million if such prepayment had occurred on March 31, 2024.
- (5) Aera's unrestricted cash of \$89 million as of March 31, 2024 has been reduced by \$35 million for Aera transaction costs discussed at adjustment D and \$24 million for a distribution related to owner cash taxes discussed at adjustment E.
- D. Total merger-related transaction costs are estimated to be \$83 million (of which \$35 million related to the Aera entities and \$48 million related to the CRC entities), including certain legal, accounting, investment banking, due diligence, and other related costs. Approximately \$1 million was incurred and paid during the three months ended March 31, 2024. The remaining payment of estimated merger-related transaction costs is \$82 million. Of this amount, \$9 million was accrued as of March 31, 2024.
- E. Reflects a cash distribution of \$24 million to Aera Parent's owners to cover the owners' tax liability for the first quarter of 2024.
- F. Reflects estimated retention bonuses in the amount of \$22 million to be paid to certain of Aera Parent's employees and executives.
- G. Reflects the reclassification of \$62 million of our deferred tax assets and \$3 million of other current assets to deferred tax liabilities.
- H. Reflects the issuance of \$500 million of debt, net of debt issuance costs of \$8 million.
- I. Reflects a draw on our revolving credit facility in the amount of \$191 million.

### 3. Notes to Unaudited Pro Forma Condensed Combined Statement of Operations

The following adjustments were made related to the unaudited pro forma condensed consolidated and combined statement of operations for the year ended December 31, 2023, the unaudited pro forma condensed consolidated and combined statement of operations for the three months ended March 31, 2024, and the unaudited pro forma condensed consolidated and combined statement of operations for the three months ended March 31, 2023:

- AA. Reflects certain reclassification adjustments to conform Aera Parent's historical revenues and expenses to the financial statement presentation of CRC, which included the reclassification of:
- 1) \$1 million of research expenses to other operating expenses, net, within operating expenses for the year ended December 31, 2023. Aera Parent's research expenses were immaterial for the three months ended March 31, 2024, and the three months ended March 31, 2023.
  - 2) \$13 million, \$(7) million and \$(5) million of net gain (loss) on asset divestitures from total operating revenues to operating expenses for the year ended December 31, 2023, the three months ended March 31, 2024, and the three months ended March 31, 2023, respectively.
  - 3) \$42 million and \$5 million net loss from commodity derivatives related to purchased natural gas from total operating revenues to operating expenses for the year ended December 31, 2023 and the three months ended March 31, 2024, respectively. Aera had no net loss from commodity derivatives related to purchased natural gas for the three months ended March 31, 2023.
  - 4) \$5 million of interest income from non-operating expenses to total operating revenues for the year ended December 31, 2023. Aera's interest income was not significant for the three months ended March 31, 2024, and the three months ended March 31, 2023.
  - 5) \$9 million, \$2 million and \$2 million of transportation costs from operating costs to transportation costs for the year ended December 31, 2023, the three months ended March 31, 2024, and the three months ended March 31, 2023, respectively.
  - 6) \$4 million, \$1 million and \$1 million of payroll costs from general and administrative expenses to carbon management business expenses for the year ended December 31, 2023, the three months ended March 31, 2024, and the three months ended March 31, 2023, respectively.
  - 7) \$65 million of electricity purchased and \$399 million of natural gas purchased to operating costs, all within operating expenses, for the year ended December 31, 2023. \$14 million of electricity purchased and \$45 million of natural gas purchased to operating costs, all within operating expenses, for the three months ended March 31, 2024. \$12 million of electricity purchased and \$254 million of natural gas purchased to operating costs, all within operating expenses, for the three months ended March 31, 2023.
  - 8) \$2 million of royalty expense related to produced natural gas used in operations from total operating revenues to operating costs for the year ended December 31, 2023. Aera Parent's royalty expense was immaterial for the three months ended March 31, 2024 and the three months ended March 31, 2023.
- BB. Reflects the elimination of revenues and expenses associated with certain assets and associated liabilities, which will be distributed prior to closing of the Aera Merger, as presented at adjustment (B).
- CC. Reflects the estimated changes in pro forma accretion expense and depreciation, depletion, and amortization expense based on the preliminary purchase price allocation, which was comprised of the following:
- 1) Estimated \$87 million, \$19 million and \$26 million increase in depreciation, depletion, and amortization expense for the year ended December 31, 2023, the three months ended March 31, 2024, and the three months ended March 31, 2023, respectively, resulting from the step up in basis associated with the property, plant, and equipment balance, of which approximately 95% of the step up in basis relates to proved oil and gas reserves.



