

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-Q

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

For the quarterly period ended June 30, 2025
OR

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

For the transition period from _____ to _____

Commission file number 001-36478

California Resources Corporation

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

46-5670947

(I.R.S. Employer
Identification No.)

**1 World Trade Center, Suite 1500
Long Beach, California 90831**

(Address of principal executive offices) (Zip Code)

(888) 848-4754

(Registrant's telephone number, including area code)

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

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

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

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

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

Large Accelerated Filer	<input checked="" type="checkbox"/>	Accelerated Filer	<input type="checkbox"/>	Non-Accelerated Filer	<input type="checkbox"/>
Smaller Reporting Company	<input type="checkbox"/>	Emerging Growth Company	<input type="checkbox"/>		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Section 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court. Yes No

Indicate the number of shares outstanding for each of the issuer's classes of common stock, as of the latest practicable date.

The number of shares of common stock outstanding as of June 30, 2025 was 83,679,985.

California Resources Corporation and Subsidiaries

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GLOSSARY AND SELECTED ABBREVIATIONS

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

- **AB** - Assembly Bill.
- **ABR** - Alternate base rate.
- **Aera** - Aera Energy LLC.
- **Aera Merger** - The transactions contemplated by the Merger Agreement.
- **ASC** - Accounting Standards Codification.
- **ARO** - Asset retirement obligation.
- **Bbl** - Barrel.
- **Bbl/d** - Barrels per day.
- **Bcf** - Billion cubic feet.
- **Bcfe** - Billion cubic feet of natural gas equivalent using the ratio of one barrel of oil, condensate, or NGLs converted to six thousand cubic feet of natural gas.
- **Boe** - We convert natural gas volumes to crude oil equivalents using a ratio of six thousand cubic feet (Mcf) to one barrel of crude oil equivalent based on energy content. This is a widely used conversion method in the oil and natural gas industry.
- **Boe/d** - Barrel of oil equivalent per day.
- **Brookfield** - BGTF Sierra Aggregator LLC.
- **Btu** - British thermal unit.
- **CalGEM** - California Geologic Energy Management Division.
- **CAISO** - California Independent System Operator.
- **Carbon TerraVault JV** - A joint venture between our wholly-owned subsidiary Carbon TerraVault I, LLC with Brookfield for the further development of a carbon management business in California.
- **CCS** - Carbon capture and storage.
- **CDMA** - Carbon Dioxide Management Agreement.
- **CEQA** - California Environmental Quality Act.
- **CO₂** - Carbon dioxide.
- **DAC** - Direct air capture.
- **DD&A** - Depletion, depreciation, and amortization.
- **EOR** - Enhanced oil recovery.
- **EPA** - United States Environmental Protection Agency.
- **ESG** - Environmental, social and governance.
- **E&P** - Exploration and production.
- **GAAP** - United States Generally Accepted Accounting Principles.
- **G&A** - General and administrative expenses.
- **GHG** - Greenhouse gases.
- **JV** - Joint venture.
- **LCFS** - Low Carbon Fuel Standard.
- **MBbl** - One thousand barrels of crude oil, condensate or NGLs.
- **MBbl/d** - One thousand barrels per day.
- **MBoe/d** - One thousand barrels of oil equivalent per day.
- **MBw/d** - One thousand barrels of water per day.
- **Mcf** - One thousand cubic feet of natural gas equivalent, with liquids converted to an equivalent volume of natural gas using the ratio of one barrel of oil to six thousand cubic feet of natural gas.
- **Merger Agreement** - Definitive agreement and plan of merger related to the transactions to obtain all of the ownership interests in Aera.
- **MHp** - One thousand horsepower.
- **MMBbl** - One million barrels of crude oil, condensate or NGLs.
- **MBoe** - One million barrels of oil equivalent.
- **MMBtu** - One million British thermal units.
- **MMcf/d** - One million cubic feet of natural gas per day.
- **MMT** - Million metric tons.
- **MMTPA** - Million metric tons per annum.
- **MW** - Megawatts of power.
- **NGLs** - Natural gas liquids. Hydrocarbons found in natural gas that may be extracted as purity products such as ethane, propane, isobutane and normal butane, and natural gasoline.
- **NYMEX** - The New York Mercantile Exchange.

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

PART I FINANCIAL INFORMATION

Item 1 Financial Statements

CALIFORNIA RESOURCES CORPORATION AND SUBSIDIARIES
Condensed Consolidated Balance Sheets
As of June 30, 2025 and December 31, 2024
(in millions, except share data)

	June 30, 2025	December 31, 2024
	(unaudited)	(audited)
CURRENT ASSETS		
Cash and cash equivalents	\$ 72	\$ 372
Trade receivables	297	330
Inventories	93	90
Assets held for sale	8	10
Receivable from affiliate	31	46
Other current assets, net	227	176
Total current assets	728	1,024
PROPERTY, PLANT AND EQUIPMENT		
Accumulated depreciation, depletion and amortization	(1,314)	(1,058)
Total property, plant and equipment, net	5,560	5,680
INVESTMENT IN UNCONSOLIDATED SUBSIDIARY	93	86
DEFERRED INCOME TAXES	33	73
OTHER NONCURRENT ASSETS	298	272
TOTAL ASSETS	\$ 6,712	\$ 7,135
CURRENT LIABILITIES		
Current portion of long-term debt	\$ 122	\$ —
Accounts payable	329	369
Accrued liabilities	477	611
Total current liabilities	928	980
NONCURRENT LIABILITIES		
Long-term debt, net	888	1,132
Asset retirement obligations	969	995
Deferred tax liabilities	185	113
Other long-term liabilities	335	377
STOCKHOLDERS' EQUITY		
Preferred stock (20,000,000 shares authorized at \$0.01 par value) no shares outstanding at June 30, 2025 and December 31, 2024	—	—
Common stock (200,000,000 shares authorized at \$0.01 par value) (105,031,217 and 109,613,585 shares issued; 83,679,985 and 91,100,322 shares outstanding at June 30, 2025 and December 31, 2024)	1	1
Treasury stock (21,351,232 shares held at cost at June 30, 2025 and 18,513,263 shares held at cost at December 31, 2024)	(922)	(796)
Additional paid-in capital	2,359	2,578
Retained earnings	1,897	1,680
Accumulated other comprehensive income	72	75
Total stockholders' equity	3,407	3,538
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 6,712	\$ 7,135

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

CALIFORNIA RESOURCES CORPORATION AND SUBSIDIARIES
Condensed Consolidated Statements of Operations (unaudited)
For the three and six months ended June 30, 2025 and 2024
(dollars in millions, except share and per share data; shares in millions)

	Three months ended June 30,		Six months ended June 30,	
	2025	2024	2025	2024
REVENUES				
Oil, natural gas and natural gas liquids sales	\$ 702	\$ 412	\$ 1,516	\$ 841
Net gain (loss) from commodity derivatives	157	5	163	(66)
Revenue from marketing of purchased commodities	56	51	120	125
Electricity revenue	58	36	80	51
Other revenue	5	10	11	17
Total operating revenues	978	514	1,890	968
OPERATING EXPENSES				
Operating costs	295	156	611	332
General and administrative expenses	79	63	151	120
Depreciation, depletion and amortization	128	53	259	106
Asset impairment	—	13	—	13
Taxes other than on income	47	39	117	77
Costs related to marketing of purchased commodities	41	43	91	97
Electricity generation expenses	5	14	15	22
Transportation costs	20	17	40	37
Accretion expense	28	13	57	25
Net loss (gain) on natural gas purchase derivatives	3	1	(3)	2
Measurement period adjustments, net	—	—	1	—
Other operating expenses, net	65	65	98	110
Total operating expenses	711	477	1,437	941
Gain on asset divestitures	—	1	—	7
OPERATING INCOME	267	38	453	34
NON-OPERATING (EXPENSES) INCOME				
Interest and debt expense, net	(25)	(17)	(52)	(30)
Loss on early extinguishment of debt	—	—	(1)	—
Loss from investment in unconsolidated subsidiaries	—	(4)	(1)	(7)
Other non-operating (expense) income, net	—	(6)	5	(5)
INCOME (LOSS) BEFORE INCOME TAXES	242	11	404	(8)
Income tax (provision) benefit	(70)	(3)	(117)	6
NET INCOME (LOSS)	\$ 172	\$ 8	\$ 287	\$ (2)
Net income (loss) per share				
Basic	\$ 1.93	\$ 0.12	\$ 3.20	\$ (0.03)
Diluted	\$ 1.92	\$ 0.11	\$ 3.18	\$ (0.03)
Weighted-average common shares outstanding				
Basic	89.0	68.1	89.8	68.6
Diluted	89.4	70.0	90.3	68.6

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

CALIFORNIA RESOURCES CORPORATION AND SUBSIDIARIES
Condensed Consolidated Statements of Comprehensive Income (Loss) (unaudited)
For the three and six months ended June 30, 2025 and 2024
(in millions)

	Three months ended June 30,		Six months ended June 30,	
	2025	2024	2025	2024
Net income (loss)	\$ 172	\$ 8	\$ 287	\$ (2)
Other comprehensive loss ^(a) :				
Actuarial gain associated with pension and postretirement plans	—	—	(1)	—
Amortization of prior service cost credit included in net periodic benefit cost, net of tax	(1)	—	(2)	(2)
Comprehensive income (loss)	<u>\$ 171</u>	<u>\$ 8</u>	<u>\$ 284</u>	<u>\$ (4)</u>

(a) Tax effects of the actuarial gain associated with pension and postretirement plans and amortization of prior service cost credit were insignificant for the three and six months ended June 30, 2025 and 2024.

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

CALIFORNIA RESOURCES CORPORATION AND SUBSIDIARIES
Condensed Consolidated Statements of Stockholders' Equity (unaudited)
For the three and six months ended June 30, 2025 and 2024
(in millions)

Three months ended June 30, 2025						
	Common Stock	Treasury Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income	Total Equity
Balance, March 31, 2025	\$ 1	\$ (897)	\$ 2,580	\$ 1,759	\$ 73	\$ 3,516
Net income	—	—	—	172	—	172
Share-based compensation	—	—	8	—	—	8
Repurchases of common stock	—	(25)	(228)	—	—	(253)
Cash dividend	—	—	—	(35)	—	(35)
Other comprehensive income, net of tax	—	—	—	—	(1)	(1)
Other	—	—	(1)	1	—	—
Balance, June 30, 2025	<u>\$ 1</u>	<u>\$ (922)</u>	<u>\$ 2,359</u>	<u>\$ 1,897</u>	<u>\$ 72</u>	<u>\$ 3,407</u>

Three months ended June 30, 2024						
	Common Stock	Treasury Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income	Total Equity
Balance, March 31, 2024	\$ 1	\$ (662)	\$ 1,295	\$ 1,387	\$ 72	\$ 2,093
Net loss	—	—	—	8	—	8
Share-based compensation	—	—	7	—	—	7
Repurchases of common stock	—	(35)	—	—	—	(35)
Cash dividend	—	—	—	(21)	—	(21)
Shares cancelled for taxes	—	—	(1)	—	—	(1)
Other	—	—	1	\$ —	\$ —	1
Balance, June 30, 2024	<u>\$ 1</u>	<u>\$ (697)</u>	<u>\$ 1,302</u>	<u>\$ 1,374</u>	<u>\$ 72</u>	<u>\$ 2,052</u>

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

Six months ended June 30, 2025

	Common Stock	Treasury Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income	Total Equity
Balance, December 31, 2024	\$ 1	\$ (796)	\$ 2,578	\$ 1,680	\$ 75	\$ 3,538
Net income	—	—	—	287	—	287
Share-based compensation	—	—	14	—	—	14
Repurchases of common stock	—	(126)	(228)	—	—	(354)
Issuance of common stock	—	—	6	—	—	6
Cash dividend	—	—	—	(71)	—	(71)
Shares cancelled for taxes	—	—	(11)	—	—	(11)
Other comprehensive income, net of tax	—	—	—	—	(3)	(3)
Other	—	—	—	1	—	1
Balance, June 30, 2025	<u>\$ 1</u>	<u>\$ (922)</u>	<u>\$ 2,359</u>	<u>\$ 1,897</u>	<u>\$ 72</u>	<u>\$ 3,407</u>

Six months ended June 30, 2024

	Common Stock	Treasury Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income	Total Equity
Balance, December 31, 2023	\$ 1	\$ (604)	\$ 1,329	\$ 1,419	\$ 74	\$ 2,219
Net income	—	—	—	(2)	—	(2)
Share-based compensation	—	—	14	—	—	14
Repurchases of common stock	—	(93)	—	—	—	(93)
Cash dividend	—	—	—	(43)	—	(43)
Shares cancelled for taxes	—	—	(42)	—	—	(42)
Other comprehensive income, net of tax	—	—	—	—	(2)	(2)
Other	—	—	1	—	—	1
Balance, June 30, 2024	<u>\$ 1</u>	<u>\$ (697)</u>	<u>\$ 1,302</u>	<u>\$ 1,374</u>	<u>\$ 72</u>	<u>\$ 2,052</u>

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

CALIFORNIA RESOURCES CORPORATION AND SUBSIDIARIES
Condensed Consolidated Statements of Cash Flows (unaudited)
For the three and six months ended June 30, 2025 and 2024
(in millions)

	Three months ended June 30,		Six months ended June 30,	
	2025	2024	2025	2024
CASH FLOW FROM OPERATING ACTIVITIES				
Net income (loss)	\$ 172	\$ 8	\$ 287	\$ (2)
<i>Adjustments to reconcile net income (loss) to net cash provided by operating activities:</i>				
Depreciation, depletion and amortization	128	53	259	106
Asset impairments	—	13	—	13
Deferred income tax provision (benefit)	6	3	41	(6)
Net (gain) loss from commodity derivatives	(154)	(4)	(166)	68
Net payments on settled commodity derivatives	10	(10)	(18)	(24)
Net loss on early extinguishment of debt	—	—	1	—
Gain on asset divestitures	—	(1)	—	(7)
Other non-cash charges to income, net	59	46	69	52
Net changes in operating assets and liabilities	(56)	(11)	(122)	(16)
Net cash provided by operating activities	165	97	351	184
CASH FLOW FROM INVESTING ACTIVITIES				
Capital investments	(56)	(34)	(111)	(88)
Changes in accrued capital investments	6	6	(15)	2
Proceeds from asset divestitures	1	2	1	12
Acquisitions	—	(6)	—	(6)
Other, net	(2)	(1)	(5)	(2)
Net cash used in investing activities	(51)	(33)	(130)	(82)
CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from Revolving Credit Facility	—	30	—	30
Proceeds from 2029 Senior Notes, net	—	590	—	590
Repurchases of common stock	(217)	(35)	(318)	(93)
Common stock dividends	(35)	(22)	(70)	(43)
Dividend equivalents on equity-settled awards	—	—	(1)	(4)
Issuance of common stock	(4)	2	2	3
Bridge loan commitments	—	—	—	(5)
Debt amendment costs	—	—	—	(3)
Shares cancelled for taxes	—	(1)	(11)	(42)
Debt redemption	—	—	(123)	—
Net cash (used in) provided by financing activities	(256)	564	(521)	433
Increase (decrease) in cash and cash equivalents	(142)	628	(300)	535
Cash and cash equivalents—beginning of period	214	403	372	496
Cash and cash equivalents—end of period	\$ 72	\$ 1,031	\$ 72	\$ 1,031

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

CALIFORNIA RESOURCES CORPORATION AND SUBSIDIARIES
Notes to the Condensed Consolidated Financial Statements
June 30, 2025

NOTE 1 BASIS OF PRESENTATION

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

On July 1, 2024, pursuant to the Agreement and Plan of Merger, dated as of February 7, 2024 (the Merger Agreement), we obtained all of the ownership interests in Aera Energy LLC (Aera) (Aera Merger). Our consolidated results of operations include the results of Aera beginning July 1, 2024, the closing date of the Aera Merger. The Aera Merger significantly impacted the comparability of our financial results for the three and six months ended June 30, 2025 as compared to the three and six months ended June 30, 2024. See *Note 2 Aera Merger* for transaction details.

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

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

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

The preparation of financial statements in conformity with GAAP requires management to select appropriate accounting policies and make informed estimates and judgments regarding certain types of financial statement balances and disclosures. Actual results could differ. Management believes that these estimates and judgments provide a reasonable basis for the fair presentation of our condensed consolidated financial statements. These condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto in our Annual Report on Form 10-K for the year ended December 31, 2024 (2024 Annual Report).

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

NOTE 2 AERA MERGER

On July 1, 2024, we obtained by way of merger all of the ownership interests in Aera. Aera is a leading operator of mature fields in California, primarily in the San Joaquin and Ventura basins, with high oil-weighted production. The Aera Merger adds significant proved developed reserves to CRC. In connection with the closing of the Aera Merger, we issued shares of common stock to the former Aera owners. We also paid approximately \$990 million in connection with the extinguishment of all of Aera's outstanding indebtedness using the proceeds from the issuance of our 8.25% senior notes due 2029 (2029 Senior Notes) and cash on hand.

As of July 1, 2024, and immediately following closing of the Aera Merger, our existing stockholders prior to the Aera Merger owned 76% of CRC and the former owners of Aera owned 24% of CRC. For more information on the 2029 Senior Notes, refer to *Note 4 Debt*. See *Note 10 Stockholders' Equity* for details on a repurchase of shares during the second quarter of 2025 from one of the former Aera owners.

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

The following table summarizes the consideration transferred:

	Merger Consideration	
	(in millions, except share and per share data)	
Shares of common stock (dividend adjusted)		21,422,972
Common stock per share fair value on July 1, 2024	\$	53.28
Fair value of share consideration		1,141
Settlement of Aera debt		990
Purchase price settlement		(10)
Total purchase consideration	\$	2,121

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

	Preliminary Purchase Price Allocation as of December 31, 2024	Adjustments (in millions)	Purchase Price Allocation as of June 30, 2025
Assets Acquired			
Cash	\$ 137	\$ —	\$ 137
Accounts receivable	176	—	176
Inventories	30	(1)	29
Other current assets	49	13	62
Investment in unconsolidated subsidiary	59	(7)	52
Property, plant and equipment	3,048	32	3,080
Pension and other postretirement benefits	73	—	73
Other noncurrent assets	57	13	70
Total Assets Acquired	3,629	50	3,679
Liabilities Assumed			
Accounts payable	(158)	—	(158)
Accrued liabilities	(157)	(4)	(161)
Asset retirement obligations	(646)	19	(627)
Fair value of derivative contracts	(351)	—	(351)
Pension and other postretirement benefits	(35)	—	(35)
Deferred tax liability	(101)	(70)	(171)
Other long-term liabilities	(37)	(18)	(55)
Total Liabilities Assumed	(1,485)	(73)	(1,558)
Net Assets Acquired	\$ 2,144	\$ (23)	\$ 2,121

Supplemental Pro Forma Information (unaudited)

The following supplemental pro forma financial information presents the condensed consolidated results of operations for the three and six months ended June 30, 2024 as if the Aera Merger had occurred on January 1, 2024.

	Three months ended June 30, 2024	Six months ended June 30, 2024
	(in millions)	
Total operating revenue	\$ 1,045	\$ 1,658
Net income (loss) ^(a)	\$ 168	\$ (118)
Net income (loss) per share		
Basic	\$ 1.88	\$ (1.31)
Diluted	\$ 1.84	\$ (1.31)

(a) The six months ended June 30, 2024 reflects a net loss of \$118 million primarily resulting from a significant net loss on commodity derivatives related to hedge positions held by Aera.

The pro forma information is presented for illustration purposes only and is not necessarily indicative of the operating results that would have occurred had the Aera Merger been completed on January 1, 2024, nor is it necessarily indicative of future operating results of the combined entity. The pro forma financial information for the three and six months ended June 30, 2024 is a result of combining our three and six months statements of operations with Aera's pre-merger results from January 1, 2024 and the pro forma adjustments include estimates and assumptions based on currently available information. The pro forma results do not reflect any cost savings anticipated as a result of the Aera Merger and exclude the impact of any severance. The pro forma results include adjustments to depreciation, depletion and amortization (DD&A) based on the purchase price allocated to property, plant, and equipment and the estimated useful lives as well as adjustments to interest and accretion expense. We also included pro forma adjustments for certain compensation-related costs and transaction costs we incurred related to the Aera Merger. Management believes the estimates and assumptions are reasonable, and the relative effects of the Aera Merger are properly reflected. Future results may vary significantly from the financial results reflected in the table above.

NOTE 3 INVESTMENTS AND RELATED PARTY TRANSACTIONS

The following tables present changes to our investments in unconsolidated subsidiaries for the periods presented:

	Carbon TerraVault JV	
	(in millions)	
Investment, December 31, 2024	\$	27
Loss from investment in unconsolidated subsidiary		(2)
Contributions		15
Investment, June 30, 2025	\$	40

	Midway Sunset Cogeneration Company	
	(in millions)	
Investment, December 31, 2024	\$	59
Adjustment to the preliminary purchase price allocation (see Note 2 Aera Merger)		(7)
Income from investment in unconsolidated subsidiary		1
Investment, June 30, 2025	\$	53

Carbon TerraVault JV

In August 2022, we entered into a joint venture with BGTF Sierra Aggregator LLC (Brookfield) for the further development of a carbon management business in California (Carbon TerraVault JV). We hold a 51% interest in the Carbon TerraVault JV and Brookfield holds a 49% interest. The Carbon TerraVault JV holds rights to inject CO₂ into the 26R reservoir in our Elk Hills field for permanent CO₂ storage (26R reservoir).

Because the parties have certain put and call rights (repurchase features) with respect to the 26R reservoir if certain milestones are not met, the initial investment by Brookfield is reflected as a contingent liability included in other long-term liabilities on our condensed consolidated balance sheets. The contingent liability was \$107 million at December 31, 2024 and \$112 million at June 30, 2025, inclusive of interest. The amount payable to Brookfield under the put and call rights, if exercised, includes additional capital contributions made by Brookfield to develop the 26R storage reservoir, inclusive of interest. This payment would differ from the contingent liability currently recognized because the contingent liability reported in other long-term liabilities on our condensed consolidated balance sheet relates solely to the initial investment and does not include capital contributions made by Brookfield for ongoing development activities to the Carbon TerraVault JV.

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

	June 30, 2025	December 31, 2024
	(in millions)	
Receivable from affiliate ^(a)	\$ 31	\$ 46
Other long-term liabilities ^(b)	\$ 112	\$ 107

(a) At June 30, 2025, the amount of \$31 million includes the remaining \$28 million of Brookfield's first and second installments of their initial investment which is available to us and \$3 million related to the Master Service Agreement (MSA) and vendor reimbursements. At December 31, 2024, the amount of \$46 million includes \$43 million remaining of Brookfield's initial contribution available to us and \$3 million related to the MSA and vendor reimbursements.

(b) Other long-term liabilities include the contingent liability related to the Carbon TerraVault JV put and call rights.

We recognized a loss of \$1 million and \$2 million for the three and six months ended June 30, 2025, respectively, and a loss of \$4 million and \$7 million for the three and six months ended June 30, 2024, respectively, related to our investment in the Carbon TerraVault JV.

We are also performing well abandonment work at our Elk Hills field to prepare our 26R reservoir for injection of CO₂. During the three and six months ended June 30, 2025, we performed abandonment work and sought reimbursement in the amounts of \$6 million and \$8 million, respectively, from the Carbon TerraVault JV. During the three and six months ended June 30, 2024, we performed abandonment work and sought reimbursement in the amounts of \$5 million and \$9 million, respectively, from the Carbon TerraVault JV. We recorded these reimbursements as a reduction to property, plant and equipment, net on our condensed consolidated balance sheets.

Midway Sunset Cogeneration Company

In July 2024, our merger with Aera led to our partial ownership of Midway Sunset Cogeneration Company, which owns, manages, and operates a cogeneration facility in Kern County, California. The Midway Sunset Cogeneration Company is owned 50% by us and 50% by San Joaquin Energy Company, a subsidiary of NRG Energy Inc. We recorded our investment in the Midway Sunset Cogeneration Company at \$52 million as of July 1, 2024, which was \$41 million in excess of the carrying value of the underlying assets held by the partnership. This difference is associated with property, plant and equipment and we expect this amount will reverse over the remaining useful life of the power plant. There are no significant transactions between us and Midway Sunset Cogeneration Company. Our 50% share of the net income related to our investment in Midway Sunset Cogeneration Company for the three and six months ended June 30, 2025 was \$1 million.

NOTE 4 DEBT

As of June 30, 2025 and December 31, 2024, our long-term debt consisted of the following:

	June 30, 2025	December 31, 2024	Interest Rate	Maturity
	(in millions)			
Revolving Credit Facility	\$ —	\$ —	SOFR plus 2.50%-3.50% ABR plus 1.50%-2.50% ^(a)	March 16, 2029
2026 Senior Notes	122	245	7.125%	February 1, 2026
2029 Senior Notes	900	900	8.250%	June 15, 2029
Principal amount	1,022	\$ 1,145		
Unamortized debt discount and issuance costs	(14)	(16)		
Unamortized premium	2	3		
Total debt, net	1,010	1,132		
Less: Current maturities	122	—		
Long-term debt, net	\$ 888	\$ 1,132		

(a) At our election, borrowings under the amended Revolving Credit Facility may be alternate base rate (ABR) loans or term SOFR loans, plus an applicable margin. ABR loans bear interest at a rate equal to the highest of (i) the federal funds effective rate plus 0.50%, (ii) the administrative agent prime rate and (iii) the one-month SOFR rate plus 1%. Term SOFR loans bear interest at term SOFR, plus an additional 10 basis points per annum credit spread adjustment. The applicable margin is adjusted based on a commitment utilization percentage and will vary from (i) in the case of ABR loans, 1.50% to 2.50% and (ii) in the case of term SOFR loans, 2.50% to 3.50%.

Revolving Credit Facility

Our Amended and Restated Credit Agreement, dated April 26, 2023 (Revolving Credit Facility), consists of a senior revolving loan facility with an aggregate commitment of \$1.15 billion. The amount we are able to borrow under our Revolving Credit Facility is limited to the amount of these commitments. Our Revolving Credit Facility also includes a sub-limit of \$300 million for the issuance of letters of credit. As of June 30, 2025, \$167 million letters of credit were issued to support ordinary course marketing, insurance, regulatory and other matters. As of June 30, 2025, we had \$983 million of availability on our Revolving Credit Facility after taking into account \$167 million in letters of credit outstanding. Our borrowing base of \$1.5 billion is redetermined semi-annually and was re-affirmed in April 2025.

