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

FORM 8-K

CURRENT REPORT

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

Date of report (Date of earliest event reported): October 5, 2021

California Resources Corporation

(Exact Name of Registrant as Specified in its Charter)

Delaware
(State or Other Jurisdiction of
Incorporation)

001-36478
(Commission
File Number)

46-5670947
(IRS Employer
Identification No.)

27200 Tourney Road
Suite 200
Santa Clarita
California
(Address of Principal Executive Offices)

91355
(Zip Code)

Registrant's Telephone Number, Including Area Code: (888) 848-4754

N/A

(Former Name or Former Address, if Changed Since Last Report)

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

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

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

Title of each class
Common Stock

Trading Symbol(s)
CRC

Name of each exchange on which registered
New York Stock Exchange

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR §230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR §240.12b-2).

Emerging growth company ☐

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

Item 7.01 Regulation FD Disclosure.

On October 5, 2021, the Company posted an investor presentation on its website at www.crc.com. A copy of the investor presentation is furnished as Exhibit 99.1 to this report and is incorporated herein by reference.

The information furnished in this Item 7.01 shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that section, nor shall such information be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, regardless of any general incorporation language in such filing, except as shall be expressly set forth by specific reference in such filing.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits

Exhibit No.	Description
99.1	Investor presentation.
104	Cover Page Interactive Data File (embedded within the Inline XBRL document).

SIGNATURE

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

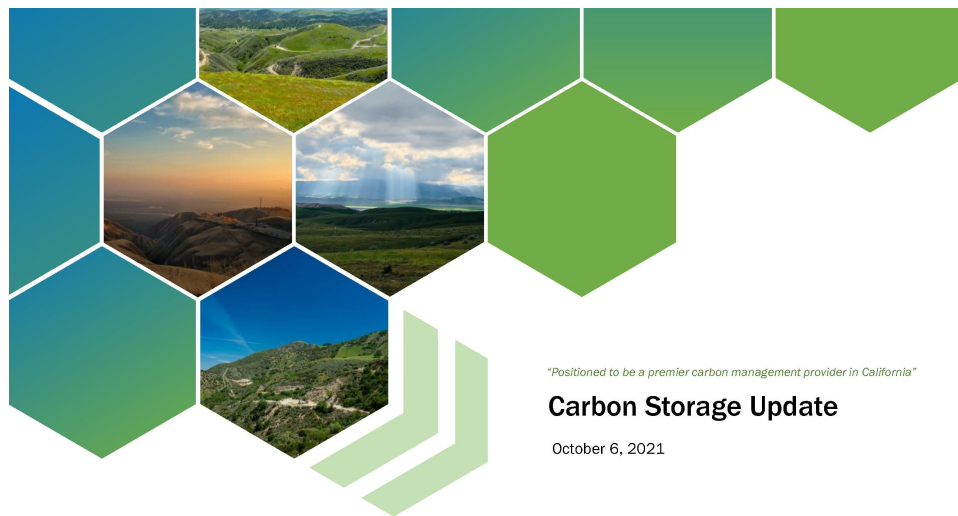
California Resources Corporation

/s/ Michael L. Preston

Name: Michael L. Preston

Title: Executive Vice President, Chief Administrative
Officer and General Counsel

DATED: October 5, 2021



"Positioned to be a premier carbon management provider in California"

Carbon Storage Update

October 6, 2021





Presenters

➤ **Mac McFarland**

*President & Chief Executive
Officer*

➤ **Francisco Leon**

*EVP & Chief Financial
Officer*

➤ **Chris Gould**

*EVP & Chief Sustainability
Officer*



Forward Looking / Cautionary Statements – Certain Terms

This report contains forward-looking statements, including statements relating to the manner in which CRC intends to conduct certain of its activities with respect to developing and implementing a carbon storage program based on management's current plans and expectations. These statements are not promises or guarantees of future conduct or policy and involve risks and uncertainties that could materially affect our expected results of operations, liquidity, cash flows and business prospects. Such forward-looking statements include those regarding our expectations as to our future:

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

Actual results may differ from anticipated results, sometimes materially, and reported results should not be considered an indication of future performance. While we believe assumptions or bases underlying our expectations are reasonable and make them in good faith, they almost always vary from actual results, sometimes materially. Therefore, the actual conduct of our activities, including development, implementation, or continuation of any carbon storage program or other initiative discussed or forecasted in this report, may differ materially in the future.