- 2) An estimated \$48 million, \$13 million, and \$9 million decrease in accretion expense for the year ended December 31, 2023, the three months ended March 31, 2024, and the three months ended March 31, 2023, respectively, resulting from the step down in basis associated with the asset retirement obligations liability balance.
- DD. Reflects the elimination of historical interest expense and amortization of debt issuance costs associated with the settlement of Aera Parent's outstanding debt, included in consideration as discussed at adjustment (C).
- EE. Reflects estimated transaction costs associated with the pro forma events, as presented at adjustment (D). This charge is not expected to recur in the twelve months following closing.
- FF. Reflects the change in tax status of Aera Parent and certain of its subsidiaries, which were previously pass-through entities for tax purposes, to taxable entities; this impact was calculated using a blended U.S. federal and California statutory income tax rate of 28%.
- GG. Reflects estimated retention bonuses in the amount of \$22 million to be paid to certain of Aera Parent employees and executives, as presented at adjustment (F).
- HH. Reflects the elimination of activity between CRC and Aera Parent that, following the Aera Merger, would be considered intercompany activity and eliminated upon consolidation.
- II. Represents the pro forma adjustment to taxes as a result of adjustments to the income statement, which was calculated using a blended U.S. federal and California statutory income tax rate of 28%.
- JJ. Reflects interest expense related to (a) the issuance of new debt, as presented at adjustment (H), calculated based on an interest rate of 9% and (b) a draw on the revolving credit facility calculated based on an interest rate of approximately 8%. This adjustment also includes the amortization of debt issuance costs of \$8 million over the estimated five-year period of the loan.

#### 4. Unaudited Pro Forma Net Income Per Share

Unaudited basic pro forma net income per share is computed by dividing pro forma net income attributable to common shares by the pro forma weighted average number of common shares outstanding during the period. Unaudited diluted pro forma net income per share is computed by dividing pro forma net income by the weighted average number of common shares outstanding during the period after adjusting for potential common shares that would have a dilutive effect on pro forma net income per share.

##### Pro forma net income per share—basic and diluted

*(in millions except per share amounts)*

##### For the Three Months Ended March 31, 2024

|                                                                   |           |
|-------------------------------------------------------------------|-----------|
| <b>Numerator:</b>                                                 |           |
| Pro forma net loss - basic and diluted                            | \$ (168)  |
| <b>Denominator:</b>                                               |           |
| Pro forma weighted average shares outstanding – basic and diluted | 90.4      |
| <b>Net loss attributable to common shareholders:</b>              |           |
| Basic and diluted                                                 | \$ (1.86) |

##### For the Year Ended December 31, 2023

|                                          |       |
|------------------------------------------|-------|
| <b>Numerator:</b>                        |       |
| Pro forma net income - basic and diluted | \$589 |
| <b>Denominator:</b>                      |       |

|                                                         |        |
|---------------------------------------------------------|--------|
| Pro forma weighted average shares outstanding – basic   | 91.0   |
| Potential dilutive common shares:                       |        |
| Restricted Stock Units                                  | 1.0    |
| Performance Stock Units                                 | 0.9    |
| Warrants                                                | 1.0    |
| Pro forma weighted average shares outstanding – diluted | 93.9   |
| <b>Net income attributable to common shareholders:</b>  |        |
| Basic                                                   | \$6.47 |
| Diluted                                                 | \$6.27 |

**For the Three Months Ended March 31, 2023**

|                                                         |        |
|---------------------------------------------------------|--------|
| <b>Numerator:</b>                                       |        |
| Pro forma net income - basic and diluted                | \$ 257 |
| <b>Denominator:</b>                                     |        |
| Pro forma weighted average shares outstanding – basic   | 92.7   |
| Potential dilutive common shares:                       |        |
| Restricted Stock Units                                  | 1.0    |
| Performance Stock Units                                 | 0.9    |
| Warrants                                                | 1.0    |
| Pro forma weighted average shares outstanding – diluted | 95.6   |
| <b>Net income attributable to common shareholders:</b>  |        |
| Basic                                                   | \$2.77 |
| Diluted                                                 | \$2.69 |

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

(in thousands of dollars)

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

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

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

(in thousands of dollars)

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

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

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

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

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

(in thousands of dollars)

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

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

(in thousands of dollars)

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

## **1. Nature of Operations**

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

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

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

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

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

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

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

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

## **2. Summary of Significant Accounting Policies**

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



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

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

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

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

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

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

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

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

### 3. Significant Transactions

#### Purchase of Aera Companies

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

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

| Consideration<br>(in thousands of dollars) |             |
|--------------------------------------------|-------------|
| Cash                                       | \$1,280,000 |

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

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

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

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

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

#### **Fair Value of total consideration transferred**

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

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

#### 4. Revenue

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

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

  

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

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

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

#### 5. Inventories

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

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

Property, plant, and equipment consist of the following:

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

\* Accumulated depreciation, depletion, amortization, retirements and impairments

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

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

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

## 7. Transactions with Related Parties

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

## 8. Benefit Plans

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

(in thousands of dollars)

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

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

## Defined Contribution Plan

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

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

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

#### Other Postretirement Benefits

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

#### 9. Litigation and Other Contingencies

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

#### 10. Fair Value of Financial Instruments

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

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

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

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

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

#### Fair Value on a Recurring Basis

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

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

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

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

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

#### Fair Value of Other Financial Instruments

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

#### 11. Derivatives

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

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

(in thousands of dollars)

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

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

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

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

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

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

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

## 12. Taxes

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

(in thousands of dollars)

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

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

(in thousands of dollars)

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

## 13. Debt

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

(in thousands of dollars)

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

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

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

(in thousands of dollars)

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



(in thousands of dollars)

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

### Deferred Debt Issuance Costs

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

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

### RBL Facility

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

### Interest Expense

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

(in thousands of dollars)

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

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### **Borrowing Base**

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

### **Financial and Other Covenants**

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

### **Term Loan**

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

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

## **14. Subsequent Events**

### **Merger Agreement**

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

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

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

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