Fair Value

As shown in the table below, we estimate the fair value of our fixed rate 2029 Senior Notes and 2026 Senior Notes based on known prices from market transactions (using Level 1 inputs on the fair value hierarchy).

	June 30, 2025	December 31, 2024
	(in millions)	
Fixed rate debt		
2026 Senior Notes	\$ 123	\$ 245
2029 Senior Notes	925	913
Fair Value of Long-Term Debt	\$ 1,048	\$ 1,158

Other

As of June 30, 2025, we were in compliance with all financial and other debt covenants under our Revolving Credit Facility, 2026 Senior Notes and 2029 Senior Notes.

Note Redemptions

In February 2025, we redeemed \$123 million of our 7.125% senior notes due 2026 (2026 Senior Notes) at 100% of the principal amount, resulting in an extinguishment loss in the amount of \$1 million for the write-off of unamortized debt issuance costs. There were no repurchases or redemptions of our 2026 Senior Notes in the three months ended June 30, 2025 or the three and six months ended June 30, 2024.

NOTE 5 LAWSUITS, CLAIMS, COMMITMENTS AND CONTINGENCIES

We are party to various legal and/or regulatory proceedings from time to time arising in the ordinary course of business. We accrue reserves for currently outstanding lawsuits, claims and proceedings when we determine it is probable that a liability has been incurred and the liability can be reasonably estimated. Reserve balances for these items at June 30, 2025 and December 31, 2024 were not material to our condensed consolidated balance sheets as of such dates. We also evaluate the amount of reasonably possible losses that we could incur as a result of these matters. We believe that reasonably possible losses that we could incur in excess of reserves cannot be accurately determined.

In October 2020, Signal Hill Services, Inc. defaulted on its decommissioning obligations associated with two offshore platforms. The Bureau of Safety and Environmental Enforcement (BSEE) determined that former lessees, including our former parent, Occidental Petroleum Corporation (Oxy) with a 37.5% share, are responsible for accrued decommissioning obligations associated with these offshore platforms. Oxy sold its interest in the platforms approximately 30 years ago and it is our understanding that Oxy has not had any connection to the operations since that time and was challenging BSEE's order. Oxy notified us of the claim under the indemnification provisions of the Separation and Distribution Agreement between us and Oxy. In September 2021, we accepted the indemnification claim from Oxy and are challenging the order from BSEE. In March 2024, we entered into a cost sharing agreement with former lessees to share in ongoing maintenance costs during the pendency of the challenge to the BSEE order. Due to the preliminary stage of the process, no cost estimates to abandon the offshore platforms have been determined. For the three and six months ended June 30, 2025, other operating expenses, net on our condensed consolidated statement of operations includes \$2 million for our ongoing share of maintenance costs during the pendency of the challenge to the BSEE order.

In 2023 and 2024, the California Geologic Energy Management Division (CalGEM) plugged and abandoned approximately 120 "orphaned" oil and gas wells located in Cat Canyon, Santa Barbara County, at an aggregate cost of \$25 million. These wells had previously been operated by us prior to being sold to their current operators. CalGEM is seeking to recover these costs from us due to our prior operatorship of the wells, and we are disputing these claims. In connection with this dispute, we were required to remit \$25 million to CalGEM under protest pending the outcome of this matter. For the three and six months ended June 30, 2025, other operating expenses, net on our condensed consolidated statement of operations includes \$25 million related to this matter.

NOTE 6 DERIVATIVES

We enter into commodity derivative contracts to help protect our cash flows, margins and capital program from the volatility of commodity prices. We primarily hedge a portion of our forecasted oil production and purchased natural gas used in our steamflood operations. We did not have any derivative instruments designated as accounting hedges as of and for the three and six months ended June 30, 2025 and 2024. Unless otherwise indicated, we use the term "hedge" to describe derivative instruments that are designed to implement our hedging strategy.

Summary of Derivative Contracts

We held the following Brent-based contracts as of June 30, 2025:

	Q3 2025	Q4 2025	Q1 2026	Q2 2026	2H 2026	2027	2028
Sold Calls							
Barrels per day	30,000	29,000	35,000	35,000	35,000	—	—
Weighted-average price per barrel	\$ 87.08	\$ 87.13	\$ 83.86	\$ 83.86	\$ 83.86	\$ —	\$ —
Purchased Puts							
Barrels per day	30,000	29,000	35,000	35,000	35,000	—	—
Weighted-average price per barrel	\$ 61.67	\$ 61.72	\$ 61.14	\$ 61.14	\$ 61.14	\$ —	\$ —
Swaps							
Barrels per day	45,001	43,376	36,444	29,399	28,036	34,382	1,697
Weighted-average price per barrel	\$ 70.63	\$ 69.86	\$ 68.98	\$ 68.03	\$ 67.25	\$ 64.63	\$ 65.00

At June 30, 2025, we also held the following swaps to hedge purchased natural gas used in our operations as shown in the table below.

	Q3 2025	Q4 2025	Q1 2026	Q2 2026	2H 2026	2027	2028
SoCal Border							
MMBtu per day	25,750	22,408	20,350	13,250	10,329	—	—
Weighted-average price per MMBtu	\$ 3.48	\$ 3.53	\$ 5.18	\$ 4.82	\$ 4.84	\$ —	\$ —
NWPL Rockies							
MMBtu per day	51,750	51,750	51,750	51,750	51,750	33,616	1,576
Weighted-average price per MMBtu	\$ 2.95	\$ 4.22	\$ 4.67	\$ 3.64	\$ 3.93	\$ 4.12	\$ 3.95

In the three and six months ended June 30, 2025 and 2024, we also had a limited number of derivative contracts related to our natural gas marketing activities that were intended to lock in locational price spreads. These derivative contracts were not significant to our results of operations or financial statements taken as a whole.

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

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

Fair Value of Derivatives

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

	Three months ended June 30,		Six months ended June 30,	
	2025	2024	2025	2024
	(in millions)		(in millions)	
Non-cash commodity derivative gain (loss)	\$ 140	\$ 11	\$ 162	\$ (48)
Net settlements and amortized premiums	17	(6)	1	(18)
Net gain (loss) from commodity derivatives	<u>\$ 157</u>	<u>\$ 5</u>	<u>\$ 163</u>	<u>\$ (66)</u>

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

	Three months ended June 30,		Six months ended June 30,	
	2025	2024	2025	2024
	(in millions)		(in millions)	
Non-cash gain on natural gas purchase derivatives	\$ (4)	\$ (3)	\$ (22)	\$ (4)
Settlements	7	4	19	6
Net loss (gain) on natural gas purchase derivatives	<u>\$ 3</u>	<u>\$ 1</u>	<u>\$ (3)</u>	<u>\$ 2</u>

Our derivative contracts are measured at fair value using industry-standard models with various inputs, including quoted forward prices, and are classified as Level 2 in the required fair value hierarchy for the periods presented. The following tables present the fair values of our outstanding commodity derivatives as of June 30, 2025 and December 31, 2024.

June 30, 2025				
Classification	Gross Amounts at Fair Value		Netting	Net Fair Value
	(in millions)			
Other current assets, net	\$ 110	\$ (8)	\$ (8)	\$ 102
Other noncurrent assets	61	(11)	(11)	50
Current liabilities	(15)	8	8	(7)
Noncurrent liabilities	(25)	11	11	(14)
	<u>\$ 131</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 131</u>

December 31, 2024

Classification	Gross Amounts at Fair Value	Netting	Net Fair Value
		(in millions)	
Other current assets, net	\$ 26	\$ (12)	\$ 14
Other noncurrent assets	32	(16)	16
Current liabilities	(62)	12	(50)
Noncurrent liabilities	(61)	16	(45)
	<u>\$ (65)</u>	<u>\$ —</u>	<u>\$ (65)</u>

NOTE 7 INCOME TAXES

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

	Three months ended June 30,		Six months ended June 30,	
	2025	2024	2025	2024
	(in millions)		(in millions)	
Income (loss) before income taxes	\$ 242	\$ 11	\$ 404	\$ (8)
Current income tax provision	64	—	76	—
Deferred income tax provision (benefit)	6	3	41	(6)
Income tax provision (benefit)	<u>\$ 70</u>	<u>\$ 3</u>	<u>\$ 117</u>	<u>\$ (6)</u>
Effective tax rate	29 %	27 %	29 %	75 %

Our income tax provision or benefit for interim periods is determined by applying an estimated annual effective tax rate to income (loss) before income taxes with the result adjusted for discrete items, if any, in the relevant period. Our annual effective tax rate of 29% and 27% for the three months ended June 30, 2025 and 2024, respectively, differed from the U.S. statutory rate of 21% primarily due to state taxes. Our annual effective tax rate of 29% for the six months ended June 30, 2025 differed from the U.S. statutory rate of 21% primarily due to state taxes.

Our annual effective tax rate of 75% differed from the U.S. statutory rate of 21% for the six months ended June 30, 2024 primarily due to the settlement of stock-based compensation awards in the first quarter of 2024 at a share price which exceeded the grant date value used to recognize compensation expense for financial accounting. The difference resulted in a tax benefit and had the effect of increasing our effective tax rate for the six months ended June 30, 2024.

On July 4, 2025, An Act to Provide for Reconciliation Pursuant to Title II of H. Con. Res. 14th and commonly referred to as the One Big Beautiful Bill Act was signed into law. This law contains several legislative changes including the reinstatement of full expensing for qualified assets placed in service after January 19, 2025. This law also reinstated the expensing of all domestic research and development costs, including favorable transition rules, and increases the limitation on the amount of annual business interest expense which can be deducted each year.

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

Three months ended June 30, 2025

	Oil and Natural Gas	Carbon Management	Total Reportable Segments	Reconciliation (Income)/Expense	Total
	(in millions)				
Segment operating revenues	\$ 714	\$ —	\$ 714	\$ —	\$ 714
Less:					
Operating costs:					
Energy operating costs	85	—	85	(7)	78
Gas processing costs	5	—	5	—	5
Non-energy operating costs	212	—	212	—	212
General and administrative expenses	9	3	12	67	79
Depreciation, depletion and amortization	121	—	121	7	128
Taxes other than on income	41	—	41	6	47
Interest expense	—	2	2	23	25
Loss from investment in unconsolidated subsidiaries	—	1	1	(1)	—
Other segment expenses ^(a)	47	14	61	—	61
Segment profit or (loss)	<u>\$ 194</u>	<u>\$ (20)</u>	<u>\$ 174</u>		
Other profit or loss ^(b)				(59)	(59)
Unallocated amounts ^(c)				(104)	(104)
Income before income taxes					<u>\$ 242</u>

(a) Other segment expenses for our oil and natural gas segment includes transportation costs, accretion expense, and other operating expenses, net. Other segment expenses for our carbon management segment primarily includes operating lease costs.

(b) Other profit or loss includes the margin we earn from marketing activities and the margin we earn on sales of electricity from our Elk Hills power plant to customers.

(c) Unallocated amounts include net gain from commodity derivatives, net loss on natural gas purchase derivatives, transportation costs, other operating expenses, net, interest income and unallocated other revenue.

Three months ended June 30, 2024

	Oil and Natural Gas	Carbon Management	Total Reportable Segments	Elimination	Total
	(in millions)				
Oil, natural gas and NGL sales to external customers	\$ 416	\$ —	\$ 416	\$ (4)	\$ 412
Other revenue	2	—	2	—	2
Segment operating revenues	<u>\$ 418</u>	<u>\$ —</u>	<u>\$ 418</u>		
Other revenues and income ^(a)					100
Total operating revenues					<u>\$ 514</u>

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

Three months ended June 30, 2024

	Oil and Natural Gas	Carbon Management	Total Reportable Segments	Reconciliation (Income)/Expense	Total
	(in millions)				
Segment operating revenues	\$ 418	\$ —	\$ 418	\$ —	\$ 418
Less:					
Operating costs:					
Energy operating costs	44	—	44	(3)	41
Gas processing costs	3	—	3	—	3
Non-energy operating costs	112	—	112	—	112
General and administrative expenses	9	3	12	51	63
Depreciation, depletion and amortization	47	—	47	6	53
Taxes other than on income	33	—	33	6	39
Interest expense	—	2	2	15	17
Loss from investment in unconsolidated subsidiary	—	4	4	—	4
Other segment expenses ^(a)	53	15	68	—	68
Segment profit or (loss)	<u>\$ 117</u>	<u>\$ (24)</u>	<u>\$ 93</u>		
Other profit or loss ^(b)				(26)	(26)
Unallocated amounts ^(c)				33	33
Income before income taxes					<u>\$ 11</u>

(a) Amounts for our oil and natural gas segment include transportation costs, accretion expense, asset impairment, and other operating expenses, net. Amounts for our carbon management segment primarily include operating lease costs.

(b) Other profit or loss includes margin from purchased commodities and the margin we earn on sales of electricity from our Elk Hills power plant to customers.

(c) Unallocated amounts include net gain from commodity derivatives, transportation costs, interest and debt expense, other operating expenses, net, other non-operating loss, interest income, unallocated other revenue, and gain on asset divestitures.

Six months ended June 30, 2025

	Oil and Natural Gas	Carbon Management	Total Reportable Segments	Elimination	Total
	(in millions)				
Oil, natural gas and natural gas liquids sales	\$ 1,539	\$ —	\$ 1,539	\$ (23)	\$ 1,516
Other revenue	5	—	5	—	5
Segment operating revenues	<u>\$ 1,544</u>	<u>\$ —</u>	<u>\$ 1,544</u>		
Other revenues and income ^(a)					369
Total operating revenues					<u>\$ 1,890</u>

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

Six months ended June 30, 2025

	Oil and Natural Gas	Carbon Management	Total Reportable Segments	Reconciliation (Income)/Expense	Total
	(in millions)				
Segment operating revenues	\$ 1,544	\$ —	\$ 1,544	\$ —	\$ 1,544
Less:					
Operating costs:					
Energy operating costs	196	—	196	(15)	181
Gas processing costs	9	—	9	—	9
Non-energy operating costs	421	—	421	—	421
General and administrative expenses	21	6	27	124	151
Depreciation, depletion and amortization	247	—	247	12	259
Taxes other than on income	100	—	100	17	117
Interest expense	—	5	5	47	52
Loss from investment in unconsolidated subsidiaries	—	2	2	(1)	1
Other segment expenses ^(a)	90	32	122	—	122
Segment profit or (loss)	<u>\$ 460</u>	<u>\$ (45)</u>	<u>\$ 415</u>		
Other profit or loss ^(b)				(71)	(71)
Unallocated amounts ^(c)				(102)	(102)
Income before income taxes					<u>\$ 404</u>

- (a) Other segment expenses for our oil and natural gas segment includes transportation costs, accretion expense, and other operating expenses, net. Other segment expenses for our carbon management segment primarily includes operating lease costs.
- (b) Other profit or loss includes the margin we earn from marketing activities and the margin we earn on sales of electricity from our Elk Hills power plant to customers.
- (c) Unallocated amounts include net gain from commodity derivatives, net gain on natural gas purchase derivatives, transportation costs, other operating expenses, net, other non-operating losses, loss on early extinguishment of debt, interest income and unallocated other revenue.

Six months ended June 30, 2024

	Oil and Natural Gas	Carbon Management	Total Reportable Segments	Elimination	Total
	(in millions)				
Oil, natural gas and NGL sales to external customers	\$ 851	\$ —	\$ 851	\$ (10)	\$ 841
Other revenue	3	—	3	—	3
Segment operating revenues	<u>\$ 854</u>	<u>\$ —</u>	<u>\$ 854</u>		
Other revenues and income ^(a)					124
Total operating revenues					<u>\$ 968</u>

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

Six months ended June 30, 2024

	Oil and Natural Gas	Carbon Management	Total Reportable Segments	Reconciliation (Income)/Expense	Total
	(in millions)				
Segment operating revenues	\$ 854	\$ —	\$ 854	\$ —	\$ 854
Less:					
Operating costs:					
Energy operating costs	100	—	100	(6)	94
Gas processing costs	7	—	7	—	7
Non-energy operating costs	231	—	231	—	231
General and administrative expenses	18	5	23	97	120
Depreciation, depletion and amortization	96	—	96	10	106
Taxes other than on income	65	—	65	12	77
Interest expense	—	3	3	27	30
Loss from investment in unconsolidated subsidiary	—	7	7	—	7
Other segment expenses ^(a)	88	23	111	—	111
Segment profit or (loss)	<u>\$ 249</u>	<u>\$ (38)</u>	<u>\$ 211</u>		
Other profit or loss ^(b)				(47)	(47)
Unallocated amounts ^(c)				126	126
Income before income taxes				<u>\$ (8)</u>	<u>\$ (8)</u>

- (a) Amounts for our oil and natural gas segment include transportation costs, accretion expense, asset impairment and other operating expenses, net. Amounts for our carbon management segment primarily include operating lease costs.
- (b) Other profit or loss includes margin from purchased commodities and the margin we earn on sales of electricity from our Elk Hills power plant to customers.
- (c) Unallocated amounts include net loss from commodity derivatives, transportation costs, interest and debt expense, other operating expenses, net, other non-operating loss, interest income, unallocated other revenue, and gain on asset divestitures.

The following table provides capital investment by segment and a reconciliation to our consolidated capital investment for the three and six months ended June 30, 2025 and 2024. We do not provide total assets by segment because this is not used by our Chief Operating Decision Maker. See *Note 3 Investments and Related Party Transactions* for information on our investment in the Carbon TerraVault JV, which is part of our carbon management segment.

	Oil and Natural Gas	Carbon Management	Corporate and Other	Total
	(in millions)			
Three months ended June 30, 2025	\$ 51	\$ 5	\$ —	\$ 56
Three months ended June 30, 2024	\$ 46	\$ (2)	\$ (10)	\$ 34

	Oil and Natural Gas	Carbon Management	Corporate and Other	Total
	(in millions)			
Six months ended June 30, 2025	\$ 93	\$ 7	\$ 11	\$ 111
Six months ended June 30, 2024	\$ 82	\$ 2	\$ 4	\$ 88

NOTE 10 STOCKHOLDERS' EQUITY

Share Repurchase Program

Our Board of Directors authorized a Share Repurchase Program to acquire up to \$1.35 billion of our common stock through December 31, 2025. The total value of shares that may yet be purchased under the Share Repurchase Program totaled \$205 million as of June 30, 2025. Refer to *Note 16 Subsequent Events* for more information on a recent extension to our Share Repurchase Program. The repurchases may be effected from time-to-time through open market purchases, privately negotiated transactions, Rule 10b5-1 plans, accelerated stock repurchases, derivative contracts or otherwise in compliance with Rule 10b-18, subject to market conditions. The Share Repurchase Program does not obligate us to repurchase any dollar amount or number of shares, and our Board of Directors may modify, suspend or discontinue authorization of the program at any time.

Pursuant to our Share Repurchase Program, we repurchased 5,516,050 shares of common stock during the three months ended June 30, 2025, including 4,950,000 shares from IKAV Impact S.a.r.l. (IKAV) at a price of \$46.00 per share in a privately negotiated transaction. For the three months ended June 30, 2025, the aggregate purchase price consideration, inclusive of excise tax, for our shares was \$253 million, including \$228 million for the repurchase of the shares held by IKAV. We funded our share repurchases with available cash.

Simultaneously with the consummation of the stock repurchase from IKAV, the lock-up restrictions applicable to sales of common stock by IKAV and its affiliates IKAV Energy, Inc. and Simlog Inc. pursuant to a Registration Rights Agreement, dated July 1, 2024, with the sellers party thereto ceased to be effective. This transaction did not impact any other terms of the Aera Merger.

The following is a summary of our share repurchases, for the periods presented:

	Total Number of Shares Purchased	Total Value of Shares Purchased	Average Price Paid per Share
	(number of shares)	(in millions)	(\$ per share)
Three months ended June 30, 2024	703,839	\$ 35	\$ 49.71
Three months ended June 30, 2025	5,516,050	\$ 253	\$ 45.73
Six months ended June 30, 2024	1,769,603	\$ 93	\$ 51.85
Six months ended June 30, 2025	7,787,969	\$ 354	\$ 45.23

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

Dividends

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

	Total Dividend	Rate Per Share
	(in millions)	(\$ per share)
2025		
Three months ended March 31, 2025	\$ 35	\$ 0.3875
Three months ended June 30, 2025	35	0.3875
Six months ended June 30, 2025	<u>\$ 70</u>	
2024		
Three months ended March 31, 2024	\$ 21	\$ 0.31
Three months ended June 30, 2024	22	0.31
Six months ended June 30, 2024	<u>\$ 43</u>	

In addition to dividends on our common stock shown in the table above, we paid \$1 million of dividend equivalents on equity-settled stock-based compensation awards in the six months ended June 30, 2025. We paid \$4 million of dividend equivalents in the six months ended June 30, 2024. Future cash dividends, and the establishment of record and payment dates, are subject to final determination by our Board of Directors each quarter after reviewing our financial performance and position. See *Note 16 Subsequent Events* for information on future cash dividends.

NOTE 11 EARNINGS PER SHARE

Basic and diluted earnings per share (EPS) were calculated using the treasury stock method for the three and six months ended June 30, 2025 and 2024. Our restricted stock unit (RSU) and performance stock unit (PSU) awards are not considered participating securities since the dividend rights on unvested shares are forfeitable.

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

The following table presents the calculation of basic and diluted EPS, for the three and six months ended June 30, 2025 and 2024:

	Three months ended June 30,		Six months ended June 30,	
	2025	2024	2025	2024
(in millions, except per-share amounts)				
Numerator for Basic and Diluted EPS				
Net income (loss)	\$ 172	\$ 8	\$ 287	\$ (2)
Denominator for Basic EPS				
Weighted-average shares	89.0	68.1	89.8	68.6
Potential common shares, if dilutive:				
Warrants	—	1.2	—	—
Restricted stock units	0.3	0.4	0.3	—
Performance stock units	0.1	0.3	0.2	—
Denominator for Diluted EPS				
Weighted-average shares	89.4	70.0	90.3	68.6
EPS				
Basic	\$ 1.93	\$ 0.12	\$ 3.20	\$ (0.03)
Diluted	\$ 1.92	\$ 0.11	\$ 3.18	\$ (0.03)

The potentially dilutive weighted-average common shares of 6 million which were excluded from the denominator of diluted EPS for the six months ended June 30, 2024 included (i) 4.2 million for shares issuable upon exercise of warrants, (ii) 800,000 for shares issuable upon settlement of RSUs and (iii) 1 million shares issuable upon settlement of PSUs.

NOTE 12 PENSION AND POSTRETIREMENT BENEFIT PLANS

The following table sets forth the components of the net periodic benefit costs for our defined benefit pension and postretirement benefit plans for the three and six months ended June 30, 2025 and 2024:

	Three months ended June 30,		Three months ended June 30,	
	2025		2024	
	Pension Benefit	Postretirement Benefit	Pension Benefit	Postretirement Benefit
(in millions)				
Service cost - benefits earned during the period	\$ —	\$ —	\$ —	\$ 1
Interest cost on projected benefit obligation	3	2	1	1
Expected return on plan assets	(5)	(1)	(1)	—
Settlement loss	1	—	—	—
Amortization of net actuarial loss	—	—	—	(1)
Amortization of prior service cost credit	—	(1)	—	(1)
Net periodic benefit costs	\$ (1)	\$ —	\$ —	\$ —

	Six months ended June 30,		Six months ended June 30,	
	2025		2024	
	Pension Benefit	Postretirement Benefit	Pension Benefit	Postretirement Benefit
	(in millions)		(in millions)	
Service cost - benefits earned during the period	\$ —	\$ 1	\$ —	\$ 1
Interest cost on projected benefit obligation	7	3	1	1
Expected return on plan assets	(11)	(2)	(1)	—
Settlement loss	1	—	—	—
Amortization of net actuarial loss	—	(1)	—	(1)
Amortization of prior service cost credit	—	(2)	—	(2)
Net periodic benefit costs	\$ (3)	\$ (1)	\$ —	\$ (1)

Contributions to our pension benefit plans were insignificant during the three and six months ended June 30, 2025. During the three and six months ended June 30, 2024, we contributed \$2 million to our pension benefit plans. We do not expect to need to make any contributions to our qualified pension plans to satisfy minimum funding requirements during the remainder of 2025. We expect to contribute an insignificant amount to fund our pension benefit distributions during the remainder of 2025.

NOTE 13 SUPPLEMENTAL ACCOUNT BALANCES

Restricted cash — Cash and cash equivalents includes restricted cash of \$16 million and \$18 million at June 30, 2025 and December 31, 2024, respectively. Restricted cash primarily includes funds held in an escrow account established to secure oil field well and infrastructure abandonment and habitat restoration at an oil and gas field previously owned by Aera.

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

	Three months ended June 30,		Six months ended June 30,	
	2025	2024	2025	2024
	(in millions)		(in millions)	
Oil	\$ 644	\$ 353	\$ 1,380	\$ 701
Natural gas	19	14	47	46
Natural gas liquids	39	45	89	94
Oil, natural gas and natural gas liquids sales	\$ 702	\$ 412	\$ 1,516	\$ 841

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

	Three months ended June 30,		Six months ended June 30,	
	2025	2024	2025	2024
	(in millions)		(in millions)	
Oil	\$ 24	\$ 28	\$ 46	\$ 48
Natural gas	32	23	68	71
Natural gas liquids	—	—	6	6
Revenue from marketing of purchased commodities	<u>\$ 56</u>	<u>\$ 51</u>	<u>\$ 120</u>	<u>\$ 125</u>

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

	June 30, 2025	December 31, 2024
	(in millions)	
Materials and supplies	\$ 90	\$ 86
Finished goods	3	4
Inventories	<u>\$ 93</u>	<u>\$ 90</u>

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

	June 30, 2025	December 31, 2024
	(in millions)	
Net amounts due from joint interest partners ^(a)	\$ 42	\$ 41
Fair value of commodity derivative contracts	102	14
Prepaid expenses	25	28
Greenhouse gas allowances	9	27
Income tax receivable	22	50
Other	27	16
Other current assets, net	<u>\$ 227</u>	<u>\$ 176</u>

(a) The amounts due from joint interest partners include insignificant amounts of allowances for credit losses for each period presented.