Factors (but not necessarily all the factors) that could cause results to differ include:

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



➤ Forward Looking / Cautionary Statements – Certain Terms (Cont.)

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

This report also contains information from multiple third-party sources. This data may involve a number of assumptions and limitations, and CRC has not independently verified them and does not warrant the accuracy or completeness of such third-party data.

See the Investor Relations page at www.crc.com for historical reconciliations of non-GAAP measures to the closest GAAP equivalent.



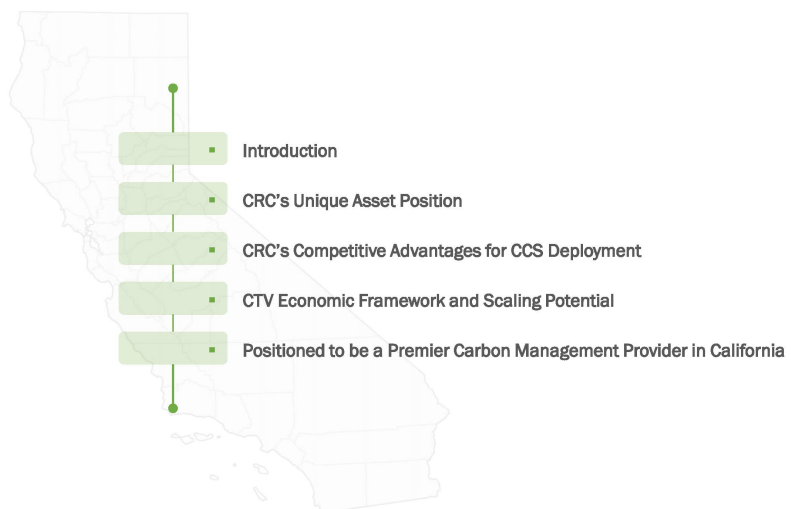
Glossary

Term	Definition
BMT	Billion Metric Tons
BOD	Board of Directors
BTM	Behind the Meter
C	Celsius
C&T	Cap and Trade
CARB	California Air Resources Board
CATF	Clean Air Task Force
CCS	Carbon Capture and Storage
CCUS	Carbon Capture, Utilization and Storage
CI	Carbon Intensity
CO ₂	Carbon Dioxide
CTV	Carbon TerraVault
CUP	Conditional Use Permit
DAC	Direct Air Capture
DOE	Department of Energy
DCF	Discretionary Cash Flow
EOR	Enhanced Oil Recovery

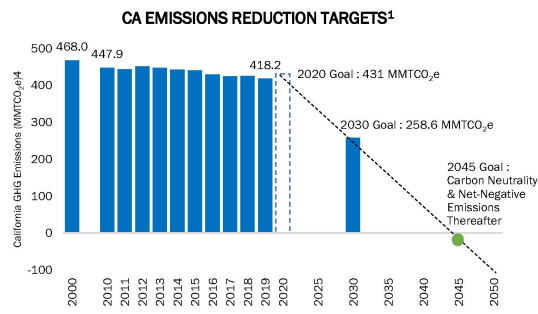
Term	Definition
EPA	Environmental Protection Agency
EPCC	Engineering, Procurement, Construction and Commissioning
FCF	Free Cash Flow
FEED	Front End Engineering and Design
FID	Final Investment Decision
FTM	Front of the Meter
GHG	Greenhouse Gas
LCFS	Low Carbon Fuel Standard
MMT	Million Metric Tons
MMTPA	Million Metric Tons Per Annum
MPa	Megapascal Pressure Unit
MT	Metric Tons
MTPA	Metric Tons Per Annum
NATCARB	National Carbon Sequestration Database and Geographical Information System
O&G	Oil and Gas
RNG	Renewable Natural Gas