Other noncurrent assets — Other noncurrent assets include the following:

	June 30, 2025	December 31, 2024
	(in millions)	
Operating lease right-of-use assets	\$ 93	\$ 105
Deferred financing costs - Revolving Credit Facility	22	23
Emission reduction credits	11	11
Fair value of commodity derivative contracts	50	16
Funded pension	67	67
Postretirement plan	13	13
Other	42	37
Other noncurrent assets	<u>\$ 298</u>	<u>\$ 272</u>

Accrued liabilities — Accrued liabilities include the following:

	June 30, 2025	December 31, 2024
	(in millions)	
Compensation-related liabilities	\$ 88	\$ 177
Taxes other than on income	86	100
Asset retirement obligations - current portion	134	134
Operating lease liability	22	15
Fair value of derivative contracts	7	50
Premiums due on commodity derivative contracts	17	14
Withholding tax on IKAV stock repurchase (<i>Note 10 Stockholders' Equity</i>)	34	—
Advanced payments	17	25
Payable to the former owners of Aera	9	29
Other	63	67
Accrued liabilities	<u>\$ 477</u>	<u>\$ 611</u>

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

	June 30, 2025	December 31, 2024
	(in millions)	
Compensation-related liabilities	\$ 39	\$ 50
Postretirement and pension benefit plans	55	59
Operating lease liability	60	76
Fair value of commodity derivative contracts	14	45
Contingent liability (<i>Note 3 Investments and Related Party Transactions</i>)	112	107
Other	55	40
Other long-term liabilities	<u>\$ 335</u>	<u>\$ 377</u>

NOTE 14 SUPPLEMENTAL CASH FLOW INFORMATION

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

	Three months ended June 30,		Six months ended June 30,	
	2025	2024	2025	2024
	<i>(in millions)</i>		<i>(in millions)</i>	
Supplemental cash flow information				
Interest paid, net of amounts capitalized	\$ 36	\$ (1)	\$ 45	\$ 19
Income taxes paid	\$ 39	\$ 4	\$ 39	\$ 26
Interest income	\$ 3	\$ 8	\$ 5	\$ 14
Supplemental disclosure of non-cash investing and financing activities				
Contributions to the Carbon TerraVault JV	\$ 11	\$ 5	\$ 15	\$ 5
Issuance of shares for stock-based compensation awards	\$ —	\$ 1	\$ 21	\$ 88
Dividends accrued for stock-based compensation awards	\$ 1	\$ —	\$ 1	\$ 1
Excise tax on share repurchases	\$ 2	\$ —	\$ 2	\$ 1
Withholding tax on the Stock Repurchase	\$ 34	\$ —	\$ 34	\$ —

NOTE 15 CONDENSED CONSOLIDATING FINANCIAL INFORMATION

We have designated certain of our subsidiaries as Unrestricted Subsidiaries under the indenture governing our 2026 Senior Notes (2026 Senior Notes Indenture) and the indenture governing our 2029 Senior Notes (2029 Senior Notes Indenture). Unrestricted Subsidiaries (as defined in the 2026 Senior Notes Indenture and 2029 Senior Notes Indenture) are subject to fewer restrictions under the indentures. We are required under the 2026 Senior Notes Indenture and 2029 Senior Notes Indenture to present the financial condition and results of operations of CRC and its Restricted Subsidiaries (as defined in the 2026 Senior Notes Indenture and 2029 Senior Notes Indenture) separate from the financial condition and results of operations of its Unrestricted Subsidiaries. The following condensed consolidating balance sheets as of June 30, 2025 and December 31, 2024 and the condensed consolidating statements of operations for the three and six months ended June 30, 2025 and 2024, as applicable, reflect the condensed consolidating financial information of CRC (Parent), our combined Unrestricted Subsidiaries, our combined Restricted Subsidiaries and the elimination entries necessary to arrive at the information for the Company on a consolidated basis. The financial information may not necessarily be indicative of the financial condition and results of operations had the Unrestricted Subsidiaries operated as independent entities.

Condensed Consolidating Balance Sheets
As of June 30, 2025 and December 31, 2024

	As of June 30, 2025				
	Parent	Combined Unrestricted Subsidiaries	Combined Restricted Subsidiaries	Eliminations	Consolidated
	(in millions)				
Total current assets	\$ 102	\$ 32	\$ 594	\$ —	\$ 728
Total property, plant and equipment, net	20	37	5,503	—	5,560
Investments in consolidated subsidiaries	5,521	(41)	16,356	(21,836)	—
Deferred tax asset	33	—		—	33
Investment in unconsolidated subsidiaries	—	40	53	—	93
Other assets	112	51	135	—	298
TOTAL ASSETS	\$ 5,788	\$ 119	\$ 22,641	\$ (21,836)	\$ 6,712
Total current liabilities	272	19	637	—	928
Long-term debt	888	—	—	—	888
Asset retirement obligations	—	—	969	—	969
Other long-term liabilities	101	131	103	—	335
Deferred tax liability	185	—	—	—	185
Amounts due to (from) affiliates	935	44	(979)	—	—
Total equity	3,407	(75)	21,911	(21,836)	3,407
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 5,788	\$ 119	\$ 22,641	\$ (21,836)	\$ 6,712

As of December 31, 2024

	Parent	Combined Unrestricted Subsidiaries	Combined Restricted Subsidiaries	Eliminations	Consolidated
	(in millions)				
Total current assets	\$ 437	\$ 46	\$ 541	\$ —	\$ 1,024
Total property, plant and equipment, net	14	31	5,635	—	5,680
Investments in consolidated subsidiaries	4,869	(32)	15,050	(19,887)	—
Deferred tax asset	73	—	—	—	73
Investment in unconsolidated subsidiary	—	27	59	—	86
Other assets	113	58	101	—	272
TOTAL ASSETS	\$ 5,506	\$ 130	\$ 21,386	\$ (19,887)	\$ 7,135
Total current liabilities	224	14	742	—	980
Long-term debt	1,132	—	—	—	1,132
Asset retirement obligations	—	—	995	—	995
Other long-term liabilities	114	138	125	—	377
Amounts due to (from) affiliates	385	—	(385)	—	—
Deferred tax liability	113	—	—	—	113
Total equity	3,538	(22)	19,909	(19,887)	3,538
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 5,506	\$ 130	\$ 21,386	\$ (19,887)	\$ 7,135

Condensed Consolidating Statement of Operations
For the three and six months ended June 30, 2025 and 2024

	Three months ended June 30, 2025				
	Parent	Combined Unrestricted Subsidiaries	Combined Restricted Subsidiaries	Eliminations	Consolidated
	(in millions)				
Total operating revenues	\$ 2	\$ —	\$ 992	\$ (16)	\$ 978
Total costs and other	109	16	602	(16)	711
Non-operating (loss) income	(26)	(3)	4	—	(25)
(LOSS) INCOME BEFORE INCOME TAXES	(133)	(19)	394	—	242
Income tax provision	(70)	—	—	—	(70)
NET (LOSS) INCOME	\$ (203)	\$ (19)	\$ 394	\$ —	\$ 172

Three months ended June 30, 2024					
Parent	Combined Unrestricted Subsidiaries	Combined Restricted Subsidiaries	Eliminations	Consolidated	
(in millions)					
Total operating revenues	\$ 7	\$ —	\$ 513	\$ (6)	\$ 514
Total costs and other	77	18	388	(6)	477
Gain on asset divestitures	—	—	1	—	1
Non-operating (loss) income	(21)	(7)	1	—	(27)
(LOSS) INCOME BEFORE INCOME TAXES	(91)	(25)	127	—	11
Income tax provision	(3)	—	—	—	(3)
NET (LOSS) INCOME	\$ (94)	\$ (25)	\$ 127	\$ —	\$ 8

Six months ended June 30, 2025					
Parent	Combined Unrestricted Subsidiaries	Combined Restricted Subsidiaries	Eliminations	Consolidated	
(in millions)					
Total operating revenues	\$ 5	\$ —	\$ 1,925	\$ (40)	\$ 1,890
Total costs and other	175	34	1,268	(40)	1,437
Non-operating (loss) income	(48)	(7)	6	—	(49)
(LOSS) INCOME BEFORE INCOME TAXES	(218)	(41)	663	—	404
Income tax provision	(117)	—	—	—	(117)
NET (LOSS) INCOME	\$ (335)	\$ (41)	\$ 663	\$ —	\$ 287

Six months ended June 30, 2024					
Parent	Combined Unrestricted Subsidiaries	Combined Restricted Subsidiaries	Eliminations	Consolidated	
(in millions)					
Total operating revenues	\$ 13	\$ —	\$ 971	\$ (16)	\$ 968
Total costs and other	136	28	793	(16)	941
Gain on asset divestitures	—	—	7	—	7
Non-operating (loss) income	(34)	(11)	3	—	(42)
(LOSS) INCOME BEFORE INCOME TAXES	(157)	(39)	188	—	(8)
Income tax benefit	6	—	—	—	6
NET (LOSS) INCOME	\$ (151)	\$ (39)	\$ 188	\$ —	\$ (2)

NOTE 16 SUBSEQUENT EVENTS

Dividend

On August 5, 2025, our Board of Directors declared a quarterly cash dividend of \$0.3875 per share of common stock. The dividend is payable to shareholders of record at the close of business on August 27, 2025 and is expected to be paid on September 12, 2025.

Share Repurchase Program

On July 30, 2025 the Board of Directors authorized an extension of our Share Repurchase Program through June 30, 2026. Refer to *Note 10 Stockholders' Equity* for more information on our Share Repurchase Program.

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

General

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

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

Business Environment and Industry Outlook

Commodity Prices

Our operating results, and those of the oil and natural gas industry, are heavily influenced by commodity prices. Oil and natural gas prices and differentials may fluctuate significantly as a result of numerous market-related variables. These and other factors make it challenging to predict realized prices reliably. We may respond to economic conditions by adjusting the amount and allocation of our capital program while continuing to identify efficiencies and cost savings. Volatility in oil and natural gas prices may affect the quantities of oil and natural gas reserves we can economically produce over the longer term. Refer to *Results of Our Oil and Natural Gas Operations, Production, Prices and Realizations* below for information on our realized prices.

During 2025, Brent prices were negatively affected by a succession of announcements by OPEC+ of its intention to return offline production to market at a much quicker pace than previously anticipated and concern over the state of global trade following a series of tariff announcements. Prices slightly increased in June 2025 as tensions between Iran and Israel became overtly military in nature and a concern developed that petroleum flowing through the Persian Gulf — and through the Strait of Hormuz, in particular — could ultimately be impacted.

Collectively, these factors introduced significant oil price volatility with Brent crude oil prices fluctuating between a low of approximately \$60 per barrel in early May and a high of approximately \$80 per barrel in mid-June.

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

	Three months ended		Six months ended	
	June 30, 2025	March 31, 2025	June 30, 2025	June 30, 2024
Brent oil (\$/Bbl)	\$ 66.76	\$ 74.92	\$ 70.84	\$ 83.42
WTI oil (\$/Bbl)	\$ 63.74	\$ 71.42	\$ 67.58	\$ 78.77
NYMEX Henry Hub (\$/MMBtu)	\$ 3.44	\$ 3.65	\$ 3.55	\$ 2.07

Supply Chain and Inflation

We continued to experience relatively flat pricing from our suppliers in the first half of 2025 as compared to the prior year. Tariff policy changes by the U.S. government for both country of origin and material type remains uncertain. The United States recently expanded tariff rates on imported goods including a 50% tariff on the steel and aluminum value of imported products. These expanded tariff rates, if sustained, could increase our cost of oilfield goods and expand delivery lead times over the longer term. We have taken measures to limit the effects of price increases caused by the recent expansion of U.S. tariffs by entering into fixed price contracts with terms of one to three years for a significant majority of our materials and services based on our current expected development plans. We also pre-purchased inventory prior to the execution of the tariffs and continue to purchase from vendors who source domestic content to limit the impact of foreign tariffs on our business. Overall, we continue to expect minimal impact of tariffs in our supply chain in 2025. Assuming the current tariff regime remains in place or is expanded, our inventory, capital and operating costs could increase over the long-term.

Marketing Arrangements

In October 2024, Phillips 66 announced that it plans to close its Wilmington refinery in Los Angeles in late 2025. Additionally, in April 2025, Valero notified the California Energy Commission of its intent to idle, restructure, or cease refining operations at its Benicia refinery in the San Francisco Bay Area by the end of April 2026. Historically, we have sold a portion of our crude oil to these refineries. Assuming both refineries were to cease operations, there will be six remaining major petroleum refineries in California, each of which have a refining capacity greater than 75,000 barrels per day. We expect this would leave California with approximately 1.3 million barrels per day of remaining major refining capacity, which is more than four times the amount of crude oil produced in California in 2024. As a result of this and given the considerable flexibility we have in marketing our production, we do not expect the cessation of operations at these refineries, should they occur, will affect our ability to market our crude oil production. While these announcements have had no impact on our price realizations thus far, fewer refineries in California have the potential to impact our future price realizations.

Regulatory Updates

Well Permitting

During the three months ended June 30, 2025, we received well permits for 86 workovers and 84 sidetracks. The rate at which CalGEM issued permits for workovers and sidetracks during this period continued to increase relative to the three months ended March 31, 2025.

During the first half of 2025, we have received total well permits for 139 workovers, 105 sidetracks and 4 deepenings. We have not received any permits for new wells in 2025.

We currently hold sufficient permits to maintain our existing two drilling rig capital program throughout 2025. We also have the requisite number of permits in hand to run one active drilling rig throughout 2026.

For further information regarding well permitting, see *Part I, Items 1 & 2 – Business and Properties, Regulation of the Industries in Which We Operate, Regulation of Exploration and Production Activities, Well Permitting* in our 2024 Annual Report.

Kern County EIR Litigation

On June 26, 2025, the Kern County Board of Supervisors certified a revised Environmental Impact Report (EIR) and approved an ordinance that authorizes the development of oil and natural gas wells in the county consistent with the revised EIR. Kern County is seeking the Trial Court's determination that the revised EIR complies with the judgment and order of the Trial Court and decision of the Court of Appeal. After that, the Trial Court could lift the stay, subject to further potential appeals. The timing of when or if the Trial Court will take such action is uncertain. If the stay is lifted and no further stay is issued by the Court of Appeal, new well permitting could resume. However, there is no certainty we will obtain permits on that timeline or at all, or that the Trial Court and Court of Appeal will collectively lift the stay before a final, non-appealable ruling upholding the adequacy of the revised EIR is issued. These developments could further adversely affect our business, results of operations and financial condition.

Waste Emissions Charge

In May 2025, following a joint resolution of disapproval under the Congressional Review Act, the EPA issued a final rule to remove the Waste Emission Charge (WEC) regulations, originally adopted under the Inflation Reduction Act, from the Code of Federal Regulations. As a result, the fees associated with methane emissions from certain oil and gas facilities that would have been due to the EPA in September 2025 will not be collected. Although the underlying statute still requires a methane charge, An Act to Provide for Reconciliation Pursuant to Title II of H. Con. Res. 14th and commonly referred to as the One Big Beautiful Bill Act, postponed implementation from 2024 to 2034.

Water Injection

Our operations in the Wilmington Oil Field utilize injection wells to reinject produced water pursuant to waterflooding plans. CalGEM has issued a directive to reduce the injection well pressure in a gradual manner in accordance with a five-year injection reduction work plan. The first phase of reduction commenced July 1, 2024 and a second reduction began in January 2025. The next phase of reduction is currently on hold while we evaluate the impact of the previously implemented reductions together with CalGEM. The work plan may be adjusted and it is difficult to predict with accuracy the impact to production and reserves. However, we continue to estimate a negative impact on production of approximately 1 MBoe/d at the end of the current 5-year work plan. We also estimate that the net present value of our proved developed reserves would be negatively impacted by less than 1%. These estimates could change materially pending the results of future technical audits.

Statements of Operations Analysis

Our consolidated results of operations include the results of Aera beginning July 1, 2024, the closing date of the Aera Merger. For more information on the Aera Merger, see *Part I, Item 1 – Financial Statements, Note 2 Aera Merger*. The Aera Merger and related transactions have significantly impacted the comparability of our financial results for the six months ended 2024.

Consolidated Results of Operations

Three months ended June 30, 2025 compared to March 31, 2025

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

	Three months ended	
	June 30, 2025	March 31, 2025
	(in millions)	
Oil, natural gas and natural gas liquids sales	\$ 702	\$ 814
Net gain from commodity derivatives	157	6
Revenue from marketing of purchased commodities	56	64
Electricity revenue	58	22
Other revenue	5	6
Total operating revenues	<u>\$ 978</u>	<u>\$ 912</u>

Oil, natural gas and natural gas liquids sales — Oil, natural gas and natural gas liquids sales, excluding the effects of cash settlements on our commodity derivative contracts, were \$702 million for the three months ended June 30, 2025, which is a decrease of \$112 million compared to \$814 million for the three months ended March 31, 2025.

The following table shows changes in oil, natural gas and natural gas liquids sales for the three months ended June 30, 2025 compared to the three months ended March 31, 2025:

	Oil	NGLs	Natural Gas	Total Operations
	(in millions)			
Three months ended March 31, 2025	\$ 736	\$ 50	\$ 28	\$ 814
Changes in realized prices	(85)	(11)	(14)	(110)
Changes in production and other	(7)	—	(1)	(8)
Changes in intersegment revenues	—	—	6	6
Three months ended June 30, 2025	<u>\$ 644</u>	<u>\$ 39</u>	<u>\$ 19</u>	<u>\$ 702</u>

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

Net gain from commodity derivatives — We report gains and losses on our derivative contracts related to sales of our oil and marketing activities in operating revenues. Net gain from commodity derivatives was \$157 million for the three months ended June 30, 2025 compared to a net gain of \$6 million for the three months ended March 31, 2025. The change primarily resulted from the non-cash changes in the fair value of our outstanding commodity derivatives from the positions held at the end of each measurement period. Gains and losses from our commodity derivative contracts are shown in the table below:

	Three months ended	
	June 30, 2025	March 31, 2025
	(in millions)	
Non-cash commodity derivative gain	\$ 140	\$ 22
Net proceeds (settlements) and amortized premiums	17	(16)
Net gain from commodity derivatives	<u>\$ 157</u>	<u>\$ 6</u>

Electricity revenue — Electricity revenue increased by \$36 million to \$58 million for the three months ended June 30, 2025 compared to \$22 million for the three months ended March 31, 2025. This increase was primarily a result of higher resource adequacy sales driven by increased seasonal pricing for the three months ended June 30, 2025 compared to the three months ended March 31, 2025, as well as downtime for maintenance that primarily impacted the three months ended March 31, 2025.

The following table presents our consolidated operating and non-operating expenses and income for the three months ended June 30, 2025 and March 31, 2025.

	Three months ended	
	June 30, 2025	March 31, 2025
	(in millions)	
Operating expenses		
Energy operating costs	\$ 78	\$ 103
Gas processing costs	5	4
Non-energy operating costs	212	209
General and administrative expenses	79	72
Depreciation, depletion and amortization	128	131
Taxes other than on income	47	70
Costs related to marketing of purchased commodities	41	50
Electricity generation expenses	5	10
Transportation costs	20	20
Accretion expense	28	29
Net loss (gain) on natural gas purchase derivatives	3	(6)
Measurement period adjustments, net	—	1
Other operating expenses, net	65	33
Total operating expenses	711	726
Operating income	267	186
Non-operating (expenses) income		
Interest and debt expense, net	(25)	(27)
Loss on early extinguishment of debt	—	(1)
Loss from investment in unconsolidated subsidiaries	—	(1)
Other non-operating income, net	—	5
Income before income taxes	242	162
Income tax provision	(70)	(47)
Net income	\$ 172	\$ 115

Energy operating costs consist of purchased natural gas used to generate electricity for our operations and steam for our steamfloods, purchased electricity and internal costs to generate electricity used in our operations. These internal costs include an allocation of the direct costs to produce electricity at our Elk Hills power plant based on electricity consumption by our Elk Hills and nearby fields. There is no internal allocation of the costs to produce steam from the power plant used in oil and natural gas operations. Gas processing costs include costs associated with compression, maintenance and other activities needed to run our gas processing facilities at Elk Hills. Non-energy operating costs equal total operating costs less energy operating costs and gas processing costs

Energy operating costs — Energy operating costs for the three months ended June 30, 2025 were \$78 million, which was a decrease of \$25 million from \$103 million for the three months ended March 31, 2025. This decrease was primarily due to lower prices and lower volumes of natural gas used in our steamflood operations. For more information on natural gas market prices, see *Prices and Realizations* below.

General and administrative expenses — General and administrative (G&A) expenses were \$79 million for the three months ended June 30, 2025 compared to \$72 million for the three months ended March 31, 2025, which was an increase of \$7 million. The increase was primarily a result of higher legal expenses and compensation-related expenses during the three months ended June 30, 2025.

Taxes other than on income — Taxes other than on income for the three months ended June 30, 2025 were \$47 million, which was a decrease of \$23 million from \$70 million for the three months ended March 31, 2025. The decrease was primarily due to an adjustment to the production tax rate. We also had lower greenhouse gas expense based on market prices.

Costs related to marketing of purchased commodities — Costs related to marketing of purchased commodities for the three months ended June 30, 2025 were \$41 million, which is a decrease of \$9 million from \$50 million for the three months ended March 31, 2025. This decrease was primarily due to lower natural gas prices, partially offset by increased volumes of purchased natural gas.

Other operating expenses, net — Other operating expenses, net increased \$32 million to \$65 million for the three months ended June 30, 2025 compared to \$33 million for the three months ended March 31, 2025. For the three months ended June 30, 2025 and March 31, 2025, other operating expenses, net includes the following:

	Three months ended	
	June 30, 2025	March 31, 2025
	(in millions)	
Carbon management business expense	\$ 14	\$ 18
Aera transaction and integration costs	3	3
Severance	6	2
Front-end engineering design studies	—	3
Litigation and settlement related expenses ^(a)	25	—
All other	17	7
Total operating expenses, net	\$ 65	\$ 33

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

Income taxes – The income tax provision for the three months ended June 30, 2025 was \$70 million (representing an effective tax rate of 29%), compared to a provision of \$47 million (representing an effective tax rate of 29%) for the three months ended March 31, 2025. See Part I, Item 1 – Financial Statements, Note 7 Income Taxes.

Six months ended June 30, 2025 compared to June 30, 2024

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

	Six months ended	
	June 30, 2025	June 30, 2024
	(in millions)	
Oil, natural gas and natural gas liquids sales	\$ 1,516	\$ 841
Net gain (loss) from commodity derivatives	163	(66)
Revenue from marketing of purchased commodities	120	125
Electricity revenue	80	51
Other revenue	11	17
Total operating revenues	\$ 1,890	\$ 968

Oil, natural gas and natural gas liquids sales — Oil, natural gas and natural gas liquids sales, excluding the effects of cash settlements on our commodity derivative contracts, were \$1,516 million for the six months ended June 30, 2025, which is an increase of \$675 million compared to \$841 million for the six months ended June 30, 2024.

The following table shows changes in oil, natural gas and natural gas liquids sales for the six months ended June 30, 2025 compared to the six months ended June 30, 2024.

	<u>Oil</u>	<u>NGLs</u>	<u>Natural Gas</u>	<u>Total Operations</u>
	(in millions)			
Six months ended June 30, 2024	\$ 701	\$ 94	\$ 46	\$ 841
Changes in realized prices	(106)	—	13	(93)
Changes in production and other ^(a)	785	(5)	2	782
Changes in intersegment revenues	—	—	(14)	(14)
Six months ended June 30, 2025	<u>\$ 1,380</u>	<u>\$ 89</u>	<u>\$ 47</u>	<u>\$ 1,516</u>

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

(a) The increase in production primarily relates to the addition of the Aera fields on July 1, 2024. See *Part I, Item 1 – Financial Statements, Note 2 Aera Merger* for additional information.

Net gain (loss) from commodity derivatives – We report gains and losses on our derivative contracts related to sales of our produced oil and marketing activities in operating revenue. Net gain from commodity derivatives was \$163 million for the six months ended June 30, 2025 compared to a net loss of \$66 million for the six months ended June 30, 2024. The change primarily resulted from payments to settle commodity derivative contracts and the non-cash changes in the fair value of our outstanding commodity derivatives from the positions held at the end of each measurement period. Gains and losses from our commodity derivative contracts are shown in the table below:

	<u>Six months ended</u>	
	<u>June 30, 2025</u>	<u>June 30, 2024</u>
	(in millions)	
Non-cash commodity derivative gain (loss)	\$ 162	\$ (48)
Net settlements and amortized premiums	1	(18)
Net gain (loss) from commodity derivatives	<u>\$ 163</u>	<u>\$ (66)</u>

Electricity revenue — Electricity revenue increased by \$29 million to \$80 million for the six months ended June 30, 2025 compared to \$51 million for the six months ended June 30, 2024. This increase was primarily a result of higher pricing from resource adequacy contracts.

The following table presents our consolidated operating and non-operating expenses and income for the six months ended June 30, 2025 and June 30, 2024.

	Six months ended	
	June 30, 2025	June 30, 2024
	(in millions)	
Operating expenses		
Energy operating costs	\$ 181	\$ 94
Gas processing costs	9	7
Non-energy operating costs	421	231
General and administrative expenses	151	120
Depreciation, depletion and amortization	259	106
Asset impairment	—	13
Taxes other than on income	117	77
Costs related to marketing of purchased commodities	91	97
Electricity generation expenses	15	22
Transportation costs	40	37
Accretion expense	57	25
Net (gain) loss on natural gas purchase derivatives	(3)	2
Measurement period adjustments, net	1	—
Other operating expenses, net	98	110
Total operating expenses	1,437	941
Gain on asset divestitures	—	7
Operating income	453	34
Non-operating (expenses) income		
Interest and debt expense, net	(52)	(30)
Loss on early extinguishment of debt	(1)	—
Loss from investment in unconsolidated subsidiaries	(1)	(7)
Other non-operating income, net	5	(5)
Income before income taxes	404	(8)
Income tax (provision) benefit	(117)	6
Net income (loss)	\$ 287	\$ (2)

Energy operating costs — Energy operating costs for the six months ended June 30, 2025 were \$181 million, which was an increase of \$87 million from \$94 million for the six months ended June 30, 2024. This increase was predominantly due to additional energy costs and natural gas used in our steamflood operations related to the addition of the Aera fields on July 1, 2024. Excluding \$94 million related to the operation of the Aera fields, our energy operating costs would have been \$87 million for the six months ended June 30, 2025. The decrease was primarily a result of lower energy and natural gas costs in the six months ended June 30, 2025 compared to the same prior year period.

Non-energy operating costs — Non-energy operating costs for the six months ended June 30, 2025 were \$421 million, which was an increase of \$190 million from \$231 million for the six months ended June 30, 2024. The increase includes \$191 million predominantly related to the addition of the Aera fields on July 1, 2024. Excluding the costs related to the Aera fields, our non-energy operating costs would have been \$230 million for the six months ended June 30, 2025, which would be in line with the same prior year period.

General and administrative expenses — General and administrative (G&A) expenses were \$151 million for the six months ended June 30, 2025 compared to \$120 million for the six months ended June 30, 2024, which was an increase of \$31 million. The increase was primarily due to additional compensation-related expense and other corporate expense resulting from the Aera Merger.

Depreciation, depletion and amortization — Depreciation, depletion and amortization (DD&A) for the six months ended June 30, 2025 was \$259 million compared to \$106 million during the six months ended June 30, 2024. The increase of \$153 million was primarily the result of the addition of the Aera assets included in the six months ended June 30, 2025. See *Part I, Item 1 – Financial Statements, Note 2 Aera Merger* for information on the Aera assets.

Asset impairments — During the six months ended June 30, 2024, we recognized a \$13 million impairment for excess and obsolete materials and supplies related to our oilfield operations. We did not recognize an asset impairment during the six months ended June 30, 2025.

Taxes other than on income — Taxes other than on income for the six months ended June 30, 2025 were \$117 million, which is an increase of \$40 million from \$77 million for the six months ended June 30, 2024. This increase was a result of higher greenhouse gas expense, production taxes and ad valorem taxes related to the Aera assets following the completion of the Aera Merger.

Accretion expense — Accretion expense for the six months ended June 30, 2025 was \$57 million compared to \$25 million for the six months ended June 30, 2024. The increase was primarily due to the addition of the Aera asset retirement liability assumed as of July 1, 2024 in connection with the Aera Merger.

Other operating expenses, net — Other operating expenses, net decreased \$12 million to \$98 million for the six months ended June 30, 2025 compared to \$110 million for the six months ended June 30, 2024. For the six months ended June 30, 2025 and June 30, 2024, other operating expenses, net includes the following:

	Six months ended	
	June 30, 2025	June 30, 2024
	(in millions)	
Carbon management business expense	\$ 32	\$ 23
Aera transaction and integration costs	8	26
Energy costs due to downtime at Elk Hills power plant	—	36
Severance	8	1
Litigation and settlement related expenses ^(a)	25	7
All other	25	17
Total operating expenses, net	\$ 98	\$ 110

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

Interest and debt expense, net — Interest and debt expense, net was \$52 million for the six months ended June 30, 2025 compared to \$30 million for the six months ended June 30, 2024. The increase was predominantly due to higher interest expense resulting from the issuance of our 2029 Senior Notes. In June 2024, we issued \$600 million in aggregate principal amount of 2029 Senior Notes and in August 2024, we completed a follow-on offering of \$300 million in aggregate principal amount of 2029 Senior Notes.

Income taxes — The income tax provision for the six months ended June 30, 2025 was \$117 million (representing an effective tax rate of 29%), compared to a benefit of \$6 million (representing an effective tax rate of 75%) for the six months ended June 30, 2024. See *Part I, Item 1 – Financial Statements, Note 7 Income Taxes* for additional information on our income taxes.

For financial information related to our subsidiaries designated as Unrestricted Subsidiaries under the 2026 Senior Notes Indenture and 2029 Senior Notes Indenture, see *Part I, Item 1 – Financial Statements, Note 15 Condensed Consolidated Financial Information*.

Results of Our Oil and Natural Gas Operations

The following table includes financial results and key operating data for our oil and natural gas segment for the three months ended June 30, 2025 and March 31, 2025 and the six months ended June 30, 2025 and June 30, 2024.

	Three months ended		Six months ended	
	June 30, 2025	March 31, 2025	June 30, 2025	June 30, 2024
(in millions, except as otherwise stated)				
Production and segment financial data				
Net production sold (MBoe/d)	137	141	139	76
Segment total operating revenues	\$ 714	\$ 830	\$ 1,544	\$ 854
Segment profit	\$ 194	\$ 266	\$ 460	\$ 249
Items affecting comparability:				
Gain on asset divestitures ^(a)	\$ —	\$ —	\$ —	\$ 7
Key operating expenses per Boe				
Operating costs	\$ 24.19	\$ 25.60	\$ 24.90	\$ 24.48
Operating costs, after hedges on purchased natural gas	\$ 24.75	\$ 26.55	\$ 25.65	\$ 24.91
Segment general and administrative expenses ^(b)	\$ 0.72	\$ 0.95	\$ 0.84	\$ 1.30
Segment depreciation, depletion and amortization ^(c)	\$ 9.69	\$ 9.96	\$ 9.82	\$ 6.95
Segment taxes other than on income	\$ 3.28	\$ 4.66	\$ 3.98	\$ 4.71

(a) Gain on asset divestitures for the six months ended June 30, 2024 related to the sale of oil and gas assets located in Ventura.

(b) Excludes unallocated general and administrative expenses.

(c) Excludes depreciation, depletion and amortization related to our corporate assets and our Elk Hills power plant.

Production, Prices, and Realizations

Net Production Sold

The following table sets forth our average net production of oil, NGLs and natural gas sold per day in each of the California oil and natural gas basins in which we operate for the periods presented. The amounts in the production table below include volumes produced from operated and non-operated fields for each of the periods presented.

	Three months ended		Six months ended	
	June 30, 2025	March 31, 2025	June 30, 2025	June 30, 2024
Oil (MBbl/d)				
San Joaquin Basin	83	84	84	30
Los Angeles Basin	17	18	17	17
Other Basins	9	9	9	—
Total	109	111	110	47
NGLs (MBbl/d)				
San Joaquin Basin	10	10	10	11
Total	10	10	10	11
Natural gas (MMcf/d)				
San Joaquin Basin	96	101	99	94
Los Angeles Basin	1	1	1	1
Sacramento Basin	12	12	12	14
Other Basins	2	3	2	—
Total	111	117	114	109
Total Net Production Sold (MBoe/d)	137	141	139	76

Total average net production sold decreased to 137 MBoe/d for the three months ended June 30, 2025 compared to 141 MBoe/d for the three months ended March 31, 2025. The decrease was primarily a result of natural production decline partially offset by development results. In addition, our production-sharing contracts (PSCs), which are described below, negatively impacted our net oil production by 1 MBoe/d in the three months ended June 30, 2025 compared to the three months ended March 31, 2025.

Total average net production sold increased to 139 MBoe/d for the six months ended June 30, 2025 compared to 76 MBoe/d for the six months ended June 30, 2024. The increase was primarily a result of the Aera Merger. Our PSCs, which are described below, positively impacted our net oil production by 1 MBoe/d in the six months ended June 30, 2025 compared to the six months ended June 30, 2024.

Production-Sharing Contracts

Our share of production and reserves from operations in the Wilmington field in the Los Angeles basin is subject to contractual arrangements similar to production-sharing contracts that are in effect through the economic life of the assets. The reporting of our PSCs creates a difference between reported operating costs, which are for the full field, and reported volumes, which are only our net share, inflating the per barrel operating costs.

For further information on our production-sharing contracts, see *Part I, Item 1 & 2 Business and Properties, Oil and Natural Gas Operations, Production, Price and Cost History* in our 2024 Annual Report.

Prices and Realizations

The following tables set forth the average realized prices and price realizations on the commodities we sell as a percentage of average Brent, WTI and NYMEX Henry Hub indexes for our oil and natural gas operations for the periods presented:

	Three months ended			
	June 30, 2025		March 31, 2025	
	Price	Realization	Price	Realization
Oil (\$ per Bbl)				
Brent	\$ 66.76		\$ 74.92	
Realized price without derivative settlements	\$ 65.07	97%	\$ 73.57	98%
Derivative settlements	1.66		(1.56)	
Realized price with derivative settlements	\$ 66.73	100%	\$ 72.01	96%
WTI				
WTI	\$ 63.74		\$ 71.42	
Realized price without derivative settlements	\$ 65.07	102%	\$ 73.57	103%
Realized price with derivative settlements	\$ 66.73	105%	\$ 72.01	101%
Natural Gas Liquids (\$ per Bbl)				
Realized price (% of Brent)	\$ 42.41	64%	\$ 54.64	73%
Realized price (% of WTI)	\$ 42.41	67%	\$ 54.64	77%
Natural gas				
NYMEX Henry Hub (\$/MMBtu)	\$ 3.44		\$ 3.65	
Realized price (\$/Mcf)	\$ 2.79	81%	\$ 4.12	113%

	Six months ended			
	June 30, 2025		June 30, 2024	
	Price	Realization	Price	Realization
Oil (\$ per Bbl)				
Brent	\$ 70.84		83.42	
Realized price without derivative settlements	\$ 69.34	98%	\$ 81.63	98%
Derivative settlements	0.05		(2.43)	
Realized price with derivative settlements	<u>\$ 69.39</u>	98%	<u>\$ 79.20</u>	95%
WTI	\$ 67.58		\$ 78.77	
Realized price without derivative settlements	\$ 69.34	103%	\$ 81.63	104%
Realized price with derivative settlements	\$ 69.39	103%	\$ 79.20	101%
Natural Gas Liquids (\$ per Bbl)				
Realized price (% of Brent)	\$ 48.60	69%	\$ 48.76	58%
Realized price (% of WTI)	\$ 48.60	72%	\$ 48.76	62%
Natural gas				
NYMEX Henry Hub (\$/MMBtu)	\$ 3.55		\$ 2.07	
Realized price (\$/Mcf)	<u>\$ 3.46</u>	97%	<u>\$ 2.81</u>	136%

Oil — Brent prices were lower for the three months ended June 30, 2025 compared to the three months ended March 31, 2025 as well as for the six months ended June 30, 2025 compared to the six months ended June 30, 2024. See *Business Environment and Industry Outlook* above for more information on factors influencing Brent commodity prices for the periods presented.

NGLs — Prices for natural gas liquids during the three months ended June 30, 2025 decreased compared to the three months ended March 31, 2025, reflecting traditional seasonality. Prices for natural gas liquids during the six months ended June 30, 2025 were consistent with the same prior year period.

Natural Gas — Natural gas prices decreased for the three months ended June 30, 2025 compared to the three months ended March 31, 2025 driven by seasonal demand changes and the effects of significant storage volumes. Natural gas prices increased for the six months ended June 30, 2025 compared to the six months ended June 30, 2024 driven by colder, late winter temperatures in early 2025.

Results of Our Carbon Management Segment

Our carbon management segment, which we refer to as Carbon TerraVault, primarily pursues the development of CCS projects. We expect that our Carbon TerraVault CCS projects will inject CO₂ captured from industrial, power, agriculture and other emissions sources into subsurface reservoirs and permanently store CO₂ deep underground. We also expect to invest in projects that rely on CCS technology in connection with reducing our own emissions. In addition, we may participate in the development of projects that are the source of these CO₂ emissions. Our carbon management segment is in its early stages of development. We expect construction of our first carbon capture project at our cryogenic gas processing facility to be completed at or around year end at which time we will be ready to inject subject to receipt of final regulatory approvals early in 2026.

The following tables include results for our carbon management segment for the three months ended June 30, 2025 and March 31, 2025 and the six months ended June 30, 2025 and June 30 2024.

	Three months ended		Six months ended	
	June 30, 2025	March 31, 2025	June 30, 2025	June 30, 2024
	(in millions)		(in millions)	
Segment loss	\$ (20)	\$ (25)	\$ (45)	\$ (38)

	Three months ended		Six months ended	
	June 30, 2025	March 31, 2025	June 30, 2025	June 30, 2024
	(in millions)		(in millions)	
Carbon management expenses	\$ 14	\$ 18	\$ 32	\$ 23
Segment general and administrative expenses	\$ 3	\$ 3	\$ 6	\$ 5
Loss from investment in the Carbon TerraVault JV	\$ 1	\$ 1	\$ 2	\$ 7

Carbon management expenses decreased for the three months ended June 30, 2025 compared to the three months ended March 31, 2025 as a result of lower lease costs related to easements.

Carbon management expenses increased for the six months ended June 30, 2025 compared to the six months ended June 30, 2024 as a result of increased expenditure related to the evaluation of CCS projects and increased lease cost for the six months ended June 30, 2025.

Liquidity and Capital Resources

Liquidity

Our primary sources of liquidity and capital resources are cash flows from operations, available cash and cash equivalents and available borrowing capacity under our Revolving Credit Facility. We consider our low leverage and ability to control costs to be a core strength and strategic advantage, which we are focused on maintaining. Our primary uses of operating cash flow for the three and six months ended June 30, 2025 were for repurchases of our common stock, payment of dividends, and capital investments.

The following table summarizes our liquidity:

	June 30, 2025	
	(in millions)	
Available cash and cash equivalents ^(a)	\$	56
Revolving Credit Facility:		
Borrowing capacity		1,150
Outstanding letters of credit		(167)
Availability	\$	983
Liquidity	\$	1,039

(a) Excludes restricted cash of \$16 million.

At current commodity prices and based upon our planned 2025 capital program described below, we expect to generate operating cash flow to return cash to shareholders through dividends and repurchases of our common stock. In line with this strategy, our Board of Directors has extended the term of our Share Repurchase Program from December 31, 2025 to June 30, 2026. We regularly review our financial position and evaluate whether to (i) adjust our drilling program, (ii) return available cash to shareholders through dividends or share repurchases to the extent permitted under our Revolving Credit Facility and the indentures for our 7.125% senior notes due 2026 (2026 Senior Notes) and our 8.25% senior notes due 2029 (2029 Senior Notes), (iii) reduce outstanding indebtedness, (iv) advance carbon management activities, or (v) maintain cash and cash equivalents on our balance sheet. We continue to monitor the current macroeconomic environment and will adjust our planned uses of cash as necessary. We believe we have sufficient sources of liquidity to meet our obligations for the next twelve months.

We have taken steps to reduce headcount as part of the integration process following the Aera Merger. We initiated these workforce reductions to align the size and composition of our workforce with expected future operating and capital plans. Employee severance and related costs are included in other operating expenses, net on our condensed consolidated statement of operations.

On July 4, 2025, An Act to Provide for Reconciliation Pursuant to Title II of H. Con. Res. 14th and commonly referred to as the One Big Beautiful Bill Act was signed into law. This law contains several legislative changes including the reinstatement of full expensing for qualified assets placed in service after January 19, 2025. This law also reinstated the expensing all domestic research and development costs, including favorable transition rules, and increases the limitation on the amount of annual business interest expense which can be deducted each year. We expect these legislative changes will reduce our U.S. federal cash tax obligation by approximately \$35 million in 2025 and the amount of U.S. federal taxes we would have otherwise owed in future years.

Revolving Credit Facility

See *Part II, Item 8 – Financial Statements and Supplementary Data, Note 5 Debt* in our 2024 Annual Report for information on the Revolving Credit Facility and related amendments.

2026 Senior Notes Redemption

See *Part I, Item 1 – Financial Statements, Note 4 Debt* for information on a partial redemption of our 2026 Senior Notes.

Share Repurchase Program

See *Part I, Item 1 – Financial Statements, Note 10 Stockholders' Equity and Part II, Item 2 – Other Information, Unregistered Sales of Equity Securities and Use of Proceeds* for more information on our Share Repurchase Program including a repurchase of shares during the second quarter of 2025 from IKAV.

Dividends

See *Part I, Item 1 – Financial Statements, Note 10 Stockholders' Equity* for more information on our dividends. See *Part I, Item 1 – Financial Statements, Note 16 Subsequent Events* for information on a dividend declared in August 2025.

2025 Capital Program

Our capital program is dynamic in response to commodity price volatility and permit availability while focusing on oil production and maximizing our free cash flow. Our capital investment for the six months ended June 30, 2025 was \$111 million. We expect our full year 2025 capital program to range between \$280 million and \$330 million. Of this amount, \$245 million to \$275 million is related to our oil and natural gas segment, \$20 million to \$30 million is for our carbon management segment and \$15 million to \$25 million is for corporate and other activities. The above amounts related to carbon management projects do not include amounts funded by Brookfield through the Carbon TerraVault JV, such as drilling injection and monitoring wells at our 26R reservoir.

With respect to oil and natural gas development, we added a second drilling rig in June 2025 and currently expect to run our two rig program through the remainder of the year using existing permits in hand. Refer to *Regulatory Updates* above for more information on permitting. Refer to *Part I, Item 1 – Financial Statements, Note 9 Segment Information* for information on capital investment by segment.

Derivatives

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

Unless otherwise indicated, we use the term “hedge” to describe derivative instruments that are designed to achieve our hedging requirements and program goals, even though they are not accounted for as cash-flow or fair-value hedges. We did not have any commodity derivatives designated as accounting hedges as of and during the six months ended June 30, 2025. See *Part I, Item 1 – Financial Statements, Note 6 Derivatives* for further information on our derivatives and a summary of our open derivative contracts as of June 30, 2025 and *Part II, Item 8 – Financial Statements and Supplementary Data, Note 5 Debt* in our 2024 Annual Report for information on the hedging requirements included in our Revolving Credit Facility.

Cash Flow Analysis

Cash flows from operating activities — For the six months ended June 30, 2025, our operating cash flow increased by \$167 million to \$351 million from \$184 million in the same period in 2024. This increase in operating cash flow was primarily driven by the Aera Merger on July 1, 2024.

With the addition of Aera's assets, oil production during the six months ended June 30, 2025 as compared to the same period in 2024 increased 63 MBbl/d from 47 MBbl/d to 110 MBbl/d. Higher revenue from this increase in production was partially offset by lower average realized oil prices (after derivative settlements). Average realized prices for oil decreased by \$9.81 per barrel to \$69.39 in the six months ended June 30, 2025 from \$79.20 in the same prior year period. Further, as a result of the Aera Merger, we experienced higher operating costs, production taxes and greenhouse gas taxes during the six months ended June 30, 2025 as compared to the same prior year period in addition to one-time transaction and integration costs were incurred in 2025.

During the six months ended June 30, 2024, scheduled plant downtime at the Elk Hills power plant negatively impacted our production and we purchased electricity at higher prices.

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

	Six months ended June 30,	
	2025	2024
	(in millions)	
Capital investments	\$ (111)	\$ (88)
Changes in accrued capital investments	(15)	2
Proceeds from asset divestitures	1	12
Acquisitions	—	(6)
Other, net	(5)	(2)
Net cash used in investing activities	\$ (130)	\$ (82)

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

	Six months ended June 30,	
	2025	2024
	(in millions)	
Proceeds from Revolving Credit Facility	\$ —	\$ 30
Proceeds from 2029 Senior Notes, net	—	590
Repurchases of common stock ^(a)	(318)	(93)
Common stock dividends	(70)	(43)
Dividend equivalents on equity-settled awards	(1)	(4)
Issuance of common stock	2	3
Bridge loan commitment costs	—	(5)
Debt redemption	(123)	—
Debt amendment costs	—	(3)
Shares cancelled for taxes	(11)	(42)
Net cash provided by (used in) financing activities	\$ (521)	\$ 433

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

For the six months ended June 30, 2025, our cash flow used in financing activities was \$521 million compared to cash flow provided by financing activities of \$433 million in the same period in 2024. This decrease in cash flow from financing activities was primarily driven by the \$590 million of proceeds from 2029 Senior Notes issued in the six months ended June 30, 2024. Additionally, the decrease is caused by the \$123 million cash outflow used to redeem a portion of the 2026 Senior Notes in February 2025 and the \$318 million cash outflow used to repurchase stock in the six months ended June 30, 2025.

Divestitures and Assets Held for Sale

See *Part I, Item 1 – Financial Statements, Note 8 Divestitures and Assets Held for Sale* for information on our divestitures and acquisitions during the three months ended June 30, 2025 and 2024.

Lawsuits, Claims, Commitments and Contingencies

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

Critical Accounting Estimates and Significant Accounting and Disclosure Changes

There have been no changes to our critical accounting estimates, which are summarized in *Part II, Item 7 – Management’s Discussion and Analysis of Financial Condition and Results of Operations, Critical Accounting Estimates* of our 2024 Annual Report.

Forward-Looking Statements

This document contains statements that we believe to be “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. All statements other than historical facts are forward-looking statements, and include statements regarding our future financial position, business strategy, projected revenues, earnings, costs, capital expenditures and plans and objectives of management for the future. Words such as “expect,” “could,” “may,” “anticipate,” “intend,” “plan,” “ability,” “believe,” “seek,” “see,” “will,” “would,” “estimate,” “forecast,” “target,” “guidance,” “outlook,” “opportunity” or “strategy” or similar expressions are generally intended to identify forward-looking statements. Such forward-looking statements are subject to risks and uncertainties that could cause actual results to differ materially from those expressed in, or implied by, such statements.

Although we believe the expectations and forecasts reflected in our forward-looking statements are reasonable, they are inherently subject to numerous risks and uncertainties, most of which are difficult to predict and many of which are beyond our control. No assurance can be given that such forward-looking statements will be correct or achieved or that the assumptions are accurate or will not change over time. Particular uncertainties that could cause our actual results to be materially different than those expressed in our forward-looking statements include:

- fluctuations in commodity prices, including supply and demand considerations for our products and services, and the impact of such fluctuations on revenues and operating expenses;
- decisions as to production levels and/or pricing by OPEC+ or U.S. producers in future periods;
- government policy, war and political conditions and events, including the military conflicts in Israel, Lebanon, Ukraine and the Middle East;
- the ability to successfully execute integration efforts in connection with the Aera Merger, and achieve projected synergies and ensure that such synergies are sustainable;
- regulatory actions and changes that affect the oil and gas industry generally and us in particular, including (1) the availability or timing of, or conditions imposed on, EPA and other governmental permits and approvals necessary for drilling or development activities or our carbon management segment; (2) the management of energy, water, land, greenhouse gases (GHGs) or other emissions, (3) the protection of health, safety and the environment, or (4) the transportation, marketing and sale of our products;
- the efforts of activists to delay prevent oil and gas activities or the development of our carbon management segment through a variety of tactics, including litigation;
- the impact of inflation, tariffs and changes in domestic or global trade policies on future expenses and changes generally in the prices of goods and services;
- changes in business strategy and our capital plan;
- lower-than-expected production or higher-than-expected production decline rates;
- changes to our estimates of reserves and related future cash flows, including changes arising from our inability to develop such reserves in a timely manner, and any inability to replace such reserves;
- the recoverability of resources and unexpected geologic conditions;
- general economic conditions and trends, including conditions in the worldwide financial, trade and credit markets;
- production-sharing contracts' effects on production and operating costs;
- the lack of available equipment, service or labor price inflation;
- limitations on transportation or storage capacity and the need to shut-in wells;
- any failure of risk management;
- results from operations and competition in the industries in which we operate;
- our ability to realize the anticipated benefits from prior or future efforts to reduce costs;
- environmental risks and liability under federal, regional, state, provincial, tribal, local and international environmental laws and regulations (including remedial actions);
- the creditworthiness and performance of our counterparties, including financial institutions, operating partners, CCS project participants and other parties;
- reorganization or restructuring of our operations;
- our ability to claim and utilize tax credits or other incentives in connection with our CCS projects;
- our ability to realize the benefits contemplated by our energy transition strategies and initiatives, including CCS projects and other renewable energy efforts;

- our ability to successfully identify, develop and finance carbon capture and storage projects, power projects and other renewable energy efforts, including those in connection with the Carbon TerraVault JV, and our ability to convert our CDMAs to definitive agreements and enter into other offtake agreements;
- our ability to maximize the value of our carbon management segment and operate it on a stand alone basis;
- our ability to successfully develop infrastructure projects and enter into third party contracts on contemplated terms;
- uncertainty around the accounting of emissions and our ability to successfully gather and verify emissions data and other environmental impacts;
- changes to our dividend policy and share repurchase program, and our ability to declare future dividends or repurchase shares under our debt agreements;
- limitations on our financial flexibility due to existing and future debt;
- insufficient cash flow to fund our capital plan and other planned investments and return capital to shareholders;
- changes in interest rates;
- our access to and the terms of credit in commercial banking and capital markets, including our ability to refinance our debt or obtain separate financing for our carbon management segment;
- changes in state, federal or international tax rates, including our ability to utilize our net operating loss carryforwards to reduce our income tax obligations;
- effects of hedging transactions;
- the effect of our stock price on costs associated with incentive compensation;
- inability to enter into desirable transactions, including joint ventures, divestitures of oil and natural gas properties and real estate, and acquisitions, and our ability to achieve any expected synergies;
- disruptions due to earthquakes, forest fires, floods, extreme weather events or other natural occurrences, accidents, mechanical failures, power outages, transportation or storage constraints, labor difficulties, cybersecurity breaches or attacks or other catastrophic events;
- pandemics, epidemics, outbreaks, or other public health events, such as the COVID-19 pandemic; and
- other factors discussed in Part I, Item 1A – Risk Factors of our 2024 Annual Report.

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

Item 3 Quantitative and Qualitative Disclosures About Market Risk

For the three and six months ended June 30, 2025, there were no material changes to market risks from the information provided under Item 305 of Regulation S-K included under the caption *Part II, Item 7A – Quantitative and Qualitative Disclosures About Market Risk* in the 2024 Annual Report.

Commodity Price Risk

Our financial results are sensitive to fluctuations in oil, NGL and natural gas prices. These commodity price changes also impact the volume changes under our PSCs. We maintain a commodity hedging program focused on hedging crude oil sales and natural gas purchases to help protect our cash flows, margins and capital program from the volatility of commodity prices. As of June 30, 2025, we had a net asset of \$131 million for our commodity derivative positions which are carried at fair value. For more information on our derivative positions as of June 30, 2025, refer to *Part I, Item 1 – Financial Statements, Note 6 Derivatives*.

As of June 30, 2025, we have hedges on approximately 70% of our expected oil production for the remainder of 2025 at a weighted average floor price of \$66.83. As of June 30, 2025, our hedges for purchased natural gas approximate 67% of our expected fuel use in oil and natural gas operations for the remainder of 2025 at a fixed price of \$3.56.