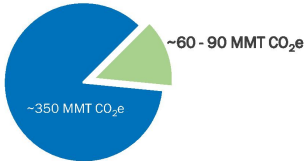
➤ Agenda



» Enabling California's Climate Goals



ANNUAL ADDRESSABLE EMISSIONS WITH CCS⁽⁴⁾



CALIFORNIA IS AN ECONOMIC POWERHOUSE

- California's GDP would place it as the **5th largest global economy** ahead of the United Kingdom⁽²⁾
- California contributes **~1.5% of the United States total GDP**, ahead of any other state⁽²⁾
- Los Angeles & Long Beach ports account for **~1/3 of all US port traffic⁽³⁾**

CALIFORNIA'S AMBITIOUS GOALS FOR EMISSIONS REDUCTION

2030: 40% reduction (statutory goal)

2045: Carbon neutral (Executive Order not yet finalized)

2045+: Net negative emissions

CALIFORNIA'S KEY ENABLERS FOR EMISSIONS REDUCTION

- Carbon Capture and Storage: Estimated to be capable of reducing ~15-20% of California's emissions⁽⁴⁾
- Renewables Expansion: By 2045, 100% of California's electricity generation is estimated to come from renewable sources⁽⁴⁾
- Economic Incentives and Policy Support: CRC believes that California has world-leading carbon reduction incentive mechanisms and policies



(1) Source: CARB. (2) Source: Bureau of Economic Analysis, Global PED Services. (3) Source: Port of Long Beach, Port of Los Angeles and The World Bank. (4) Source: Energy Futures Initiative and Stanford University. *An Action Plan for Carbon Capture and Storage in California: Opportunities, Challenges, and Solutions." October 2020; EPA, NATCARB, CARB; Internal estimates.

Domestic Economic Incentive & Legislative Support

POTENTIAL ECONOMIC INCENTIVES¹



FEDERAL 45Q TAX CREDIT

\$50 (2026) Est. Value (per MT of CO₂) for Carbon Capture
\$35 (2026) Est. Value (per MT of CO₂) for EOR Injection



CALIFORNIA LOW CARBON FUEL STANDARD (LCFS)

~\$185 (2021) Est. Value (per MT of CO₂)



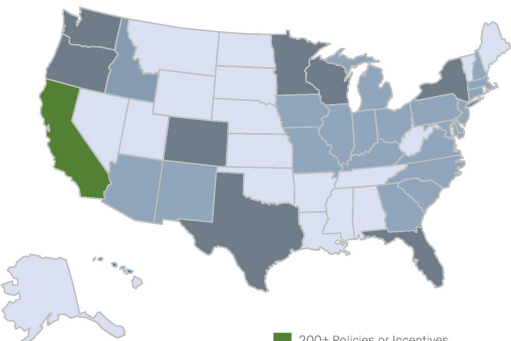
CALIFORNIA CAP & TRADE PROGRAM POTENTIAL³

Average trading price YTD is at ~\$20 per MT of CO₂

"California has a significant revenue advantage vs. the rest of the country for CCUS as Low Carbon Fuel Standard (LCFS) ... offer[s] an additional nearly \$200/ton of CCUS revenue opportunity"

- KeyBank

CALIFORNIA HAS THE MOST SUPPORTIVE DOMESTIC REGULATORY POLICIES²



(1) Sources: LCFS - The California Air Resources Board - average pricing as of August 2021; 45Q based on 2026 pricing per fas.org (2) Source: Database of State Incentives for Renewables & Efficiency (DSIRE) from the N.C. Clean Energy Technology Center (3) Source: CARB: California's Cap and Trade program currently doesn't cover CCS and requires regulatory changes to be implemented that may not materialize. Represents average auction prices for 2021 as of September 27, 2021.

CRC's Uniquely Positioned Asset Base



STABLE CONVENTIONAL ASSETS PROVIDE STRONG FINANCIAL FOUNDATION

- Low decline, conventional assets with integrated infrastructure
- Disciplined capital allocation with strong financial foundation
- Robust Free Cash Flow generation
- Potential enhanced oil recovery through CalCapture in the future

PROVIDING LOW CARBON INTENSITY ENERGY TO CALIFORNIA

- Delivering lowest carbon intensity hydrocarbon production of the top 100 US producers¹
- Incorporating and developing renewable solar opportunities | 45 MW BTM^{2,3} solar in active development | Up to 1,000 MW FTM³ solar in early-stage development