Counterparty Credit Risk

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

As of June 30, 2025, the majority of our credit exposure was with investment-grade counterparties. We believe exposure to counterparty credit-related losses related to our business at June 30, 2025 was not material and losses associated with counterparty credit risk have been insignificant for all periods presented.

Interest-Rate Risk

Changes in interest rates may affect the amount of interest we pay on our long-term debt. We had no variable-rate debt outstanding as of June 30, 2025. Our 2026 Senior Notes bear interest at a fixed rate of 7.125% per annum. Our 2029 Senior Notes bear interest at a fixed rate of 8.250% per annum.

Item 4 Controls and Procedures

Our Chief Executive Officer and Chief Financial Officer supervised and participated in management's evaluation of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934) as of the end of the period covered by this report. Based upon that evaluation, our Chief Executive Officer and our Chief Financial Officer concluded that our disclosure controls and procedures were effective as of June 30, 2025.

There were no other changes in our internal controls over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Securities Exchange Act of 1934) during the three months ended June 30, 2025 that materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

PART II OTHER INFORMATION

Item 1 Legal Proceedings

For additional information regarding legal proceedings, see *Item 1 – Financial Statements, Note 5 Lawsuits, Claims, Commitments and Contingencies* in the Notes to the Condensed Consolidated Financial Statements included in Part I of this Form 10-Q, *Part I, Item 2 – Management's Discussion and Analysis of Financial Condition and Results of Operations, Lawsuits, Claims, Commitments and Contingencies* in this Form 10-Q, and *Part I, Item 3, Legal Proceedings* in our 2024 Annual Report.

Item 1A Risk Factors

We are subject to various risks and uncertainties in the course of our business. A discussion of such risks and uncertainties may be found under the heading *Risk Factors* in our 2024 Annual Report. There were no material changes to those risk factors during the three months ended June 30, 2025.

Item 2 Unregistered Sales of Equity Securities and Use of Proceeds

Share Repurchases

Our Board of Directors has authorized a Share Repurchase Program to acquire up to \$1.35 billion of our common stock through December 31, 2025. In July 2025, our Board of Directors authorized an extension of our Share Repurchase Program through June 30, 2026. The repurchases may be affected from time-to-time through open market purchases, privately negotiated transactions, Rule 10b5-1 plans, accelerated stock repurchases, derivative contracts or otherwise in compliance with Rule 10b-18, subject to market and contractual limitations in our debt agreements. The Share Repurchase Program does not obligate us to repurchase any dollar amount or number of shares and our Board of Directors may modify, suspend or discontinue authorization of the program at any time. Shares repurchased are either retired or held as treasury stock.

Our share repurchase activity for the three months ended June 30, 2025 was as follows:

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Dollar Value of Shares that May Yet be Purchased Under the Plans or Programs ^(a)
April 1, 2025 - April 30, 2025	—	\$ —	—	\$ —
May 1, 2025 - May 31, 2025	328,588	\$ 42.59	328,588	—
June 1, 2025 - June 30, 2025	5,187,462	\$ 45.93	5,187,462	—
Total	5,516,050	\$ 45.73	5,516,050	\$ —

(a) The total value of shares that may yet be purchased under the Share Repurchase Program totaled \$205 million as of June 30, 2025.

Refer to *Part I, Item 1 – Financial Statements, Note 10 Stockholders' Equity* for more information on a repurchase of shares during the second quarter of 2025 from one of the former Aera owners.

Item 5 Other Disclosures

Rule 10b5-1 Trading Arrangements

During the three months ended June 30, 2025, no directors or officers adopted or terminated a "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement," as each term is defined in Item 408 of Regulation S-K.

Employment Agreements

The Company has entered into an Amended and Restated Employment Agreement (the "Employment Agreements") with each of Messrs. Bys and Preston, effective as of August 4, 2025. The revised employment agreements will replace and supersede the prior employment agreements entered into by Messrs. Bys and Preston in 2021 (the "2021 Employment Agreements"). In addition to memorializing the applicable 2025 compensation arrangements previously approved by the Board for Messrs. Bys and Preston (described below), the revisions to the Employment Agreements reflect the alignment of the employment agreements and terms of the Company's severance obligations with respect to Messrs. Bys and Preston with the Company's other named executive officers.

Pursuant to his Employment Agreement, Mr. Bys will receive an annual base salary of not less than \$562,000. He will also be eligible to receive: (i) an annual cash bonus with a target value equal to 100% of his annual base salary; (ii) participation in those benefit plans and programs of the Company available to similarly situated executives; and (iii) annual long-term incentive awards (expected to be comprised 60% of performance stock units and 40% of restricted stock units) under the Company's 2021 Long Term Incentive Plan (as amended, the "LTIP") with a target grant value of 400% of base salary as in effect on the applicable grant date.

Pursuant to his Employment Agreement, Mr. Preston will receive an annual base salary of not less than \$675,000. He will also be eligible to receive: (i) an annual cash bonus with a target value equal to 100% of his annual base salary; (ii) participation in those benefit plans and programs of the Company available to similarly situated executives; and (iii) annual long-term incentive awards (expected to be comprised 60% of performance stock units and 40% of restricted stock units) under the LTIP with a target grant value of 400% of base salary as in effect on the applicable grant date.

The revised Employment Agreements provide that upon either Messrs. Bys or Preston's termination of employment by the Company without "Cause," or by either individual for "Good Reason" (each quoted term as defined in the Employment Agreement), they will receive payment of any earned but unpaid annual bonus for the calendar year preceding the calendar year in which the applicable termination date occurs and, so long as they execute a release of claims in favor of the Company and its affiliates and abides by the restrictive covenants within the Employment Agreement, they shall receive severance payments, generally payable in monthly installments following the applicable termination date consisting of: (i) cash payments equal to a multiple of one and one-half (1.5) times, increased to two (2) times if such termination of employment occurs within the one (1)-year period following a qualifying Change in Control (such term as defined in our Long Term Incentive Plan) of annual base salary plus target annual bonus awards for the year in which the termination occurs; (ii) a pro-rata annual bonus for the calendar year in which the termination date occurs, based on actual performance levels earned for the applicable calendar year and payable at the time such bonuses are paid to similarly situated executives of the Company; and (iii) reimbursement for the difference between the amount they pay to effect continued coverage (including coverage for her spouse and eligible dependents) under the Company's group health plans pursuant to the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended, and the contribution amount that similarly situated executives of the Company pay for the same or similar coverage under such group health plans, during the portion, if any, of the 18-month period following the Termination Date (or 24-month period in the event of a termination during the one (1)-year period following a qualifying Change in Control) that they elect to continue coverage.

In all other material respects, the revised Employment Agreements are otherwise substantially similar to the 2021 Employment Agreements.

The foregoing description of the Employment Agreements is qualified in its entirety by reference to the full and complete text of the Employment Agreements, each of which is filed herewith as Exhibit 10.1 and 10.2, respectively and incorporated herein by reference.

Item 6 Exhibits

- 3.1 [Amended and Restated Certificate of Incorporation of California Resources Corporation \(filed as Exhibit 3.1 to Registrant's Registration Statement on Form 8-A filed October 27, 2020 and incorporated herein by reference\).](#)
- 3.2 [Certificate of Amendment of Amended and Restated Certificate of Incorporation of California Resources Corporation \(filed as Exhibit 3.1 to Registrant's Current Report on Form 8-K filed on May 6, 2022 and incorporated herein by reference\).](#)
- 3.3 [Certificate of Amendment of Amended and Restated Certificate of Incorporation of California Resources Corporation \(filed as Exhibit 3.1 to Registrant's Current Report on Form 8-K filed on May 1, 2023 and incorporated herein by reference\).](#)
- 3.4 [Amended and Restated Bylaws of California Resources Corporation \(filed as Exhibit 3.2 to the Registrant's Registration Statement on Form 8-A filed October 27, 2020 and incorporated herein by reference\).](#)
- 10.1*,** [Amended and Restated Employment Agreement by and between Jay A. Bys and California Resources Corporation, dated August 4, 2025.](#)
- 10.2*,** [Amended and Restated Employment Agreement by and between Michael L. Preston and California Resources Corporation, dated August 4, 2025.](#)
- 31.1* [Certification of Principal Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.](#)
- 31.2* [Certification of Principal Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.](#)
- 32.1* [Certifications of Principal Executive Officer and Principal Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.](#)
- 101.INS* Inline XBRL Instance Document.
- 101.SCH* Inline XBRL Taxonomy Extension Schema Document.
- 101.CAL* Inline XBRL Taxonomy Extension Calculation Linkbase Document.
- 101.LAB* Inline XBRL Taxonomy Extension Label Linkbase Document.
- 101.PRE* Inline XBRL Taxonomy Extension Presentation Linkbase Document.
- 101.DEF* Inline XBRL Taxonomy Extension Definition Linkbase Document.
- 104 Cover Page Interactive Data File (formatted in inline XBRL and contained in Exhibits 101).

* - Filed or furnished herewith

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

SIGNATURES

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

CALIFORNIA RESOURCES CORPORATION

DATE: August 6, 2025

/s/ Noelle M. Repetti

Noelle M. Repetti
Senior Vice President and Controller
(Principal Accounting Officer)

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

AMENDED AND RESTATED EMPLOYMENT AGREEMENT

This Amended and Restated Employment Agreement ("**Agreement**") is made and entered into by and between California Resources Corporation, a Delaware corporation (the "**Company**"), and Jay A. Bys ("**Employee**") effective as of August 4, 2025 (the "**Effective Date**"). This Agreement shall in all respects supersede and replace that certain Employment Agreement entered into between the parties as of June 8, 2021.

WHEREAS, the Employee and Company are parties to that certain Employment Agreement dated June 8, 2021 (the "**Prior Employment Agreement**"); and

WHEREAS, the parties now desire to amend and restate in its entirety the Prior Employment Agreement to, among other things, modify the compensation and benefits Employee is entitled to following a termination of employment with the Company; and

WHEREAS, the Company desires to continue to employ Employee and Employee desires to continue to be employed by the Company, on the terms and subject to the conditions set forth herein.

NOW THEREFORE, in consideration of the mutual covenants and agreements set forth herein and for other good and valuable consideration, receipt of which is acknowledged, the parties hereby agree as follows:

1. **Employment.** During the Employment Period (as defined below), the Company shall employ Employee, and Employee shall serve, as Executive Vice President and Chief Commercial Officer of the Company and in such other position or positions as may be assigned from time to time by the board of directors of the Company (the "**Board**") or the Chief Executive Officer of the Company (the "**CEO**").

2. **Duties and Responsibilities of Employee.**

(a) During the Employment Period, Employee shall actively engage in the business and affairs of the Company (together with its direct and indirect subsidiaries, the “**Company Group**”) as may be requested by the Board or the CEO from time to time, devote such amount of Employee’s business time and attention as is reasonably necessary to manage the business and affairs of the Company, which amount of time will constitute substantially all of Employee’s business time. Employee’s duties and responsibilities shall include those normally incidental to the position(s) identified in Section 1, as well as such additional duties as may be assigned to Employee by the Board or the CEO from time to time, which duties and responsibilities may include providing services to other members of the Company Group in addition to the Company. Employee may, without violating this Section 2(a), (i) as a passive investment, own publicly traded securities in such form or manner as will not require any services by Employee in the operation of the entities in which such securities are owned; (ii) engage in charitable and civic activities; (iii) with the prior written consent of the Board, engage in other personal and passive investment activities; and (iv) with the prior written consent of the Board, serve on the board of directors for up to two for profit corporations (collectively, the “**Permitted Activities**”), so long as such engagements, ownership, interests or activities do not interfere with Employee’s ability to fulfill Employee’s duties and responsibilities under this Agreement and are not inconsistent with Employee’s obligations to any member of the Company Group or competitive with the business of any member of the Company Group.

(b) Employee hereby represents and warrants that Employee is not the subject of, or a party to, any non-competition or non-solicitation covenant, non-disclosure agreement, or any other agreement, obligation, restriction or understanding that would prohibit Employee from executing this Agreement or fully performing each of Employee’s duties and responsibilities hereunder, or would in any manner, directly or indirectly, limit or affect any of the duties and responsibilities that may now or in the future be assigned to Employee hereunder. Employee expressly acknowledges and agrees that Employee is strictly prohibited from using or disclosing any confidential information belonging to any prior employer in the course of performing services for any member of the Company Group, and Employee promises that Employee shall not do so. Employee shall not introduce documents or other materials containing confidential information of any prior employer to the premises or property (including computers and computer systems) of any member of the Company Group.

(c) Employee owes each member of the Company Group fiduciary duties (including (i) duties of loyalty and disclosure and (ii) such fiduciary duties that an officer of the Company would have if the Company were a corporation organized under the laws of the State of Delaware), and the obligations described in this Agreement are in addition to, and not in lieu of, the obligations Employee owes each member of the Company Group under statutory and common law.

3. Compensation.

(a) **Base Salary.** During the Employment Period, the Company shall pay to Employee an annualized base salary of \$562,000 (the “**Base Salary**”) in consideration for Employee’s services under this Agreement, payable in substantially equal installments in conformity with the Company’s customary payroll practices for similarly situated employees as may exist from time to time, but no less frequently than twice per month. The Base Salary shall be subject to annual review by the Compensation Committee of the Board (the “**Compensation Committee**”) and may be increased, but not decreased, at the discretion of the Compensation Committee following consultation with the other independent members of the Board.

(b) **Annual Bonus.** Employee shall be eligible for bonus compensation for calendar year 2025 and each subsequent complete calendar year that Employee is employed by the Company hereunder (the “**Annual Bonus**”). The target Annual Bonus for each such calendar year (the “**Bonus Year**”) shall be 100% of Employee’s Base Salary in effect as of the first day of the Bonus Year, and the actual Annual Bonus for a Bonus Year may range from 0% to 200% of such target Annual Bonus depending on the level of achievement of the performance targets as determined by the Compensation Committee under the applicable “Annual Bonus Scorecard” for the Bonus Year. The performance targets that must be achieved in order to be eligible for certain bonus levels shall be established by the Compensation Committee annually, in its sole discretion, and communicated to Employee within the first one-hundred twenty (120) days of the applicable Bonus Year. Each Annual Bonus, if any, shall be paid as soon as administratively feasible after the Compensation Committee certifies whether the applicable performance targets for the applicable Bonus Year have been achieved, but in no event later than March 15 following the end of such Bonus Year. Notwithstanding anything in this Section 3(b) to the contrary, but subject to Section 7, no Annual Bonus, if any, nor any portion thereof, shall be payable for any Bonus Year unless Employee remains continuously employed by the Company from the Effective Date through the date on which such Annual Bonus is paid.

(c) **Long-Term Incentive Awards.** Provided that Employee is employed by the Company on the applicable date of grant, Employee shall be eligible to receive annual long-term incentive awards under the Company’s Long-Term Incentive Plan (the “**LTIP**”), as amended from time to time, commencing in calendar year 2025 with a grant date target value not less than 400% of Employee’s Base Salary as in effect on the applicable date of grant of such award on such terms and conditions as the Board and the Compensation Committee shall determine from time to time. While it is currently anticipated that such annual long-term incentive awards will be in the form of a combination of restricted stock units (40% of the annual award, and vesting in one-third increments on each of the first three anniversaries of the date of grant) and performance stock units (60% of the award, and cliff vesting at the end of a three (3)-year performance period), nothing herein shall be construed to give Employee any rights to any particular type of grant or award except as provided in such award to Employee in writing and authorized by the Board or the Compensation Committee. All awards granted to Employee under the LTIP shall be subject to and governed by the terms and provisions of the LTIP as in effect from time to time and the award agreements evidencing such awards.

4. **Term of Employment.** The term of Employee's employment under this Agreement shall be for the period beginning on the Effective Date and ending on the first (1st) anniversary of the Effective Date (the "**Initial Expiration Date**"); provided, however, that beginning on the Initial Expiration Date, and on each anniversary of the Initial Expiration Date thereafter, if Employee's employment under this Agreement has not been terminated pursuant to Section 7, then said term of employment shall automatically be extended for an additional one (1)-year period unless on or before the date that is ninety (90) days prior to the first day of any such extension period either party gives written notice to the other that no such automatic extension shall occur, in which case the term of employment shall terminate as of the Initial Expiration Date or the anniversary of the Initial Expiration Date immediately following the giving of such notice, as applicable. Notwithstanding any other provision of this Agreement, Employee's employment pursuant to this Agreement may be terminated at any time in accordance with Section 7. The period from the Effective Date through the expiration of this Agreement or, if sooner, the termination of Employee's employment pursuant to this Agreement, regardless of the time or reason for such termination, shall be referred to herein as the "**Employment Period.**"

5. **Business Expenses.** Subject to Section 21, the Company shall reimburse Employee for Employee's reasonable out-of-pocket business-related expenses actually incurred in the performance of Employee's duties hereunder during the Employment Period so long as Employee timely submits all documentation for such expenses, as required by Company policy in effect from time to time. Any such reimbursement of expenses shall be made by the Company upon or as soon as practicable following receipt of such documentation (but in any event not later than the close of Employee's taxable year following the taxable year in which the expense is incurred by Employee). In no event shall any reimbursement be made to Employee for any expenses incurred after the date of Employee's termination of employment with the Company.

6. **Benefits.**

(a) During the Employment Period, Employee shall be eligible to participate in the same benefit plans and programs in which other similarly situated Company employees are eligible to participate, subject to the terms and conditions of the applicable plans and programs in effect from time to time. The Company shall not, however, by reason of this Section 6, be obligated to institute, maintain, or refrain from changing, amending, or discontinuing, any such plan or policy, so long as such changes are similarly applicable to similarly situated Company employees generally.

(b) The Company shall cover Employee under directors and officers liability insurance from the Effective Date, through the Employment Period, and, while potential liability exists, after the end of the Employment Period, on the most favorable terms as provided to any other director or executive officer of the Company.

7. **Termination of Employment.**

(a) Company's Right to Terminate Employee's Employment for Cause. The Company shall have the right to terminate Employee's employment hereunder at any time for Cause. For purposes of this Agreement, "**Cause**" shall mean Employee's commission of an act or omission, or Employee causing the Company or any other member of the Company Group to commit an act or omission, that constitutes:

(i) Employee's fraud or misconduct;

(ii) Employee's violation of applicable law in connection with the management, operation or reputation of the Company or any other member of the Company Group that results in (or could reasonably be expected to result in) material injury to the Company or any other member of the Company Group;

(iii) Employee's material breach of this Agreement or any other written agreement between Employee and one or more members of the Company Group, including Employee's material breach of any representation, warranty or covenant made under any such agreement;

(iv) Employee's act of theft, embezzlement or misappropriation of the property of the Company or any other member of the Company Group, in each case, that results in (or could reasonably be expected to result in) material financial or reputational harm to the Company or any other member of the Company Group; or

(v) Employee's violation of the Company's policies (to the extent such policies have been clearly communicated in writing to Employee) prohibiting unlawful sexual harassment, non-retaliation, or age, sex or other prohibited discrimination in the workplace.

Notwithstanding the foregoing, no determination of "Cause" may be made pursuant to Sections 7(a)(ii) or (iii) unless (1) within thirty (30) days of the Board obtaining actual knowledge of such action(s) or omissions Employee has been given written notice by the Board describing the specific alleged action(s) or omission(s) that may be subject to the possibility of cure that constitute "Cause," and (2) Employee has failed to cure any such acts or omissions within thirty (30) days of such notice from the Board. Upon the termination of Employee's employment pursuant to this Section 7(a), the Company shall pay to Employee (A) all earned and unpaid Base Salary as of the date of the termination of Employee's employment with the Company, (B) reimbursement for all incurred but unreimbursed expenses for which Employee is entitled to reimbursement in accordance with Section 5, and (C) benefits to which Employee is entitled under the terms of any applicable benefit plan or program described in Section 6(a) (collectively, the "**Accrued Benefits**"). In addition, subject to any limitation under applicable law, previously paid compensation pursuant to Sections 3(b) and 3(c) shall be subject to clawback or forfeiture and cancellation at the discretion of the Compensation Committee in the event of a termination of Employee's employment for Cause.

(b) Company's Right to Terminate for Convenience. The Company shall have the right to terminate Employee's employment for convenience at any time and for any reason, or no reason at all, upon written notice to Employee, in which event Employee shall receive the compensation and benefits described in Section 7(f).

(c) Employee's Right to Terminate for Good Reason. Employee shall have the right to terminate Employee's employment with the Company at any time for Good Reason, in which event Employee shall receive the compensation and benefits described in Section 7(f). For purposes of this Agreement, "**Good Reason**" shall mean any of the following occurring without Employee's consent:

(i) a material adverse change in Employee's title, duties or responsibilities (including reporting responsibilities);

(ii) a material reduction in Employee's Base Salary;

(iii) a relocation of Employee's primary work location to a distance of more than 50 miles from its location as of immediately prior to such change; or

(iv) a material breach by the Company of any of its obligations under this Agreement.

The Company and Employee agree that Good Reason shall not exist unless and until Employee provides the Company with written notice of the acts alleged to constitute Good Reason within 90 days of Employee's knowledge of the occurrence of such event, and Company fails to cure such acts within 30 days of receipt of such notice. Employee must terminate employment within 60 days following the expiration of such cure period for the termination to be on account of Good Reason.

(d) Death or Disability. Upon the death or Disability of Employee, Employee's employment with the Company shall automatically terminate and the Company shall pay to Employee or Employee's estate, as applicable, (i) the Accrued Benefits, (ii) any earned and unpaid Annual Bonus for the calendar year preceding the year in which such termination of employment occurs (which amount shall be paid within sixty (60) days following the date of such termination of employment but in no event later than March 15 of the year following the Bonus Year to which such Annual Bonus relates), and (iii) an Annual Bonus for the year in which such termination of employment occurs based on actual performance results for the applicable Bonus Year and prorated for the period of days beginning on the first day of the applicable Bonus Year and ending on the date of such termination of employment relative to the number of days in the applicable Bonus Year. The prorated Annual Bonus described in clause (iii) of the preceding sentence, if any, shall be paid in cash at the same time corresponding bonuses are paid to similarly situated employees of the Company, but in no event later than March 15 following the year in which such termination of employment occurs. For purposes of this Agreement, a "**Disability**" shall exist if, as determined in the reasonable opinion of a licensed physician, Employee is unable to perform the essential functions of Employee's position (after accounting for reasonable accommodation, if applicable and required by applicable law), due to physical or mental impairment, that continues for a period in excess of ninety (90) consecutive days or one hundred-eighty (180) days, whether or not consecutive (or for any longer period as may be required by applicable law), in any twelve (12)-month period.

(e) Employee's Right to Terminate for Convenience. In addition to Employee's right to terminate Employee's employment for Good Reason, Employee shall have the right to terminate Employee's employment with the Company for convenience at any time and for any other reason, or no reason at all, upon thirty (30) days' advance written notice to the Company; *provided, however*, that if Employee has provided notice to the Company of Employee's termination of employment, the Company may determine, in its sole discretion, that such termination shall be effective on any date prior to the effective date of termination provided in such notice (and, if such earlier date is so required, then it shall not change the basis for Employee's termination of employment nor be construed or interpreted as a termination of employment pursuant to Section 7(b)). Upon the termination of Employee's employment pursuant to this Section 7(e) or at the expiration of the term provided in Section 4 because Employee provided written notice of non-renewal to the Company, then the Company shall pay to Employee the Accrued Benefits.

(f) Effect of Termination of Employment without Cause, for Good Reason or for Non-Renewal by the Company.

(i) If Employee's employment is terminated at the expiration of the term provided in Section 4 because the Company provided written notice of non-renewal to Employee, or prior to the expiration of such term by the Company without Cause pursuant to Section 7(b) or by Employee for Good Reason pursuant to Section 7(c), then the Company shall pay Employee the Accrued Benefits and any earned and unpaid Annual Bonus for the calendar year preceding the year in which such termination of employment occurs (which amount shall be paid within sixty (60) days following the date of such termination of employment but in no event later than March 15 of the year following the Bonus Year to which such Annual Bonus relates) and, so long as (and only if) Employee: (x) executes on or before the Release Expiration Date (as defined below), and does not revoke within any time provided by the Company to do so, a release of all claims in a form acceptable to the Company and generally used by the Company with respect to similarly situated employees (the "**Release**"), which Release shall release each member of the Company Group and their respective affiliates, and the foregoing entities' respective shareholders, members, partners, officers, managers, directors, fiduciaries, employees, representatives, agents and benefit plans (and fiduciaries of such plans) from any and all claims, including any and all causes of action arising out of Employee's employment with the Company and any other member of the Company Group or the termination of such employment, but excluding all claims to severance payments Employee may have under this Section 7(f); and (y) abides by the terms of each of Sections 9 and 10, then:

(A) The Company shall make severance payments to Employee in a total amount equal to a multiplier of one and one-half (1.5) (or if such termination occurs upon or within the one (1)-year period following a Change in Control (as defined below) (“**a CIC Termination**”), a multiple of two (2)) times the sum of the Employee’s Base Salary as of the date on which the Employee’s employment terminates (the “**Termination Date**”) plus the Employee’s target Annual Bonus for the year in which the Termination Date occurs (such total severance payments being referred to as the “**Severance Payment**”). The Severance Payment will be divided into substantially equal installments paid over the eighteen (18)-month period following the Termination Date (or, in the event of a CIC Termination, over the twenty-four (24) month period following the Termination Date). On the Company’s first regularly scheduled pay date that is on or after the date that is sixty (60) days after the Termination Date (the “**First Payment Date**”), the Company shall pay to Employee, without interest, a number of such installments equal to the number of such installments that would have been paid during the period beginning on the Termination Date and ending on the First Payment Date had the installments been paid on the Company’s regularly scheduled pay dates on or following the Termination Date, and each of the remaining installments shall be paid on the Company’s regularly scheduled pay dates during the remainder of the eighteen (18)-month or twenty-four (24)-month period, as applicable; *provided, however*, that to the extent, if any, that the aggregate amount of the installments of the Severance Payment that would otherwise be paid pursuant to the preceding provisions of this Section 7(f)(i) after March 15 of the calendar year following the calendar year in which the Termination Date occurs (the “**Applicable March 15**”) exceeds the maximum exemption amount under Treasury Regulation Section 1.409A-1(b)(9)(iii)(A), then such excess shall be paid to Employee in a lump sum on the Applicable March 15 (or the first Business Day (as defined below) preceding the Applicable March 15 if the Applicable March 15 is not a Business Day) and the installments of the Severance Payment payable after the Applicable March 15 shall be reduced by such excess (beginning with the installment first payable after the Applicable March 15 and continuing with the next succeeding installment until the aggregate reduction equals such excess). “**Business Day**” shall mean any day except a Saturday, Sunday or other day on which commercial banks in San Francisco, California, are authorized or required by law to be closed. Solely for purposes of this Section 7(f), a “**Change in Control**” shall be defined as such term is defined in the Company’s LTIP.