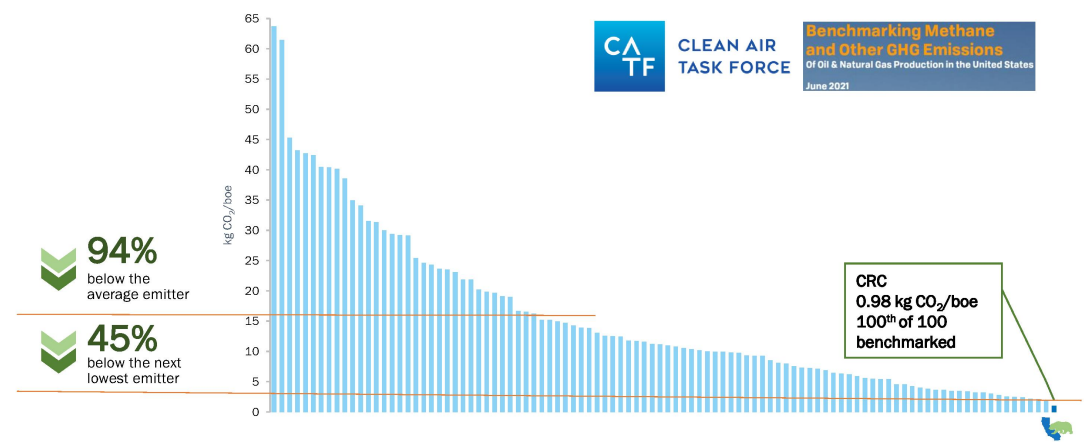
ADVANCING LOW CARBON FUTURE THROUGH CARBON TERRAVALT

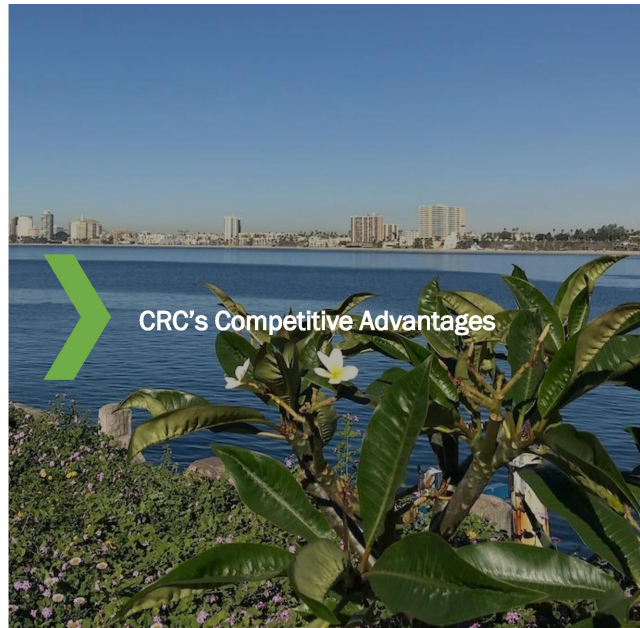
- Anticipate establishing one or more CCS projects that inject CO₂ into depleted underground reservoirs
- Dedicated business group and leadership structure
- Identified up to 1 BMT of potential permanent CO₂ storage capacity³
- **Targeted Early-Stage Development Goals:** 1st Injection by 2025⁴ | 200 MMT permitted by 2025 | 5 MMTA injection by 2027³



(1) According to Clean Air Task Force, June 2021. (2) 45 MW of BTM solar represents opportunities with SunPower in CRC owned land. (3) Source: Internal estimates. (4) First injection date dependent on permitting, capture facility type and the structure, financing and ownership of the project which have not yet been negotiated.

CRC has The Lowest Carbon Intensity Among Top 100 US Oil & Gas Producers



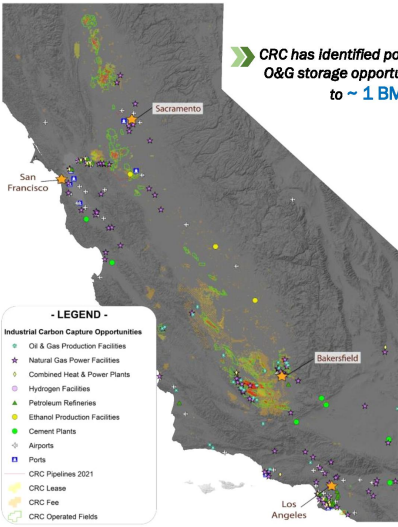


CCS Technology Can Enable a Lower Carbon Future and CRC Is Well Positioned to Provide It

Application	Requirements
Capture	• High concentration of emitters near CRC reservoirs eligible for LCFS credits • Strong historical relationships with major petrochemical complexes in the state • Access to capital markets and innovation hubs • Understanding of the commercial and engineering CO₂ capture market from CalCapture and DOE FEED study evaluation
Transportation	• Proximity to CO₂ source • Ability to leverage key infrastructure in place • Access to supply chain distribution network • Midstream experience
Storage	• Experienced subsurface, reservoir and injection management capabilities • Fully developed static and dynamic reservoir models • Largest fee position in the state • Experience with municipal, county, state & federal permitting agencies • Identified up to 1BMT of potential storage capacity¹
Use	• Proximity to CO₂ sources and petrochemical complexes • Presence in the large consumption market • Access to vast transportation & aerospace network

California's economy could see rapid near-term emission reduction benefits from CCS

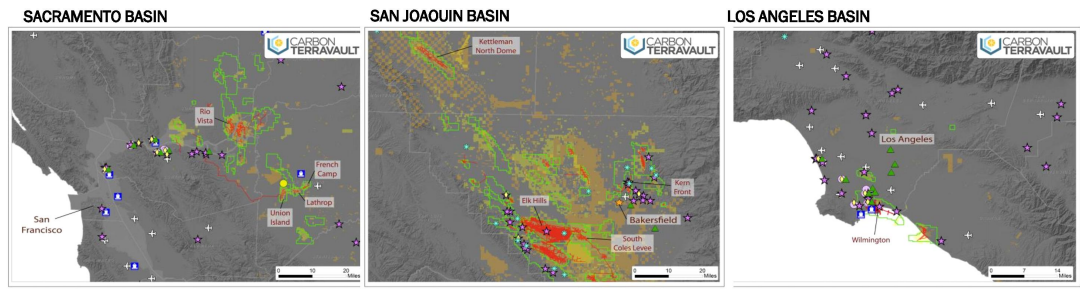
- Immediate emissions reductions
 - Clean, safe and affordable energy
- Low carbon baseload power
 - Global technology leadership



CRC has identified potential total O&G storage opportunities of up to ~ 1 BMT¹ of CO₂

(1) Source: Internal estimates.

Assets Located in Proximity to Emission Sources across our Operating Basins

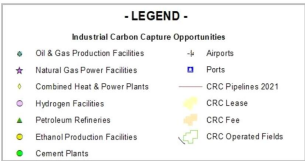


The CRC storage potential:

- CA wide subsurface knowledge with >80% of CRC's production from drilling at depths >2,600 feet¹
- Benefits from CRC having the **largest 3D seismic coverage in CA**²
- Has established geologic containment with decades of data showing reservoirs' containment of hydrocarbons

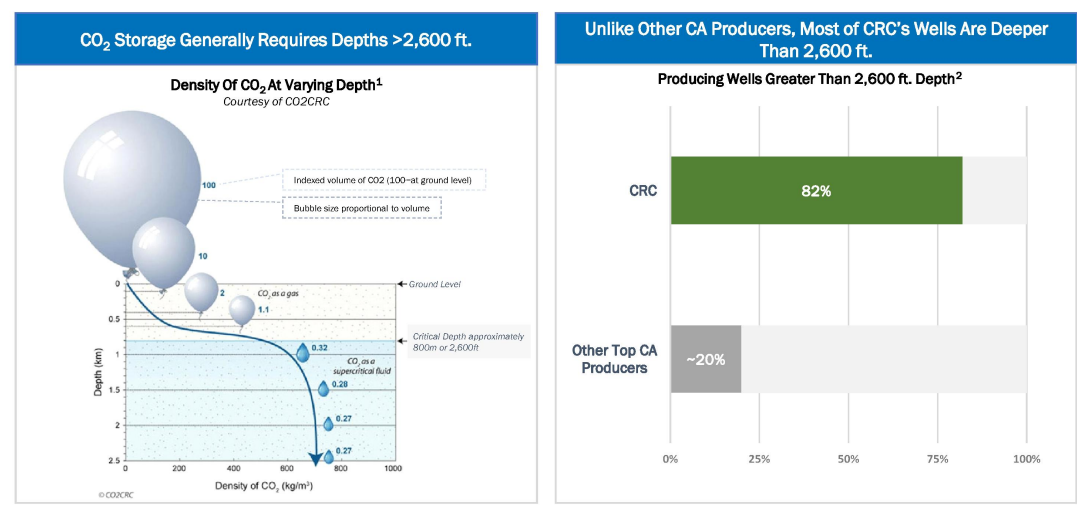
"The common misconception to tackling and implementing large scale CCS is that finding CO₂ sources is the largest project risk, while in fact finding the right cost-effective storage container is the scarce resource in the scenario... CRC's premium geology and pore space ownership are clear advantages to leading CCS efforts."