(B) The Company shall pay Employee a pro-rata Annual Bonus for the year in which the Termination Date occurs based on the actual performance results achieved for the applicable year, and pro-rated for the period of days beginning on the first day of the applicable Bonus Year and ending on the Termination Date, relative to the number of days in the applicable Bonus Year. The prorated Annual Bonus described in the preceding sentence, if any, shall be paid in cash at the same time corresponding bonuses are paid to similarly situated employees of the Company, but in no event later than March 15 following the year in which such termination of employment occurs.

(C) During the portion, if any, of the initial eighteen (18)-month period following the Termination Date (or in the event of a CIC Termination, a twenty-four (24)-month period) (the “**Reimbursement Period**”) that Employee elects to continue coverage for Employee and Employee’s spouse and eligible dependents, if any, under the Company’s group health plans pursuant to the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended (“**COBRA**”), the Company shall promptly reimburse Employee on a monthly basis for the difference between the amount Employee pays to effect and continue such coverage and the employee contribution amount that similarly situated employees of the Company pay for the same or similar coverage under such group health plans (the “**COBRA Benefit**”). Each payment of the COBRA Benefit shall be paid to Employee on the Company’s first regularly scheduled pay date in the calendar month immediately following the calendar month in which Employee submits to the Company documentation of the applicable premium payment having been paid by Employee, which documentation shall be submitted by Employee to the Company within thirty (30) days following the date on which the applicable premium payment is due to be paid. Employee shall be eligible to receive such reimbursement payments until the earliest of: (x) the last day of the Reimbursement Period; (y) the date Employee is no longer eligible to receive COBRA continuation coverage; and (z) the date on which Employee becomes eligible to receive coverage under a group health plan sponsored by another employer (and any such eligibility shall be promptly reported to the Company by Employee); provided, however, that the election of COBRA continuation coverage and the payment of any premiums due with respect to such COBRA continuation coverage shall remain Employee’s sole responsibility, and the Company shall not assume any obligation for payment of any such premiums relating to such COBRA continuation coverage. Notwithstanding the foregoing, if the provision of the benefits described in this paragraph cannot be provided in the manner described above without penalty, tax or other adverse impact on the Company or any other member of the Company Group, then the Company and Employee shall negotiate in good faith to determine an alternative manner in which the Company may provide substantially equivalent benefits to Employee without such adverse impact on the Company or such other member of the Company Group.

The payments and benefits described in clauses (A), (B), (C) and (D) above are collectively referred to herein as the “**Termination Benefits**.”

(ii) If the Release is not executed and returned to the Company on or before the Release Expiration Date, and the required revocation period has not fully expired without revocation of the Release by Employee, then Employee shall not be entitled to any portion of the Termination Benefits. As used herein, the “**Release Expiration Date**” is that date that is twenty-one (21) days following the date upon which the Company delivers the Release to Employee (which shall occur no later than seven (7) days after the Termination Date) or, in the event that such termination of employment is “in connection with an exit incentive or other employment termination program” (as such phrase is defined in the Age Discrimination in Employment Act of 1967), the date that is forty-five (45) days following such delivery date.

(g) After-Acquired Evidence. Notwithstanding any provision of this Agreement to the contrary, in the event that the Company determines, in good faith, that Employee is eligible to receive the Termination Benefits pursuant to Section 7(f) but, after such determination, the Company subsequently acquires evidence or determines that: (i) Employee has failed to abide by the terms of Sections 9 or 10; or (ii) a Cause condition existed prior to the Termination Date that, had the Company been fully aware of such condition, would have given the Company the right to terminate Employee's employment pursuant to Section 7(a), then the Company shall have the right to cease the payment of any future installments of the Termination Benefits and Employee shall promptly return to the Company all installments of the Termination Benefits received by Employee prior to the date that the Company determines that the conditions of this Section 7(g) have been satisfied. In addition, the provisions of the last sentence of Section 7(a) shall apply, and, subject to any limitation under applicable law, previously paid compensation pursuant to Sections 3(b) and 3(c) shall be subject to clawback or forfeiture and cancellation at the discretion of the Compensation Committee in the event Employee fails to abide by the terms of Sections 9 or 10.

8. **Disclosures**. Promptly (and in any event, within three (3) Business Days) upon becoming aware of (a) any actual or potential Conflict of Interest or (b) any lawsuit, claim or arbitration filed against or involving Employee or any trust or vehicle owned or controlled by Employee, in each case, Employee shall disclose such actual or potential Conflict of Interest or such lawsuit, claim or arbitration to the Board. A "**Conflict of Interest**" shall exist when Employee engages in, or plans to engage in, any activities, associations, or interests that conflict with, or create an appearance of a conflict with, Employee's duties, responsibilities, authorities, or obligations for or to any member of the Company Group.

9. **Confidentiality**. In the course of Employee's employment with the Company and the performance of Employee's duties on behalf of the Company Group hereunder, Employee will be provided with, and will have access to, Confidential Information (as defined below). As a condition of Employee's receipt and access to such Confidential Information and in exchange for other valuable consideration provided hereunder, and as a condition of Employee's employment hereunder, Employee shall comply with this Section 9.

(a) Both during the Employment Period and thereafter, except as expressly permitted by this Agreement or by directive of the Board, Employee shall not disclose any Confidential Information to any person or entity and shall not use any Confidential Information except for the benefit of the Company Group. Employee shall follow all Company policies and protocols regarding the security of all documents and other materials containing Confidential Information (regardless of the medium on which Confidential Information is stored). The covenants of this Section 9(a) shall apply to all Confidential Information, whether now known or later to become known to Employee during the period that Employee is employed by or affiliated with or providing services to the Company or any other member of the Company Group.

(b) Notwithstanding any provision of Section 9(a) to the contrary, Employee may make the following disclosures and uses of Confidential Information:

(i) disclosures to other employees of a member of the Company Group who have a need to know the information in connection with the businesses of the Company Group;

(ii) disclosures to third parties when, in the reasonable and good faith belief of Employee, such disclosure is in connection with Employee's performance of Employee's duties under this Agreement and in the best interest of the Company Group;

(iii) disclosures and uses that are approved in writing by the Board; or

(iv) disclosures to a person or entity that has (x) been retained by a member of the Company Group to provide services to one or more members of the Company Group and (y) agreed in writing to abide by the terms of a confidentiality agreement.

(c) Upon the expiration of the Employment Period, and at any other time upon request of the Company, Employee shall promptly surrender and deliver to the Company all documents (including electronically stored information) and all copies thereof and all other materials of any nature containing or pertaining to all Confidential Information and any other Company Group property (including any Company Group-issued computer, mobile device or other equipment) in Employee's possession, custody or control and Employee shall not retain any such documents or other materials or property of the Company Group. Within five (5) days of any such request, Employee shall certify to the Company in writing that all such documents, materials and property have been returned to the Company.

(d) All trade secrets, non-public information, designs, ideas, concepts, improvements, product developments, discoveries and inventions, whether patentable or not, that are conceived, made, developed or acquired by or disclosed to Employee, individually or in conjunction with others, during the period that Employee is employed by the Company or any other member of the Company Group (whether during business hours or otherwise and whether on the Company's premises or otherwise), that relate to any member of the Company Group's businesses or properties, products or services (including all such information relating to corporate opportunities, operations, future plans, methods of doing business, business plans, strategies for developing business and market share, research, financial and sales data, pricing terms, evaluations, opinions, interpretations, acquisition prospects, the identity of customers or acquisition targets or their requirements, the identity of key contacts within customers' organizations or within the organization of acquisition prospects, or marketing and merchandising techniques, prospective names and marks) is defined as "**Confidential Information**." Moreover, all documents, videotapes, written presentations, brochures, drawings, memoranda, notes, records, files, correspondence, manuals, models, specifications, computer programs, e-mail, voice mail, electronic databases, maps, drawings, architectural renditions, models and all other writings or materials of any type including or embodying any of such information, ideas, concepts, improvements, discoveries, inventions and other similar forms of expression of the Company Group are and shall be the sole and exclusive property of the Company or other applicable member of the Company Group and be subject to the same restrictions on disclosure applicable to all Confidential Information pursuant to this Agreement. For purposes of this Agreement, Confidential Information shall not include any information that (i) is or becomes generally available to the public other than as a result of a disclosure or wrongful act of Employee or any of Employee's agents; (ii) was available to Employee on a non-confidential basis before its disclosure by a member of the Company Group; (iii) that a worker otherwise has the right to disclose as legally protected conduct; or (iv) becomes available to Employee on a non-confidential basis from a source other than a member of the Company Group; *provided, however*, that such source is not bound by a confidentiality agreement with, or other obligation with respect to confidentiality to, a member of the Company Group.

(e) Notwithstanding the foregoing, nothing in this Agreement shall prohibit or restrict Employee from lawfully: (i) initiating communications directly with, cooperating with, providing information to, causing information to be provided to, or otherwise assisting in an investigation by, any governmental authority (including, for the avoidance of doubt, the Securities and Exchange Commission) regarding a possible violation of any law; (ii) responding to any inquiry or legal process directed to Employee from any such governmental authority; (iii) testifying, participating or otherwise assisting in any action or proceeding by any such governmental authority relating to a possible violation of law; or (iv) making any other disclosures that are protected under the whistleblower provisions of any applicable law. Additionally, pursuant to the federal Defend Trade Secrets Act of 2016, an individual shall not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that: (A) is made (1) in confidence to a federal, state or local government official, either directly or indirectly, or to an attorney and (2) solely for the purpose of reporting or investigating a suspected violation of law; (B) is made to the individual's attorney in relation to a lawsuit for retaliation against the individual for reporting a suspected violation of law; or (C) is made in a complaint or other document filed in a lawsuit or proceeding, if such filing is made under seal. Nothing in this Agreement requires Employee to obtain prior authorization before engaging in any conduct described in this paragraph, or to notify the Company that Employee has engaged in any such conduct.

10. **Ownership of Intellectual Property.**

(a) Employee agrees that the Company shall own, and Employee shall (and hereby does) assign, all right, title and interest (including patent rights, copyrights, trade secret rights, mask work rights, trademark rights, and all other intellectual and industrial property rights of any sort throughout the world) relating to any and all inventions (whether or not patentable), discoveries, developments, improvements, innovations, works of authorship, mask works, designs, know-how, ideas, formulae, processes, techniques, data and information authored, created, contributed to, made or conceived or reduced to practice, in whole or in part, by Employee during the period in which Employee is or has been employed by or affiliated with the Company or any other member of the Company Group, whether or not registerable under U.S. law or the laws of other jurisdictions, that either (i) relate, at the time of conception, reduction to practice, creation, derivation or development, to any member of the Company Group's businesses or actual or anticipated research or development, or (ii) were developed on any amount of the Company's or any other member of the Company Group's time or with the use of any member of the Company Group's equipment, supplies, facilities or Confidential Information (all of the foregoing collectively referred to herein as "**Company Intellectual Property**"), and Employee shall promptly disclose all Company Intellectual Property to the Company in writing. To support Employee's disclosure obligation herein, Employee shall keep and maintain adequate and current written records of all Company Intellectual Property made by Employee (solely or jointly with others) during the period in which Employee is or has been employed by or affiliated with the Company or any other member of the Company Group in such form as may be specified from time to time by the Company. These records shall be available to, and remain the sole property of, the Company at all times.

(b) All of Employee's works of authorship and associated copyrights created during the period in which Employee is employed by or affiliated with the Company or any other member of the Company Group and in the scope of Employee's employment or engagement shall be deemed to be "works made for hire" within the meaning of the Copyright Act. To the extent any right, title and interest in and to Company Intellectual Property cannot be assigned by Employee to the Company, Employee shall grant, and does hereby grant, to the Company Group an exclusive, perpetual, royalty-free, transferable, irrevocable, worldwide license (with rights to sublicense through multiple tiers of sublicensees) to make, have made, use, sell, offer for sale, import, export, reproduce, practice and otherwise commercialize such rights, title and interest.

(c) Employee recognizes that this Agreement will not be deemed to require assignment of any invention or intellectual property that Employee developed entirely on Employee's own time without using the equipment, supplies, facilities, trade secrets, or Confidential Information of any member of the Company Group. In addition, this Agreement does not apply to any invention that qualifies fully for protection from assignment to the Company under any specifically applicable state law or regulation.

(d) To the extent allowed by law, this Section applies to all rights that may be known as or referred to as "moral rights," "artist's rights," "droit moral," or the like, including without limitation those rights set forth in 17 U.S.C. §106A (collectively, "**Moral Rights**"). To the extent Employee retains any Moral Rights under applicable law, Employee hereby ratifies and consents to any action that may be taken with respect to such Moral Rights by or authorized by the Company or any member of the Company Group, and Employee hereby waives and agrees not to assert any Moral Rights with respect to such Moral Rights. Employee shall confirm any such ratifications, consents, waivers, and agreements from time to time as requested by the Company.

(e) All inventions (whether or not patentable), original works of authorship, designs, know-how, mask works, ideas, information, developments, improvements, and trade secrets of which Employee is the sole or joint author, creator, contributor, or inventor that were made or developed by Employee prior to Employee's employment with or affiliation with the Company or any other member of the Company Group, or in which Employee asserts any intellectual property right, and which are applicable to or relate in any way to the business, products, services, or demonstrably anticipated research and development or business of any member of the Company Group ("**Prior Inventions**") are listed on Exhibit A, and Employee represents that Exhibit A is a complete list of all such Prior Inventions. If no such list is attached, Employee hereby represents and warrants that there are no Prior Inventions, and Employee shall make no claim of any rights to any Prior Inventions. If, in the course of Employee's employment with or affiliation with the Company or any other member of the Company Group, Employee incorporates into the product, process, or device of any member of the Company Group a Prior Invention, the Company Group is hereby granted and will have a nonexclusive, royalty-free, irrevocable, perpetual, worldwide license to make, have made, modify, use, import, export, offer for sale, sell and otherwise commercialize such Prior Invention as part of or in connection with such product, process, or device of any member of the Company Group.

(f) Employee shall perform, during and after the period in which Employee is or has been employed by or affiliated with the Company or any other member of the Company Group, all acts deemed necessary or desirable by the Company to permit and assist each member of the Company Group, at the Company's expense, in obtaining and enforcing the full benefits, enjoyment, rights and title throughout the world in the Company Intellectual Property and Confidential Information assigned, to be assigned, or licensed to the Company under this Agreement. Such acts may include execution of documents and assistance or cooperation (i) in the filing, prosecution, registration, and memorialization of assignment of any applicable patents, copyrights, mask work, or other applications, (ii) in the enforcement of any applicable patents, copyrights, mask work, moral rights, trade secrets, or other proprietary rights, and (iii) in other legal proceedings related to the Company Intellectual Property or Confidential Information.

(g) In the event that the Company (or, as applicable, a member of the Company Group) is unable for any reason to secure Employee's signature to any document required to file, prosecute, register, or memorialize the assignment of any patent, copyright, mask work or other applications or to enforce any patent, copyright, mask work, moral right, trade secret or other proprietary right under any Confidential Information or Company Intellectual Property (including derivative works, improvements, renewals, extensions, continuations, divisionals, continuations in part, continuing patent applications, reissues, and reexaminations of such Company Intellectual Property), Employee hereby irrevocably designates and appoints the Company and each of the Company's duly authorized officers and agents as Employee's agents and attorneys-in-fact to act for and on Employee's behalf and instead of Employee, (i) to execute, file, prosecute, register and memorialize the assignment of any such application, (ii) to execute and file any documentation required for such enforcement, and (iii) to do all other lawfully permitted acts to further the filing, prosecution, registration, memorialization of assignment, issuance, and enforcement of patents, copyrights, mask works, moral rights, trade secrets or other rights under the Confidential Information or Company Intellectual Property, all with the same legal force and effect as if executed by Employee.

(h) In the event that Employee enters into, on behalf of any member of the Company Group, any contracts or agreements relating to any Confidential Information or Company Intellectual Property, Employee shall assign such contracts or agreements to the Company (or the applicable member of the Company Group) promptly, and in any event, prior to Employee's termination of employment. If the Company (or the applicable member of the Company Group) is unable for any reason to secure Employee's signature to any document required to assign said contracts or agreements, or if Employee does not assign said contracts or agreements to the Company (or the applicable member of the Company Group) prior to Employee's termination of employment, Employee hereby irrevocably designates and appoints the Company (or the applicable member of the Company Group) and each of the Company's duly authorized officers and agents as Employee's agents and attorneys-in-fact to act for and on Employee's behalf and instead of Employee to execute said assignments and to do all other lawfully permitted acts to further the execution of said documents.

(i) Notwithstanding the foregoing, in no event will Employee be required to assign to the Company Employee's rights, title, or interest in any invention that qualifies fully under the provisions of California Labor Code Section 2870 (a copy of which is attached as Exhibit B), including any invention which is developed entirely on Employee's own time without using the Company's equipment, supplies, facilities, or trade secret information, and that either (i) is not related to the Company's business (either actual or demonstrably anticipated), or (ii) does not result from work performed for the Company (an "**Other Invention**"). Employee will advise the Company promptly in writing of any invention that Employee believes constitutes an Other Invention. Employee agrees that Employee will not incorporate, or permit to be incorporated, any Other Invention owned by Employee or in which Employee has an interest into a Company Group product, process or service without the Company's prior written consent. Notwithstanding the foregoing sentence, if, in the course of Employee's employment with any member of the Company Group, Employee incorporates into a Company Group product, process or service an Other Invention owned by Employee or in which Employee has an interest, Employee hereby grants to the Company and the other members of the Company Group a non-exclusive, royalty-free, fully paid up, irrevocable, perpetual, transferable, sublicensable, worldwide license to reproduce, make derivative works of, distribute, perform, display, import, make, have made, modify, use, sell, offer to sell, and exploit in any other way such Other Invention as part of or in connection with such product, process or service, and to practice any method related thereto.

11. **Defense of Claims.** During the Employment Period and thereafter, upon request from the Company, Employee shall cooperate with the Company Group in the defense of any claims or actions that may be made by or against any member of the Company Group that relate to Employee's actual or prior areas of responsibility.

12. **Withholdings; Deductions.** The Company may withhold and deduct from any benefits and payments made or to be made pursuant to this Agreement (a) all federal, state, local and other taxes as may be required pursuant to any law or governmental regulation or ruling and (b) any deductions consented to in writing by Employee.

13. **Title and Headings; Construction.** Titles and headings to Sections hereof are for the purpose of reference only and shall in no way limit, define or otherwise affect the provisions hereof. Any and all Exhibits or Attachments referred to in this Agreement are, by such reference, incorporated herein and made a part hereof for all purposes. Unless the context requires otherwise, all references to laws, regulations, contracts, documents, agreements and instruments refer to such laws, regulations, contracts, documents, agreements and instruments as they may be amended from time to time, and references to particular provisions of laws or regulations include a reference to the corresponding provisions of any succeeding law or regulation. All references to “dollars” or “\$” in this Agreement refer to United States dollars. The words “herein”, “hereof”, “hereunder” and other compounds of the word “here” shall refer to the entire Agreement, including all Exhibits attached hereto, and not to any particular provision hereof. The word “or” is not exclusive. Wherever the context so requires, the masculine gender includes the feminine or neuter, and the singular number includes the plural and conversely. All references to “including” shall be construed as meaning “including without limitation.” Neither this Agreement nor any uncertainty or ambiguity herein shall be construed or resolved against any party hereto, whether under any rule of construction or otherwise. On the contrary, this Agreement has been reviewed by each of the parties hereto and shall be construed and interpreted according to the ordinary meaning of the words used so as to fairly accomplish the purposes and intentions of the parties hereto.

14. **Applicable Law.** This Agreement shall in all respects be construed according to the laws of the State of California without regard to its conflict of laws principles that would result in the application of the laws of another jurisdiction. With respect to any claim or dispute related to or arising under this Agreement, the parties hereto consent to the exclusive jurisdiction, forum and venue of the state and federal courts (as applicable) located in Los Angeles, California.

15. **Entire Agreement and Amendment.** This Agreement contains the entire agreement of the parties with respect to the matters covered herein and supersedes all prior and contemporaneous agreements and understandings, oral or written, between the parties hereto concerning the subject matter hereof, other than any indemnification rights or equity award agreements, whether pursuant to the LTIP or otherwise, which are in effect or outstanding as of the Effective Date. This Agreement may be amended only by a written instrument executed by both parties hereto.

16. **Waiver of Breach.** Any waiver of this Agreement must be executed by the party to be bound by such waiver. No waiver by either party hereto of a breach of any provision of this Agreement by the other party, or of compliance with any condition or provision of this Agreement to be performed by such other party, will operate or be construed as a waiver of any subsequent breach by such other party or any similar or dissimilar provision or condition at the same or any subsequent time. The failure of either party hereto to take any action by reason of any breach will not deprive such party of the right to take action at any time.

17. **Assignment.** This Agreement is personal to Employee, and neither this Agreement nor any rights or obligations hereunder shall be assignable or otherwise transferred by Employee. The Company may assign this Agreement without Employee's consent, including to any member of the Company Group and to any successor (whether by merger, purchase or otherwise) to all or substantially all of the equity, assets or businesses of the Company.

18. **Notices.** Notices provided for in this Agreement shall be in writing and shall be deemed to have been duly received (a) when delivered in person, (b) on the first Business Day after such notice is sent by express overnight courier service, or (c) on the second Business Day following deposit with a nationally-recognized second-day courier service with proof of receipt maintained, in each case, to the following address, as applicable:

If to the Company, addressed to:

California Resources Corporation
1 World Trade Center
Suite 1500
Long Beach, California 90831
Attention: General Counsel

If to Employee, addressed to:

[*****]

[*****]

(Or, if different, the latest address on file with the Company)

19. **Counterparts.** This Agreement may be executed in any number of counterparts, including by electronic mail or facsimile, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute one and the same instrument. Each counterpart may consist of a copy hereof containing multiple signature pages, each signed by one party, but together signed by both parties hereto.

20. **Deemed Resignations.** Except as otherwise determined by the Board or as otherwise agreed to in writing by Employee and any member of the Company Group prior to the termination of Employee's employment with the Company or any member of the Company Group, any termination of Employee's employment shall constitute, as applicable, an automatic resignation of Employee: (a) as an officer of the Company and each member of the Company Group; (b) from the Board; and (c) from the board of directors or board of managers (or similar governing body) of any member of the Company Group and from the board of directors or board of managers (or similar governing body) of any corporation, limited liability entity, unlimited liability entity or other entity in which any member of the Company Group holds an equity interest and with respect to which board of directors or board of managers (or similar governing body) Employee serves as such Company Group member's designee or other representative.

21. **Section 409A.**

(a) Notwithstanding any provision of this Agreement to the contrary, all provisions of this Agreement are intended to comply with Section 409A of the Internal Revenue Code of 1986, as amended (the “**Code**”) and the applicable Treasury regulations and administrative guidance issued thereunder (collectively, “**Section 409A**”) or an exemption therefrom and shall be construed and administered in accordance with such intent. Any payments under this Agreement that may be excluded from Section 409A either as separation pay due to an involuntary separation from service or as a short-term deferral shall be excluded from Section 409A to the maximum extent possible. For purposes of Section 409A, each installment payment provided under this Agreement shall be treated as a separate payment. Any payments to be made under this Agreement upon a termination of Employee’s employment shall only be made if such termination of employment constitutes a “separation from service” under Section 409A.

(b) To the extent that any right to reimbursement of expenses or payment of any benefit in-kind under this Agreement constitutes nonqualified deferred compensation (within the meaning of Section 409A), (i) any such expense reimbursement shall be made by the Company no later than the last day of Employee’s taxable year following the taxable year in which such expense was incurred by Employee, (ii) the right to reimbursement or in-kind benefits shall not be subject to liquidation or exchange for another benefit, and (iii) the amount of expenses eligible for reimbursement or in-kind benefits provided during any taxable year shall not affect the expenses eligible for reimbursement or in-kind benefits to be provided in any other taxable year; *provided*, that the foregoing clause shall not be violated with regard to expenses reimbursed under any arrangement covered by Section 105(b) of the Code solely because such expenses are subject to a limit related to the period in which the arrangement is in effect.

(c) Notwithstanding any provision in this Agreement to the contrary, if any payment or benefit provided for herein would be subject to additional taxes and interest under Section 409A if Employee’s receipt of such payment or benefit is not delayed until the earlier of (i) the date of Employee’s death or (ii) the date that is six (6) months after the Termination Date (such date, the “**Section 409A Payment Date**”), then such payment or benefit shall not be provided to Employee (or Employee’s estate, if applicable) until the Section 409A Payment Date. Notwithstanding the foregoing, the Company makes no representations that the payments and benefits provided under this Agreement are exempt from, or compliant with, Section 409A and in no event shall any member of the Company Group be liable for all or any portion of any taxes, penalties, interest or other expenses that may be incurred by Employee on account of non-compliance with Section 409A.

22. **Effect of Termination**. The provisions of Sections 7(a), 9-13 and 20 and those provisions necessary to interpret and enforce them, shall survive any termination of this Agreement and any termination of the employment relationship between Employee and the Company.

23. **Third-Party Beneficiaries**. Each member of the Company Group that is not a signatory to this Agreement shall be a third-party beneficiary of Employee’s obligations under Sections 8-12 and 20 and shall be entitled to enforce such obligations as if a party hereto.