- Royal Bank Of Canada



(1) Source: Enverus DI; percentage of wells includes all producing wells as of September 2021. (2) Source: Internal estimates.

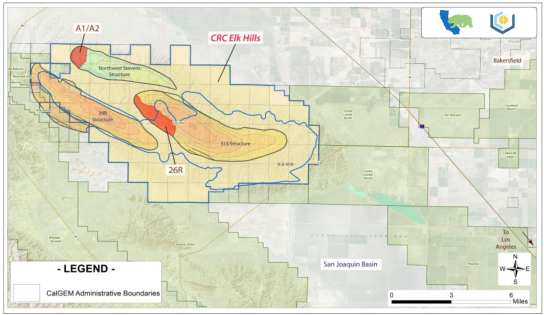
CRC's Inventory of Deep Wells Uniquely Positions it for CCS in California



(1) Source: Global CCS Institute's observation paper on Carbon Dioxide (CO₂) Distribution Infrastructure - August 2012; CO2CRC (2) Source: Enverus DI; percentage of wells includes all producing wells as of September 2021 for all companies. Data for the other top CA producers includes Aera, Berry, Chevron and Sentinel Peak and represents their average drilling depth.

Developing CCS and CCUS in Parallel

Planning to submit Class VI permit for 26R in 4Q21
Targeted Early-Stage Development Goals: 1st Injection by 2025¹
200 MMT permitted by 2025 ; 5 MMTPA injection by 2027¹



FEED Study: Class III Estimate –DOE Report 3Q21
Class II well permit and CUP could be submitted as early as 1H22
Re-evaluating/Optimizing Cost Estimates

Source: Internal estimates (1) First injection date dependent on permitting, capture facility type and the structure, financing and ownership of the project which has not been identified. Internal estimates. (2) Pending CARB development of rulemaking and standards.

Carbon TerraVault (CCS)

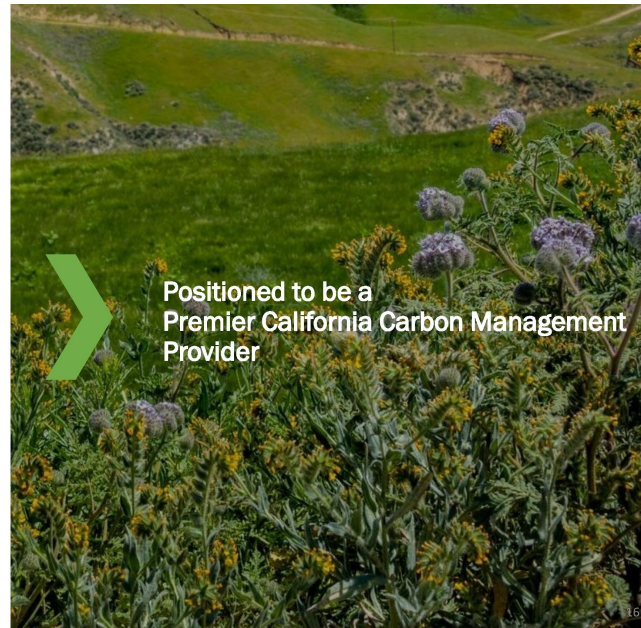


- CTV I Status: Early-stage development, submitted Class VI permit for A1/A2 in August 2021
- CTV I: Up to 40 MMT of total storage potential, targeting 1 MMTPA by 2025
- Dedicated team of engineers, geologists, developers with regulatory and legal expertise
- Suitable depleted oil and gas reservoirs in three operating basins
- Incentives: 45Q eligible for storage (\$50/ton); full LCFS and potential future allowance under C&T²

CalCapture (CCUS)

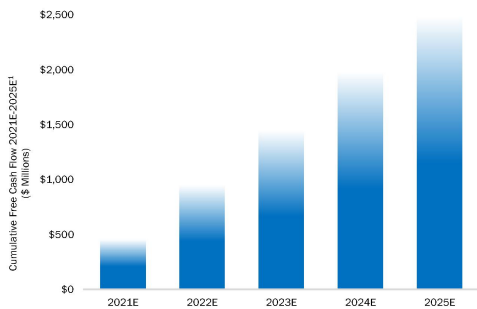


- CalCapture Status: Re-evaluating FEED study results and evaluating ways to improve project economics
- Team fully integrated with E&P operations
- Oil reservoirs at Elk Hills and surrounding fields in San Joaquin
- CO₂ source: Co-located Elk Hills Power Plant
- Up to 60 MMBO of CO₂ enhanced recovery potential from existing producing reservoirs with incremental ~ 8 mbo/d of low carbon intensity oil production
- Incentives: 45Q eligible for EOR (\$35/ton) producing low carbon intensity oil; ~1/3 of CO₂ captured eligible for LCFS; potential future allowance under C&T²



CRC's Free Cash Flow Generation Provides Financial Flexibility

Targeting ~\$2.5B+ Of Cumulative FCF^{1,2}
After Reinvesting ~\$1.7B³ in the Upstream Business
to Maintain Production in the Next 5 Years



FREE CASH FLOW PRIORITIES	% of FCF
Carbon Management Activities - Advancing carbon storage and EOR projects including CTV and CalCapture - Solar (if required, significant capital outlays not expected)	~50%
Shareholder Value Optionality - Under BOD discretion: - Fixed dividend - Share repurchase program extension beyond 1Q 2022 - Other strategic/growth objectives - Building additional financial flexibility/liquidity	~50%



Flexibility to Self-Fund Carbon
Management Activities

Optionality to use combination of projected cash, equity and debt financing options to optimize economics

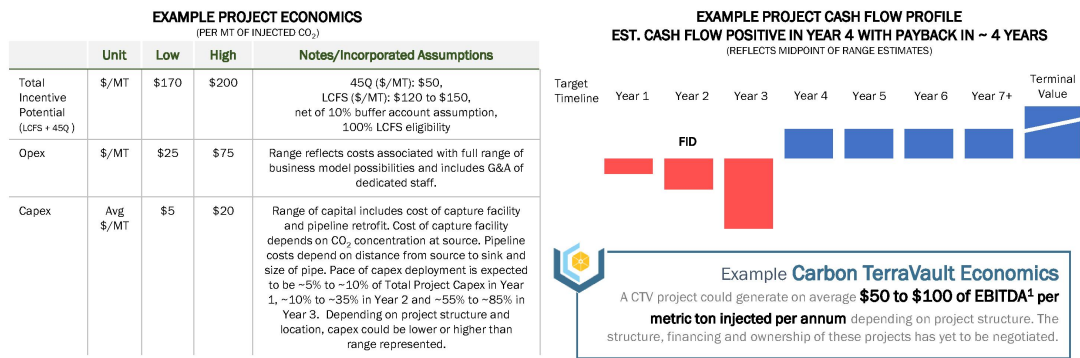
(1) The Free Cash Flow amount shown is cumulative over the 2021-25 period and includes the effects of hedging. Free cash flow targets for the periods shown assume a price of \$68.16 per barrel of oil in 2021 and \$70 per barrel of oil through 2025; NGL realization of 76% of crude price; NIMEX gas of \$3.41 per mcf in 2021 and \$4.00 per mcf through 2025; annual net production between 99-101 mbopd and annual net oil production between 61 and 67 mbopd, decline rates between 11-15%, assuming 2% inflation to operating expenses and to drilling & workover capital needs beginning from 2022; scenario assumes G&A expenses of ~ \$200MM through 2025, between \$50-95MM in working capital uses.

(2) Free cash flow is a non-GAAP measure. Please see slide 32 for reconciliations to the closest GAAP measures for 2021 estimated amounts.