24. **Certain Excise Taxes.** Notwithstanding anything to the contrary in this Agreement, if Employee is a “disqualified individual” (as defined in Section 280G(c) of the Code), and the benefits provided for in this Agreement, together with any other payments and benefits which Employee has the right to receive from the Company and its affiliates, would constitute a “parachute payment” (as defined in Section 280G(b)(2) of the Code), then the benefits provided for in this Agreement (beginning with any benefit to be paid in cash hereunder) shall be either (a) reduced (but not below zero) so that the present value of such total amounts and benefits received by Employee from the Company will be one dollar (\$1.00) less than three times Employee’s “base amount” (as defined in Section 280G(b)(3) of the Code) and so that no portion of such amounts and benefits received by Employee shall be subject to the excise tax imposed by Section 4999 of the Code or (b) paid in full, whichever produces the better net after-tax position to Employee (taking into account any applicable excise tax under Section 4999 of the Code and any other applicable taxes). The determination as to whether any such reduction in the amount of the benefits provided hereunder is necessary shall be made by the Compensation Committee in good faith and in consultation with tax and legal advisors of the Company. If a reduced payment or benefit is made and through error or otherwise that payment or benefit, when aggregated with other payments and benefits from the Company (or its affiliates) used in determining if a “parachute payment” exists, exceeds one dollar (\$1.00) less than three times Employee’s base amount, then Employee shall immediately repay such excess to the Company upon notification that an overpayment has been made. Nothing in this Section 24 shall require the Company to be responsible for, or have any liability or obligation with respect to, Employee’s excise tax liabilities under Section 4999 of the Code.

25. **Clawback.** Notwithstanding any other provisions in this Agreement to the contrary, any incentive-based or other compensation paid to the Employee under this Agreement or any other agreement or arrangement with the Company which is subject to recovery under any Company policy, law, government regulation, or stock exchange listing requirement will be subject to such deductions and clawback as may be required to be made pursuant to such Company policy (whether in existence as of the Effective Date or later adopted), law, government regulation, or stock exchange listing requirement.

26. **Severability.** If an arbitrator or court of competent jurisdiction determines that any provision of this Agreement (or portion thereof) is invalid or unenforceable, then the invalidity or unenforceability of that provision (or portion thereof) shall not affect the validity or enforceability of any other provision of this Agreement, and all other provisions shall remain in full force and effect.

*[Remainder of Page Intentionally Blank;
Signature Page Follows]*

IN WITNESS WHEREOF, Employee and the Company each have caused this Agreement to be executed and effective as of the Effective Date.

EMPLOYEE

/s/ Jay A. Bys

Name: Jay A. Bys

COMPANY

CALIFORNIA RESOURCES CORPORATION

/s/ Daniel S. Watts

Name: Daniel S. Watts

Title: Vice President - Compensation and Benefits

SIGNATURE PAGE
TO
EMPLOYMENT AGREEMENT

EXHIBIT A
PRIOR INVENTIONS

1. The following is a complete list of all Prior Inventions relevant to the subject matter of Employee's employment by the Company that have been made or conceived or first reduced to practice by Employee alone or jointly with others prior to Employee's employment with or affiliation with the Company or any other member of the Company Group:

Check appropriate space(s):

None.

See below:

-
-
-

Due to confidentiality agreements with a prior employer, Employee cannot disclose certain Prior Inventions that would otherwise be included on the above-described list.

Additional sheets attached.

2. Employee proposes to bring to Employee's employment the following devices, materials, and documents of a former employer or other person to whom Employee has an obligation of confidentiality that is not generally available to the public, which materials and documents may be used in Employee's employment pursuant to the express written authorization of Employee's former employer or such other person (a copy of which is attached to this Agreement):

Check appropriate space(s):

None.

See below.

-
-

Additional sheets attached.

EXHIBIT B
CALIFORNIA LABOR CODE SECTION 2870

(a) Any provision in an employment agreement which provides that an employee shall assign, or offer to assign, any of his or her rights in an invention to his or her employer shall not apply to an invention that the employee developed entirely on his or her own time without using the employer's equipment, supplies, facilities, or trade secret information except for those inventions that either:

(1) Relate at the time of conception or reduction to practice of the invention to the employer's business, or actual or demonstrably anticipated research or development of the employer; or

(2) Result from any work performed by the employee for the employer.

(b) To the extent a provision in an employment agreement purports to require an employee to assign an invention otherwise excluded from being required to be assigned under subdivision (a), the provision is against the public policy of this state and is unenforceable.

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

AMENDED AND RESTATED EMPLOYMENT AGREEMENT

This Amended and Restated Employment Agreement (“**Agreement**”) is made and entered into by and between California Resources Corporation, a Delaware corporation (the “**Company**”), and Michael L. Preston (“**Employee**”) effective as of August 4, 2025 (the “**Effective Date**”). This Agreement shall in all respects supersede and replace that certain Employment Agreement entered into between the parties as of June 8, 2021.

WHEREAS, the Employee and Company are parties to that certain Employment Agreement dated June 8, 2021 (the “**Prior Employment Agreement**”); and

WHEREAS, the parties now desire to amend and restate in its entirety the Prior Employment Agreement to, among other things, modify the compensation and benefits Employee is entitled to following a termination of employment with the Company; and

WHEREAS, the Company desires to continue to employ Employee and Employee desires to continue to be employed by the Company, on the terms and subject to the conditions set forth herein.

NOW THEREFORE, in consideration of the mutual covenants and agreements set forth herein and for other good and valuable consideration, receipt of which is acknowledged, the parties hereby agree as follows:

1. **Employment.** During the Employment Period (as defined below), the Company shall employ Employee, and Employee shall serve, as Executive Vice President, Chief Strategy Officer, and General Counsel of the Company and in such other position or positions as may be assigned from time to time by the board of directors of the Company (the “**Board**”) or the Chief Executive Officer of the Company (the “**CEO**”).

2. **Duties and Responsibilities of Employee.**

(a) During the Employment Period, Employee shall actively engage in the business and affairs of the Company (together with its direct and indirect subsidiaries, the “**Company Group**”) as may be requested by the Board or the CEO from time to time, devote such amount of Employee’s business time and attention as is reasonably necessary to manage the business and affairs of the Company, which amount of time will constitute substantially all of Employee’s business time. Employee’s duties and responsibilities shall include those normally incidental to the position(s) identified in Section 1, as well as such additional duties as may be assigned to Employee by the Board or the CEO from time to time, which duties and responsibilities may include providing services to other members of the Company Group in addition to the Company. Employee may, without violating this Section 2(a), (i) as a passive investment, own publicly traded securities in such form or manner as will not require any services by Employee in the operation of the entities in which such securities are owned; (ii) engage in charitable and civic activities; (iii) with the prior written consent of the Board, engage in other personal and passive investment activities; and (iv) with the prior written consent of the Board, serve on the board of directors for up to two for profit corporations (collectively, the “**Permitted Activities**”), so long as such engagements, ownership, interests or activities do not interfere with Employee’s ability to fulfill Employee’s duties and responsibilities under this Agreement and are not inconsistent with Employee’s obligations to any member of the Company Group or competitive with the business of any member of the Company Group.

(b) Employee hereby represents and warrants that Employee is not the subject of, or a party to, any non-competition or non-solicitation covenant, non-disclosure agreement, or any other agreement, obligation, restriction or understanding that would prohibit Employee from executing this Agreement or fully performing each of Employee’s duties and responsibilities hereunder, or would in any manner, directly or indirectly, limit or affect any of the duties and responsibilities that may now or in the future be assigned to Employee hereunder. Employee expressly acknowledges and agrees that Employee is strictly prohibited from using or disclosing any confidential information belonging to any prior employer in the course of performing services for any member of the Company Group, and Employee promises that Employee shall not do so. Employee shall not introduce documents or other materials containing confidential information of any prior employer to the premises or property (including computers and computer systems) of any member of the Company Group.

(c) Employee owes each member of the Company Group fiduciary duties (including (i) duties of loyalty and disclosure and (ii) such fiduciary duties that an officer of the Company would have if the Company were a corporation organized under the laws of the State of Delaware), and the obligations described in this Agreement are in addition to, and not in lieu of, the obligations Employee owes each member of the Company Group under statutory and common law.

3. Compensation.

(a) Base Salary. During the Employment Period, the Company shall pay to Employee an annualized base salary of \$675,000 (the "**Base Salary**") in consideration for Employee's services under this Agreement, payable in substantially equal installments in conformity with the Company's customary payroll practices for similarly situated employees as may exist from time to time, but no less frequently than twice per month. The Base Salary shall be subject to annual review by the Compensation Committee of the Board (the "**Compensation Committee**") and may be increased, but not decreased, at the discretion of the Compensation Committee following consultation with the other independent members of the Board.

(b) Annual Bonus. Employee shall be eligible for bonus compensation for calendar year 2025 and each subsequent complete calendar year that Employee is employed by the Company hereunder (the "**Annual Bonus**"). The target Annual Bonus for each such calendar year (the "**Bonus Year**") shall be 100% of Employee's Base Salary in effect as of the first day of the Bonus Year, and the actual Annual Bonus for a Bonus Year may range from 0% to 200% of such target Annual Bonus depending on the level of achievement of the performance targets as determined by the Compensation Committee under the applicable "Annual Bonus Scorecard" for the Bonus Year. The performance targets that must be achieved in order to be eligible for certain bonus levels shall be established by the Compensation Committee annually, in its sole discretion, and communicated to Employee within the first one-hundred twenty (120) days of the applicable Bonus Year. Each Annual Bonus, if any, shall be paid as soon as administratively feasible after the Compensation Committee certifies whether the applicable performance targets for the applicable Bonus Year have been achieved, but in no event later than March 15 following the end of such Bonus Year. Notwithstanding anything in this Section 3(b) to the contrary, but subject to Section 7, no Annual Bonus, if any, nor any portion thereof, shall be payable for any Bonus Year unless Employee remains continuously employed by the Company from the Effective Date through the date on which such Annual Bonus is paid.

(c) Long-Term Incentive Awards. Provided that Employee is employed by the Company on the applicable date of grant, Employee shall be eligible to receive annual long-term incentive awards under the Company's Long-Term Incentive Plan (the "**LTIP**"), as amended from time to time, commencing in calendar year 2025 with a grant date target value not less than 400% of Employee's Base Salary as in effect on the applicable date of grant of such award on such terms and conditions as the Board and the Compensation Committee shall determine from time to time. While it is currently anticipated that such annual long-term incentive awards will be in the form of a combination of restricted stock units (40% of the annual award, and vesting in one-third increments on each of the first three anniversaries of the date of grant) and performance stock units (60% of the award, and cliff vesting at the end of a three (3)-year performance period), nothing herein shall be construed to give Employee any rights to any particular type of grant or award except as provided in such award to Employee in writing and authorized by the Board or the Compensation Committee. All awards granted to Employee under the LTIP shall be subject to and governed by the terms and provisions of the LTIP as in effect from time to time and the award agreements evidencing such awards.

4. **Term of Employment.** The term of Employee's employment under this Agreement shall be for the period beginning on the Effective Date and ending on the first (1st) anniversary of the Effective Date (the "**Initial Expiration Date**"); provided, however, that beginning on the Initial Expiration Date, and on each anniversary of the Initial Expiration Date thereafter, if Employee's employment under this Agreement has not been terminated pursuant to Section 7, then said term of employment shall automatically be extended for an additional one (1)-year period unless on or before the date that is ninety (90) days prior to the first day of any such extension period either party gives written notice to the other that no such automatic extension shall occur, in which case the term of employment shall terminate as of the Initial Expiration Date or the anniversary of the Initial Expiration Date immediately following the giving of such notice, as applicable. Notwithstanding any other provision of this Agreement, Employee's employment pursuant to this Agreement may be terminated at any time in accordance with Section 7. The period from the Effective Date through the expiration of this Agreement or, if sooner, the termination of Employee's employment pursuant to this Agreement, regardless of the time or reason for such termination, shall be referred to herein as the "**Employment Period.**"

5. **Business Expenses.** Subject to Section 21, the Company shall reimburse Employee for Employee's reasonable out-of-pocket business-related expenses actually incurred in the performance of Employee's duties hereunder during the Employment Period so long as Employee timely submits all documentation for such expenses, as required by Company policy in effect from time to time. Any such reimbursement of expenses shall be made by the Company upon or as soon as practicable following receipt of such documentation (but in any event not later than the close of Employee's taxable year following the taxable year in which the expense is incurred by Employee). In no event shall any reimbursement be made to Employee for any expenses incurred after the date of Employee's termination of employment with the Company.

6. **Benefits.**

(a) During the Employment Period, Employee shall be eligible to participate in the same benefit plans and programs in which other similarly situated Company employees are eligible to participate, subject to the terms and conditions of the applicable plans and programs in effect from time to time. The Company shall not, however, by reason of this Section 6, be obligated to institute, maintain, or refrain from changing, amending, or discontinuing, any such plan or policy, so long as such changes are similarly applicable to similarly situated Company employees generally.

(b) The Company shall cover Employee under directors and officers liability insurance from the Effective Date, through the Employment Period, and, while potential liability exists, after the end of the Employment Period, on the most favorable terms as provided to any other director or executive officer of the Company.

7. **Termination of Employment.**

(a) Company's Right to Terminate Employee's Employment for Cause. The Company shall have the right to terminate Employee's employment hereunder at any time for Cause. For purposes of this Agreement, "**Cause**" shall mean Employee's commission of an act or omission, or Employee causing the Company or any other member of the Company Group to commit an act or omission, that constitutes:

(i) Employee's fraud or misconduct;

(ii) Employee's violation of applicable law in connection with the management, operation or reputation of the Company or any other member of the Company Group that results in (or could reasonably be expected to result in) material injury to the Company or any other member of the Company Group;

(iii) Employee's material breach of this Agreement or any other written agreement between Employee and one or more members of the Company Group, including Employee's material breach of any representation, warranty or covenant made under any such agreement;

(iv) Employee's act of theft, embezzlement or misappropriation of the property of the Company or any other member of the Company Group, in each case, that results in (or could reasonably be expected to result in) material financial or reputational harm to the Company or any other member of the Company Group; or

(v) Employee's violation of the Company's policies (to the extent such policies have been clearly communicated in writing to Employee) prohibiting unlawful sexual harassment, non-retaliation, or age, sex or other prohibited discrimination in the workplace.

Notwithstanding the foregoing, no determination of "Cause" may be made pursuant to Sections 7(a)(ii) or (iii) unless (1) within thirty (30) days of the Board obtaining actual knowledge of such action(s) or omissions Employee has been given written notice by the Board describing the specific alleged action(s) or omission(s) that may be subject to the possibility of cure that constitute "Cause," and (2) Employee has failed to cure any such acts or omissions within thirty (30) days of such notice from the Board. Upon the termination of Employee's employment pursuant to this Section 7(a), the Company shall pay to Employee (A) all earned and unpaid Base Salary as of the date of the termination of Employee's employment with the Company, (B) reimbursement for all incurred but unreimbursed expenses for which Employee is entitled to reimbursement in accordance with Section 5, and (C) benefits to which Employee is entitled under the terms of any applicable benefit plan or program described in Section 6(a) (collectively, the "**Accrued Benefits**"). In addition, subject to any limitation under applicable law, previously paid compensation pursuant to Sections 3(b) and 3(c) shall be subject to clawback or forfeiture and cancellation at the discretion of the Compensation Committee in the event of a termination of Employee's employment for Cause.

(b) Company's Right to Terminate for Convenience. The Company shall have the right to terminate Employee's employment for convenience at any time and for any reason, or no reason at all, upon written notice to Employee, in which event Employee shall receive the compensation and benefits described in Section 7(f).

(c) Employee's Right to Terminate for Good Reason. Employee shall have the right to terminate Employee's employment with the Company at any time for Good Reason, in which event Employee shall receive the compensation and benefits described in Section 7(f). For purposes of this Agreement, "**Good Reason**" shall mean any of the following occurring without Employee's consent:

(i) a material adverse change in Employee's title, duties or responsibilities (including reporting responsibilities);

(ii) a material reduction in Employee's Base Salary;

(iii) a relocation of Employee's primary work location to a distance of more than 50 miles from its location as of immediately prior to such change; or

(iv) a material breach by the Company of any of its obligations under this Agreement.

The Company and Employee agree that Good Reason shall not exist unless and until Employee provides the Company with written notice of the acts alleged to constitute Good Reason within 90 days of Employee's knowledge of the occurrence of such event, and Company fails to cure such acts within 30 days of receipt of such notice. Employee must terminate employment within 60 days following the expiration of such cure period for the termination to be on account of Good Reason.

(d) Death or Disability. Upon the death or Disability of Employee, Employee's employment with the Company shall automatically terminate and the Company shall pay to Employee or Employee's estate, as applicable, (i) the Accrued Benefits, (ii) any earned and unpaid Annual Bonus for the calendar year preceding the year in which such termination of employment occurs (which amount shall be paid within sixty (60) days following the date of such termination of employment but in no event later than March 15 of the year following the Bonus Year to which such Annual Bonus relates), and (iii) an Annual Bonus for the year in which such termination of employment occurs based on actual performance results for the applicable Bonus Year and prorated for the period of days beginning on the first day of the applicable Bonus Year and ending on the date of such termination of employment relative to the number of days in the applicable Bonus Year. The prorated Annual Bonus described in clause (iii) of the preceding sentence, if any, shall be paid in cash at the same time corresponding bonuses are paid to similarly situated employees of the Company, but in no event later than March 15 following the year in which such termination of employment occurs. For purposes of this Agreement, a "**Disability**" shall exist if, as determined in the reasonable opinion of a licensed physician, Employee is unable to perform the essential functions of Employee's position (after accounting for reasonable accommodation, if applicable and required by applicable law), due to physical or mental impairment, that continues for a period in excess of ninety (90) consecutive days or one hundred-eighty (180) days, whether or not consecutive (or for any longer period as may be required by applicable law), in any twelve (12)-month period.

(e) Employee's Right to Terminate for Convenience. In addition to Employee's right to terminate Employee's employment for Good Reason, Employee shall have the right to terminate Employee's employment with the Company for convenience at any time and for any other reason, or no reason at all, upon thirty (30) days' advance written notice to the Company; *provided, however*, that if Employee has provided notice to the Company of Employee's termination of employment, the Company may determine, in its sole discretion, that such termination shall be effective on any date prior to the effective date of termination provided in such notice (and, if such earlier date is so required, then it shall not change the basis for Employee's termination of employment nor be construed or interpreted as a termination of employment pursuant to Section 7(b)). Upon the termination of Employee's employment pursuant to this Section 7(e) or at the expiration of the term provided in Section 4 because Employee provided written notice of non-renewal to the Company, then the Company shall pay to Employee the Accrued Benefits.

(f) Effect of Termination of Employment without Cause, for Good Reason or for Non-Renewal by the Company.

(i) If Employee's employment is terminated at the expiration of the term provided in Section 4 because the Company provided written notice of non-renewal to Employee, or prior to the expiration of such term by the Company without Cause pursuant to Section 7(b) or by Employee for Good Reason pursuant to Section 7(c), then the Company shall pay Employee the Accrued Benefits and any earned and unpaid Annual Bonus for the calendar year preceding the year in which such termination of employment occurs (which amount shall be paid within sixty (60) days following the date of such termination of employment but in no event later than March 15 of the year following the Bonus Year to which such Annual Bonus relates) and, so long as (and only if) Employee: (x) executes on or before the Release Expiration Date (as defined below), and does not revoke within any time provided by the Company to do so, a release of all claims in a form acceptable to the Company and generally used by the Company with respect to similarly situated employees (the "**Release**"), which Release shall release each member of the Company Group and their respective affiliates, and the foregoing entities' respective shareholders, members, partners, officers, managers, directors, fiduciaries, employees, representatives, agents and benefit plans (and fiduciaries of such plans) from any and all claims, including any and all causes of action arising out of Employee's employment with the Company and any other member of the Company Group or the termination of such employment, but excluding all claims to severance payments Employee may have under this Section 7(f); and (y) abides by the terms of each of Sections 9 and 10, then:

(A) The Company shall make severance payments to Employee in a total amount equal to a multiplier of one and one-half (1.5) (or if such termination occurs upon or within the one (1)-year period following a Change in Control (as defined below) (“**a CIC Termination**”), a multiple of two (2)) times the sum of the Employee’s Base Salary as of the date on which the Employee’s employment terminates (the “**Termination Date**”) plus the Employee’s target Annual Bonus for the year in which the Termination Date occurs (such total severance payments being referred to as the “**Severance Payment**”). The Severance Payment will be divided into substantially equal installments paid over the eighteen (18)-month period following the Termination Date (or, in the event of a CIC Termination, over the twenty-four (24) month period following the Termination Date). On the Company’s first regularly scheduled pay date that is on or after the date that is sixty (60) days after the Termination Date (the “**First Payment Date**”), the Company shall pay to Employee, without interest, a number of such installments equal to the number of such installments that would have been paid during the period beginning on the Termination Date and ending on the First Payment Date had the installments been paid on the Company’s regularly scheduled pay dates on or following the Termination Date, and each of the remaining installments shall be paid on the Company’s regularly scheduled pay dates during the remainder of the eighteen (18)-month or twenty-four (24)-month period, as applicable; *provided, however*, that to the extent, if any, that the aggregate amount of the installments of the Severance Payment that would otherwise be paid pursuant to the preceding provisions of this Section 7(f)(i) after March 15 of the calendar year following the calendar year in which the Termination Date occurs (the “**Applicable March 15**”) exceeds the maximum exemption amount under Treasury Regulation Section 1.409A-1(b)(9)(iii)(A), then such excess shall be paid to Employee in a lump sum on the Applicable March 15 (or the first Business Day (as defined below) preceding the Applicable March 15 if the Applicable March 15 is not a Business Day) and the installments of the Severance Payment payable after the Applicable March 15 shall be reduced by such excess (beginning with the installment first payable after the Applicable March 15 and continuing with the next succeeding installment until the aggregate reduction equals such excess). “**Business Day**” shall mean any day except a Saturday, Sunday or other day on which commercial banks in San Francisco, California, are authorized or required by law to be closed. Solely for purposes of this Section 7(f), a “**Change in Control**” shall be defined as such term is defined in the Company’s LTIP.

(B) The Company shall pay Employee a pro-rata Annual Bonus for the year in which the Termination Date occurs based on the actual performance results achieved for the applicable year, and pro-rated for the period of days beginning on the first day of the applicable Bonus Year and ending on the Termination Date, relative to the number of days in the applicable Bonus Year. The prorated Annual Bonus described in the preceding sentence, if any, shall be paid in cash at the same time corresponding bonuses are paid to similarly situated employees of the Company, but in no event later than March 15 following the year in which such termination of employment occurs.

(C) During the portion, if any, of the initial eighteen (18)-month period following the Termination Date (or in the event of a CIC Termination, a twenty-four (24)-month period) (the “**Reimbursement Period**”) that Employee elects to continue coverage for Employee and Employee’s spouse and eligible dependents, if any, under the Company’s group health plans pursuant to the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended (“**COBRA**”), the Company shall promptly reimburse Employee on a monthly basis for the difference between the amount Employee pays to effect and continue such coverage and the employee contribution amount that similarly situated employees of the Company pay for the same or similar coverage under such group health plans (the “**COBRA Benefit**”). Each payment of the COBRA Benefit shall be paid to Employee on the Company’s first regularly scheduled pay date in the calendar month immediately following the calendar month in which Employee submits to the Company documentation of the applicable premium payment having been paid by Employee, which documentation shall be submitted by Employee to the Company within thirty (30) days following the date on which the applicable premium payment is due to be paid. Employee shall be eligible to receive such reimbursement payments until the earliest of: (x) the last day of the Reimbursement Period; (y) the date Employee is no longer eligible to receive COBRA continuation coverage; and (z) the date on which Employee becomes eligible to receive coverage under a group health plan sponsored by another employer (and any such eligibility shall be promptly reported to the Company by Employee); provided, however, that the election of COBRA continuation coverage and the payment of any premiums due with respect to such COBRA continuation coverage shall remain Employee’s sole responsibility, and the Company shall not assume any obligation for payment of any such premiums relating to such COBRA continuation coverage. Notwithstanding the foregoing, if the provision of the benefits described in this paragraph cannot be provided in the manner described above without penalty, tax or other adverse impact on the Company or any other member of the Company Group, then the Company and Employee shall negotiate in good faith to determine an alternative manner in which the Company may provide substantially equivalent benefits to Employee without such adverse impact on the Company or such other member of the Company Group.

The payments and benefits described in clauses (A), (B), (C) and (D) above are collectively referred to herein as the “**Termination Benefits**.”

(ii) If the Release is not executed and returned to the Company on or before the Release Expiration Date, and the required revocation period has not fully expired without revocation of the Release by Employee, then Employee shall not be entitled to any portion of the Termination Benefits. As used herein, the “**Release Expiration Date**” is that date that is twenty-one (21) days following the date upon which the Company delivers the Release to Employee (which shall occur no later than seven (7) days after the Termination Date) or, in the event that such termination of employment is “in connection with an exit incentive or other employment termination program” (as such phrase is defined in the Age Discrimination in Employment Act of 1967), the date that is forty-five (45) days following such delivery date.

(g) After-Acquired Evidence. Notwithstanding any provision of this Agreement to the contrary, in the event that the Company determines, in good faith, that Employee is eligible to receive the Termination Benefits pursuant to Section 7(f) but, after such determination, the Company subsequently acquires evidence or determines that: (i) Employee has failed to abide by the terms of Sections 9 or 10; or (ii) a Cause condition existed prior to the Termination Date that, had the Company been fully aware of such condition, would have given the Company the right to terminate Employee's employment pursuant to Section 7(a), then the Company shall have the right to cease the payment of any future installments of the Termination Benefits and Employee shall promptly return to the Company all installments of the Termination Benefits received by Employee prior to the date that the Company determines that the conditions of this Section 7(g) have been satisfied. In addition, the provisions of the last sentence of Section 7(a) shall apply, and, subject to any limitation under applicable law, previously paid compensation pursuant to Sections 3(b) and 3(c) shall be subject to clawback or forfeiture and cancellation at the discretion of the Compensation Committee in the event Employee fails to abide by the terms of Sections 9 or 10.

8. **Disclosures**. Promptly (and in any event, within three (3) Business Days) upon becoming aware of (a) any actual or potential Conflict of Interest or (b) any lawsuit, claim or arbitration filed against or involving Employee or any trust or vehicle owned or controlled by Employee, in each case, Employee shall disclose such actual or potential Conflict of Interest or such lawsuit, claim or arbitration to the Board. A "**Conflict of Interest**" shall exist when Employee engages in, or plans to engage in, any activities, associations, or interests that conflict with, or create an appearance of a conflict with, Employee's duties, responsibilities, authorities, or obligations for or to any member of the Company Group.

9. **Confidentiality**. In the course of Employee's employment with the Company and the performance of Employee's duties on behalf of the Company Group hereunder, Employee will be provided with, and will have access to, Confidential Information (as defined below). As a condition of Employee's receipt and access to such Confidential Information and in exchange for other valuable consideration provided hereunder, and as a condition of Employee's employment hereunder, Employee shall comply with this Section 9.

(a) Both during the Employment Period and thereafter, except as expressly permitted by this Agreement or by directive of the Board, Employee shall not disclose any Confidential Information to any person or entity and shall not use any Confidential Information except for the benefit of the Company Group. Employee shall follow all Company policies and protocols regarding the security of all documents and other materials containing Confidential Information (regardless of the medium on which Confidential Information is stored). The covenants of this Section 9(a) shall apply to all Confidential Information, whether now known or later to become known to Employee during the period that Employee is employed by or affiliated with or providing services to the Company or any other member of the Company Group.

(b) Notwithstanding any provision of Section 9(a) to the contrary, Employee may make the following disclosures and uses of Confidential Information:

(i) disclosures to other employees of a member of the Company Group who have a need to know the information in connection with the businesses of the Company Group;

(ii) disclosures to third parties when, in the reasonable and good faith belief of Employee, such disclosure is in connection with Employee's performance of Employee's duties under this Agreement and in the best interest of the Company Group;

(iii) disclosures and uses that are approved in writing by the Board; or

(iv) disclosures to a person or entity that has (x) been retained by a member of the Company Group to provide services to one or more members of the Company Group and (y) agreed in writing to abide by the terms of a confidentiality agreement.

(c) Upon the expiration of the Employment Period, and at any other time upon request of the Company, Employee shall promptly surrender and deliver to the Company all documents (including electronically stored information) and all copies thereof and all other materials of any nature containing or pertaining to all Confidential Information and any other Company Group property (including any Company Group-issued computer, mobile device or other equipment) in Employee's possession, custody or control and Employee shall not retain any such documents or other materials or property of the Company Group. Within five (5) days of any such request, Employee shall certify to the Company in writing that all such documents, materials and property have been returned to the Company.

(d) All trade secrets, non-public information, designs, ideas, concepts, improvements, product developments, discoveries and inventions, whether patentable or not, that are conceived, made, developed or acquired by or disclosed to Employee, individually or in conjunction with others, during the period that Employee is employed by the Company or any other member of the Company Group (whether during business hours or otherwise and whether on the Company's premises or otherwise), that relate to any member of the Company Group's businesses or properties, products or services (including all such information relating to corporate opportunities, operations, future plans, methods of doing business, business plans, strategies for developing business and market share, research, financial and sales data, pricing terms, evaluations, opinions, interpretations, acquisition prospects, the identity of customers or acquisition targets or their requirements, the identity of key contacts within customers' organizations or within the organization of acquisition prospects, or marketing and merchandising techniques, prospective names and marks) is defined as "**Confidential Information**." Moreover, all documents, videotapes, written presentations, brochures, drawings, memoranda, notes, records, files, correspondence, manuals, models, specifications, computer programs, e-mail, voice mail, electronic databases, maps, drawings, architectural renditions, models and all other writings or materials of any type including or embodying any of such information, ideas, concepts, improvements, discoveries, inventions and other similar forms of expression of the Company Group are and shall be the sole and exclusive property of the Company or other applicable member of the Company Group and be subject to the same restrictions on disclosure applicable to all Confidential Information pursuant to this Agreement. For purposes of this Agreement, Confidential Information shall not include any information that (i) is or becomes generally available to the public other than as a result of a disclosure or wrongful act of Employee or any of Employee's agents; (ii) was available to Employee on a non-confidential basis before its disclosure by a member of the Company Group; (iii) that a worker otherwise has the right to disclose as legally protected conduct; or (iv) becomes available to Employee on a non-confidential basis from a source other than a member of the Company Group; *provided, however*, that such source is not bound by a confidentiality agreement with, or other obligation with respect to confidentiality to, a member of the Company Group.

(e) Notwithstanding the foregoing, nothing in this Agreement shall prohibit or restrict Employee from lawfully: (i) initiating communications directly with, cooperating with, providing information to, causing information to be provided to, or otherwise assisting in an investigation by, any governmental authority (including, for the avoidance of doubt, the Securities and Exchange Commission) regarding a possible violation of any law; (ii) responding to any inquiry or legal process directed to Employee from any such governmental authority; (iii) testifying, participating or otherwise assisting in any action or proceeding by any such governmental authority relating to a possible violation of law; or (iv) making any other disclosures that are protected under the whistleblower provisions of any applicable law. Additionally, pursuant to the federal Defend Trade Secrets Act of 2016, an individual shall not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that: (A) is made (1) in confidence to a federal, state or local government official, either directly or indirectly, or to an attorney and (2) solely for the purpose of reporting or investigating a suspected violation of law; (B) is made to the individual's attorney in relation to a lawsuit for retaliation against the individual for reporting a suspected violation of law; or (C) is made in a complaint or other document filed in a lawsuit or proceeding, if such filing is made under seal. Nothing in this Agreement requires Employee to obtain prior authorization before engaging in any conduct described in this paragraph, or to notify the Company that Employee has engaged in any such conduct.

10. **Ownership of Intellectual Property.**

(a) Employee agrees that the Company shall own, and Employee shall (and hereby does) assign, all right, title and interest (including patent rights, copyrights, trade secret rights, mask work rights, trademark rights, and all other intellectual and industrial property rights of any sort throughout the world) relating to any and all inventions (whether or not patentable), discoveries, developments, improvements, innovations, works of authorship, mask works, designs, know-how, ideas, formulae, processes, techniques, data and information authored, created, contributed to, made or conceived or reduced to practice, in whole or in part, by Employee during the period in which Employee is or has been employed by or affiliated with the Company or any other member of the Company Group, whether or not registerable under U.S. law or the laws of other jurisdictions, that either (i) relate, at the time of conception, reduction to practice, creation, derivation or development, to any member of the Company Group's businesses or actual or anticipated research or development, or (ii) were developed on any amount of the Company's or any other member of the Company Group's time or with the use of any member of the Company Group's equipment, supplies, facilities or Confidential Information (all of the foregoing collectively referred to herein as "**Company Intellectual Property**"), and Employee shall promptly disclose all Company Intellectual Property to the Company in writing. To support Employee's disclosure obligation herein, Employee shall keep and maintain adequate and current written records of all Company Intellectual Property made by Employee (solely or jointly with others) during the period in which Employee is or has been employed by or affiliated with the Company or any other member of the Company Group in such form as may be specified from time to time by the Company. These records shall be available to, and remain the sole property of, the Company at all times.

(b) All of Employee's works of authorship and associated copyrights created during the period in which Employee is employed by or affiliated with the Company or any other member of the Company Group and in the scope of Employee's employment or engagement shall be deemed to be "works made for hire" within the meaning of the Copyright Act. To the extent any right, title and interest in and to Company Intellectual Property cannot be assigned by Employee to the Company, Employee shall grant, and does hereby grant, to the Company Group an exclusive, perpetual, royalty-free, transferable, irrevocable, worldwide license (with rights to sublicense through multiple tiers of sublicensees) to make, have made, use, sell, offer for sale, import, export, reproduce, practice and otherwise commercialize such rights, title and interest.

(c) Employee recognizes that this Agreement will not be deemed to require assignment of any invention or intellectual property that Employee developed entirely on Employee's own time without using the equipment, supplies, facilities, trade secrets, or Confidential Information of any member of the Company Group. In addition, this Agreement does not apply to any invention that qualifies fully for protection from assignment to the Company under any specifically applicable state law or regulation.

(d) To the extent allowed by law, this Section applies to all rights that may be known as or referred to as "moral rights," "artist's rights," "droit moral," or the like, including without limitation those rights set forth in 17 U.S.C. §106A (collectively, "**Moral Rights**"). To the extent Employee retains any Moral Rights under applicable law, Employee hereby ratifies and consents to any action that may be taken with respect to such Moral Rights by or authorized by the Company or any member of the Company Group, and Employee hereby waives and agrees not to assert any Moral Rights with respect to such Moral Rights. Employee shall confirm any such ratifications, consents, waivers, and agreements from time to time as requested by the Company.

(e) All inventions (whether or not patentable), original works of authorship, designs, know-how, mask works, ideas, information, developments, improvements, and trade secrets of which Employee is the sole or joint author, creator, contributor, or inventor that were made or developed by Employee prior to Employee's employment with or affiliation with the Company or any other member of the Company Group, or in which Employee asserts any intellectual property right, and which are applicable to or relate in any way to the business, products, services, or demonstrably anticipated research and development or business of any member of the Company Group ("**Prior Inventions**") are listed on Exhibit A, and Employee represents that Exhibit A is a complete list of all such Prior Inventions. If no such list is attached, Employee hereby represents and warrants that there are no Prior Inventions, and Employee shall make no claim of any rights to any Prior Inventions. If, in the course of Employee's employment with or affiliation with the Company or any other member of the Company Group, Employee incorporates into the product, process, or device of any member of the Company Group a Prior Invention, the Company Group is hereby granted and will have a nonexclusive, royalty-free, irrevocable, perpetual, worldwide license to make, have made, modify, use, import, export, offer for sale, sell and otherwise commercialize such Prior Invention as part of or in connection with such product, process, or device of any member of the Company Group.

(f) Employee shall perform, during and after the period in which Employee is or has been employed by or affiliated with the Company or any other member of the Company Group, all acts deemed necessary or desirable by the Company to permit and assist each member of the Company Group, at the Company's expense, in obtaining and enforcing the full benefits, enjoyment, rights and title throughout the world in the Company Intellectual Property and Confidential Information assigned, to be assigned, or licensed to the Company under this Agreement. Such acts may include execution of documents and assistance or cooperation (i) in the filing, prosecution, registration, and memorialization of assignment of any applicable patents, copyrights, mask work, or other applications, (ii) in the enforcement of any applicable patents, copyrights, mask work, moral rights, trade secrets, or other proprietary rights, and (iii) in other legal proceedings related to the Company Intellectual Property or Confidential Information.

(g) In the event that the Company (or, as applicable, a member of the Company Group) is unable for any reason to secure Employee's signature to any document required to file, prosecute, register, or memorialize the assignment of any patent, copyright, mask work or other applications or to enforce any patent, copyright, mask work, moral right, trade secret or other proprietary right under any Confidential Information or Company Intellectual Property (including derivative works, improvements, renewals, extensions, continuations, divisionals, continuations in part, continuing patent applications, reissues, and reexaminations of such Company Intellectual Property), Employee hereby irrevocably designates and appoints the Company and each of the Company's duly authorized officers and agents as Employee's agents and attorneys-in-fact to act for and on Employee's behalf and instead of Employee, (i) to execute, file, prosecute, register and memorialize the assignment of any such application, (ii) to execute and file any documentation required for such enforcement, and (iii) to do all other lawfully permitted acts to further the filing, prosecution, registration, memorialization of assignment, issuance, and enforcement of patents, copyrights, mask works, moral rights, trade secrets or other rights under the Confidential Information or Company Intellectual Property, all with the same legal force and effect as if executed by Employee.

(h) In the event that Employee enters into, on behalf of any member of the Company Group, any contracts or agreements relating to any Confidential Information or Company Intellectual Property, Employee shall assign such contracts or agreements to the Company (or the applicable member of the Company Group) promptly, and in any event, prior to Employee's termination of employment. If the Company (or the applicable member of the Company Group) is unable for any reason to secure Employee's signature to any document required to assign said contracts or agreements, or if Employee does not assign said contracts or agreements to the Company (or the applicable member of the Company Group) prior to Employee's termination of employment, Employee hereby irrevocably designates and appoints the Company (or the applicable member of the Company Group) and each of the Company's duly authorized officers and agents as Employee's agents and attorneys-in-fact to act for and on Employee's behalf and instead of Employee to execute said assignments and to do all other lawfully permitted acts to further the execution of said documents.

(i) Notwithstanding the foregoing, in no event will Employee be required to assign to the Company Employee's rights, title, or interest in any invention that qualifies fully under the provisions of California Labor Code Section 2870 (a copy of which is attached as Exhibit B), including any invention which is developed entirely on Employee's own time without using the Company's equipment, supplies, facilities, or trade secret information, and that either (i) is not related to the Company's business (either actual or demonstrably anticipated), or (ii) does not result from work performed for the Company (an "**Other Invention**"). Employee will advise the Company promptly in writing of any invention that Employee believes constitutes an Other Invention. Employee agrees that Employee will not incorporate, or permit to be incorporated, any Other Invention owned by Employee or in which Employee has an interest into a Company Group product, process or service without the Company's prior written consent. Notwithstanding the foregoing sentence, if, in the course of Employee's employment with any member of the Company Group, Employee incorporates into a Company Group product, process or service an Other Invention owned by Employee or in which Employee has an interest, Employee hereby grants to the Company and the other members of the Company Group a non-exclusive, royalty-free, fully paid up, irrevocable, perpetual, transferable, sublicensable, worldwide license to reproduce, make derivative works of, distribute, perform, display, import, make, have made, modify, use, sell, offer to sell, and exploit in any other way such Other Invention as part of or in connection with such product, process or service, and to practice any method related thereto.

11. **Defense of Claims.** During the Employment Period and thereafter, upon request from the Company, Employee shall cooperate with the Company Group in the defense of any claims or actions that may be made by or against any member of the Company Group that relate to Employee's actual or prior areas of responsibility.

12. **Withholdings; Deductions.** The Company may withhold and deduct from any benefits and payments made or to be made pursuant to this Agreement (a) all federal, state, local and other taxes as may be required pursuant to any law or governmental regulation or ruling and (b) any deductions consented to in writing by Employee.

13. **Title and Headings; Construction.** Titles and headings to Sections hereof are for the purpose of reference only and shall in no way limit, define or otherwise affect the provisions hereof. Any and all Exhibits or Attachments referred to in this Agreement are, by such reference, incorporated herein and made a part hereof for all purposes. Unless the context requires otherwise, all references to laws, regulations, contracts, documents, agreements and instruments refer to such laws, regulations, contracts, documents, agreements and instruments as they may be amended from time to time, and references to particular provisions of laws or regulations include a reference to the corresponding provisions of any succeeding law or regulation. All references to “dollars” or “\$” in this Agreement refer to United States dollars. The words “herein”, “hereof”, “hereunder” and other compounds of the word “here” shall refer to the entire Agreement, including all Exhibits attached hereto, and not to any particular provision hereof. The word “or” is not exclusive. Wherever the context so requires, the masculine gender includes the feminine or neuter, and the singular number includes the plural and conversely. All references to “including” shall be construed as meaning “including without limitation.” Neither this Agreement nor any uncertainty or ambiguity herein shall be construed or resolved against any party hereto, whether under any rule of construction or otherwise. On the contrary, this Agreement has been reviewed by each of the parties hereto and shall be construed and interpreted according to the ordinary meaning of the words used so as to fairly accomplish the purposes and intentions of the parties hereto.

14. **Applicable Law.** This Agreement shall in all respects be construed according to the laws of the State of California without regard to its conflict of laws principles that would result in the application of the laws of another jurisdiction. With respect to any claim or dispute related to or arising under this Agreement, the parties hereto consent to the exclusive jurisdiction, forum and venue of the state and federal courts (as applicable) located in Los Angeles, California.

15. **Entire Agreement and Amendment.** This Agreement contains the entire agreement of the parties with respect to the matters covered herein and supersedes all prior and contemporaneous agreements and understandings, oral or written, between the parties hereto concerning the subject matter hereof, other than any indemnification rights or equity award agreements, whether pursuant to the LTIP or otherwise, which are in effect or outstanding as of the Effective Date. This Agreement may be amended only by a written instrument executed by both parties hereto.

16. **Waiver of Breach.** Any waiver of this Agreement must be executed by the party to be bound by such waiver. No waiver by either party hereto of a breach of any provision of this Agreement by the other party, or of compliance with any condition or provision of this Agreement to be performed by such other party, will operate or be construed as a waiver of any subsequent breach by such other party or any similar or dissimilar provision or condition at the same or any subsequent time. The failure of either party hereto to take any action by reason of any breach will not deprive such party of the right to take action at any time.

17. **Assignment.** This Agreement is personal to Employee, and neither this Agreement nor any rights or obligations hereunder shall be assignable or otherwise transferred by Employee. The Company may assign this Agreement without Employee's consent, including to any member of the Company Group and to any successor (whether by merger, purchase or otherwise) to all or substantially all of the equity, assets or businesses of the Company.

18. **Notices.** Notices provided for in this Agreement shall be in writing and shall be deemed to have been duly received (a) when delivered in person, (b) on the first Business Day after such notice is sent by express overnight courier service, or (c) on the second Business Day following deposit with a nationally-recognized second-day courier service with proof of receipt maintained, in each case, to the following address, as applicable:

If to the Company, addressed to:

California Resources Corporation
1 World Trade Center
Suite 1500
Long Beach, California 90831
Attention: General Counsel

If to Employee, addressed to:

[*****]
[*****]

(Or, if different, the latest address on file with the Company)

19. **Counterparts.** This Agreement may be executed in any number of counterparts, including by electronic mail or facsimile, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute one and the same instrument. Each counterpart may consist of a copy hereof containing multiple signature pages, each signed by one party, but together signed by both parties hereto.

20. **Deemed Resignations.** Except as otherwise determined by the Board or as otherwise agreed to in writing by Employee and any member of the Company Group prior to the termination of Employee's employment with the Company or any member of the Company Group, any termination of Employee's employment shall constitute, as applicable, an automatic resignation of Employee: (a) as an officer of the Company and each member of the Company Group; (b) from the Board; and (c) from the board of directors or board of managers (or similar governing body) of any member of the Company Group and from the board of directors or board of managers (or similar governing body) of any corporation, limited liability entity, unlimited liability entity or other entity in which any member of the Company Group holds an equity interest and with respect to which board of directors or board of managers (or similar governing body) Employee serves as such Company Group member's designee or other representative.

21. **Section 409A.**

(a) Notwithstanding any provision of this Agreement to the contrary, all provisions of this Agreement are intended to comply with Section 409A of the Internal Revenue Code of 1986, as amended (the “**Code**”) and the applicable Treasury regulations and administrative guidance issued thereunder (collectively, “**Section 409A**”) or an exemption therefrom and shall be construed and administered in accordance with such intent. Any payments under this Agreement that may be excluded from Section 409A either as separation pay due to an involuntary separation from service or as a short-term deferral shall be excluded from Section 409A to the maximum extent possible. For purposes of Section 409A, each installment payment provided under this Agreement shall be treated as a separate payment. Any payments to be made under this Agreement upon a termination of Employee’s employment shall only be made if such termination of employment constitutes a “separation from service” under Section 409A.

(b) To the extent that any right to reimbursement of expenses or payment of any benefit in-kind under this Agreement constitutes nonqualified deferred compensation (within the meaning of Section 409A), (i) any such expense reimbursement shall be made by the Company no later than the last day of Employee’s taxable year following the taxable year in which such expense was incurred by Employee, (ii) the right to reimbursement or in-kind benefits shall not be subject to liquidation or exchange for another benefit, and (iii) the amount of expenses eligible for reimbursement or in-kind benefits provided during any taxable year shall not affect the expenses eligible for reimbursement or in-kind benefits to be provided in any other taxable year; *provided*, that the foregoing clause shall not be violated with regard to expenses reimbursed under any arrangement covered by Section 105(b) of the Code solely because such expenses are subject to a limit related to the period in which the arrangement is in effect.

(c) Notwithstanding any provision in this Agreement to the contrary, if any payment or benefit provided for herein would be subject to additional taxes and interest under Section 409A if Employee’s receipt of such payment or benefit is not delayed until the earlier of (i) the date of Employee’s death or (ii) the date that is six (6) months after the Termination Date (such date, the “**Section 409A Payment Date**”), then such payment or benefit shall not be provided to Employee (or Employee’s estate, if applicable) until the Section 409A Payment Date. Notwithstanding the foregoing, the Company makes no representations that the payments and benefits provided under this Agreement are exempt from, or compliant with, Section 409A and in no event shall any member of the Company Group be liable for all or any portion of any taxes, penalties, interest or other expenses that may be incurred by Employee on account of non-compliance with Section 409A.

22. **Effect of Termination.** The provisions of Sections 7(a), 9-13 and 20 and those provisions necessary to interpret and enforce them, shall survive any termination of this Agreement and any termination of the employment relationship between Employee and the Company.

23. **Third-Party Beneficiaries.** Each member of the Company Group that is not a signatory to this Agreement shall be a third-party beneficiary of Employee’s obligations under Sections 8-12 and 20 and shall be entitled to enforce such obligations as if a party hereto.

24. **Certain Excise Taxes.** Notwithstanding anything to the contrary in this Agreement, if Employee is a “disqualified individual” (as defined in Section 280G(c) of the Code), and the benefits provided for in this Agreement, together with any other payments and benefits which Employee has the right to receive from the Company and its affiliates, would constitute a “parachute payment” (as defined in Section 280G(b)(2) of the Code), then the benefits provided for in this Agreement (beginning with any benefit to be paid in cash hereunder) shall be either (a) reduced (but not below zero) so that the present value of such total amounts and benefits received by Employee from the Company will be one dollar (\$1.00) less than three times Employee’s “base amount” (as defined in Section 280G(b)(3) of the Code) and so that no portion of such amounts and benefits received by Employee shall be subject to the excise tax imposed by Section 4999 of the Code or (b) paid in full, whichever produces the better net after-tax position to Employee (taking into account any applicable excise tax under Section 4999 of the Code and any other applicable taxes). The determination as to whether any such reduction in the amount of the benefits provided hereunder is necessary shall be made by the Compensation Committee in good faith and in consultation with tax and legal advisors of the Company. If a reduced payment or benefit is made and through error or otherwise that payment or benefit, when aggregated with other payments and benefits from the Company (or its affiliates) used in determining if a “parachute payment” exists, exceeds one dollar (\$1.00) less than three times Employee’s base amount, then Employee shall immediately repay such excess to the Company upon notification that an overpayment has been made. Nothing in this Section 24 shall require the Company to be responsible for, or have any liability or obligation with respect to, Employee’s excise tax liabilities under Section 4999 of the Code.

25. **Clawback.** Notwithstanding any other provisions in this Agreement to the contrary, any incentive-based or other compensation paid to the Employee under this Agreement or any other agreement or arrangement with the Company which is subject to recovery under any Company policy, law, government regulation, or stock exchange listing requirement will be subject to such deductions and clawback as may be required to be made pursuant to such Company policy (whether in existence as of the Effective Date or later adopted), law, government regulation, or stock exchange listing requirement.

26. **Severability.** If an arbitrator or court of competent jurisdiction determines that any provision of this Agreement (or portion thereof) is invalid or unenforceable, then the invalidity or unenforceability of that provision (or portion thereof) shall not affect the validity or enforceability of any other provision of this Agreement, and all other provisions shall remain in full force and effect.

*[Remainder of Page Intentionally Blank;
Signature Page Follows]*

IN WITNESS WHEREOF, Employee and the Company each have caused this Agreement to be executed and effective as of the Effective Date.

EMPLOYEE

/s/ Michael L. Preston

Name: Michael L. Preston

COMPANY

CALIFORNIA RESOURCES CORPORATION

/s/ Daniel S. Watts

Name: Daniel S. Watts

Title: Vice President - Compensation and Benefits

SIGNATURE PAGE
TO
EMPLOYMENT AGREEMENT

EXHIBIT A
PRIOR INVENTIONS

1. The following is a complete list of all Prior Inventions relevant to the subject matter of Employee's employment by the Company that have been made or conceived or first reduced to practice by Employee alone or jointly with others prior to Employee's employment with or affiliation with the Company or any other member of the Company Group:

Check appropriate space(s):

None.

See below:

-
-
-

Due to confidentiality agreements with a prior employer, Employee cannot disclose certain Prior Inventions that would otherwise be included on the above-described list.

Additional sheets attached.

2. Employee proposes to bring to Employee's employment the following devices, materials, and documents of a former employer or other person to whom Employee has an obligation of confidentiality that is not generally available to the public, which materials and documents may be used in Employee's employment pursuant to the express written authorization of Employee's former employer or such other person (a copy of which is attached to this Agreement):

Check appropriate space(s):

None.

See below.

-
-

Additional sheets attached.

EXHIBIT B
CALIFORNIA LABOR CODE SECTION 2870

(a) Any provision in an employment agreement which provides that an employee shall assign, or offer to assign, any of his or her rights in an invention to his or her employer shall not apply to an invention that the employee developed entirely on his or her own time without using the employer's equipment, supplies, facilities, or trade secret information except for those inventions that either:

(1) Relate at the time of conception or reduction to practice of the invention to the employer's business, or actual or demonstrably anticipated research or development of the employer; or

(2) Result from any work performed by the employee for the employer.

(b) To the extent a provision in an employment agreement purports to require an employee to assign an invention otherwise excluded from being required to be assigned under subdivision (a), the provision is against the public policy of this state and is unenforceable.

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

I, Francisco J. Leon, certify that:

1. I have reviewed this quarterly report on Form 10-Q of California Resources Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 6, 2025

/s/ Francisco J. Leon

Francisco J. Leon
President and Chief Executive Officer
(Principal Executive Officer)

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

I, Clio Crespy, certify that:

1. I have reviewed this quarterly report on Form 10-Q of California Resources Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 6, 2025

/s/ Clio Crespy

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

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

In connection with the Quarterly Report on Form 10-Q of California Resources Corporation (the "Company") for the fiscal period ended June 30, 2025, as filed with the Securities and Exchange Commission on August 6, 2025 (the "Report"), Francisco J. Leon, as Chief Executive Officer of the Company, and Clio Crespy, as Chief Financial Officer of the Company, each hereby certifies, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that, to the best of his or her knowledge, respectively:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Francisco J. Leon

Name: Francisco J. Leon
Title: President and Chief Executive Officer
(Principal Executive Officer)
Date: August 6, 2025

/s/ Clio Crespy

Name: Clio Crespy
Title: Executive Vice President and Chief Financial Officer
(Principal Financial Officer)
Date: August 6, 2025

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

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