(3) Reinvestment capital includes Drilling & Completions, Capital Workovers, Facilities, Exploration, Mechanical Integrity & Corporate & Other.



Carbon TerraVault Example Economic “Type Curve”



EXAMPLE PROJECT ASSUMPTIONS

Please see slide 31 for a description of assumptions used above. This information is an example of project economics for a CTV project. The structure financing and ownership of a CTV project could take many forms and has not yet been negotiated. The terms and availability of third-party sources of financing could also affect returns and outcomes.



(1) Earnings before interest, taxes, depreciation and amortization (EBITDA) is a non-GAAP measure.

Variety of Go-to-Market Business Models at Hand

Business Models:	Emission	Capture	Conditioning ²	Transport	Storage
End-to-end value chain	CRC owns and operates emission assets	CRC manages & operates capture & conditioning Manufacturing / tech development ³ , EPC, & installation & facility start-up are outsourced	Transportation may or may not be necessary as some assets co-located		
CCS Service	3 rd party (e.g., Ethanol producer) owns and operates emission assets	CRC manages & operates capture, conditioning, & transportation Manufacturing / tech development ³ , EPC, & installation & facility startup are outsourced			
Joint Venture	3 rd party owns and operates emission assets	CRC establishes JV with emissions producer and / or engineering firm to develop, manage, & operate capture, conditioning, & transportation processes			
Carbon storage	3 rd party owns and operates emission assets, capture, conditioning, and transportation				

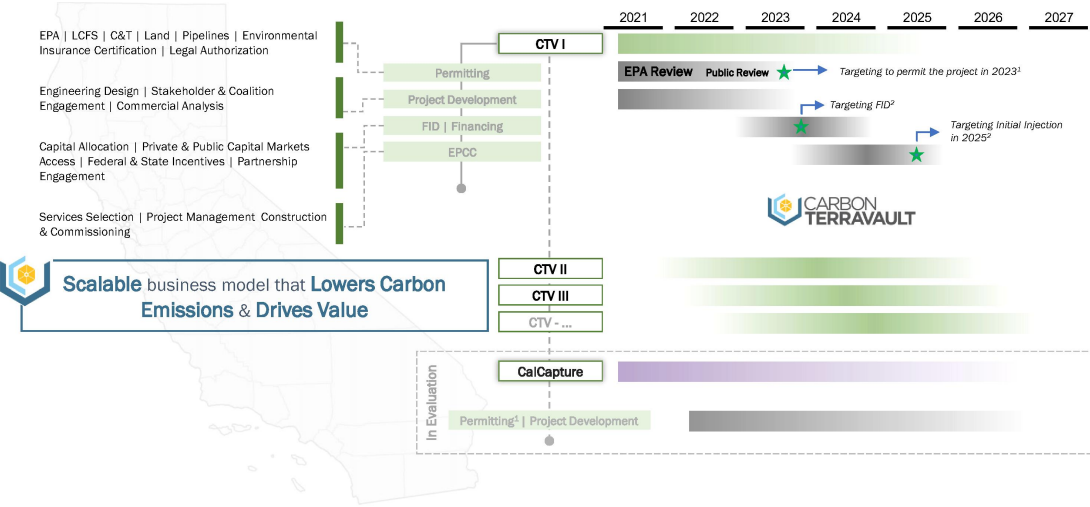
More CRC Capital Integrated Solution

Less CRC Capital Storage Solution



Source: Internal estimates. (1) First injection date dependent on permitting, capture facility type and the structure, financing and ownership of the project which have not yet been negotiated. (2) Liquefaction, compression and purification. (3) Includes partnerships, white label partnerships and licensing of equipment/parts.

Developing a Project Playbook



Source: Internal estimates Note: BMT represents billion metric tons and MMT represents million metric tons. EPC represents Engineering, Procurement, Construction & Commissioning (1) EPA review estimated to take approximately 18 months followed by a public review estimated to take 3 to 6 months. (2) Source dependent for capture system. First injection date dependent on permitting, capture facility type and the structure, financing and ownership of the project which have not yet been negotiated.

➤ Real Solutions for a Low Carbon Future



**Positioned To Be California's
Premier Carbon Management Provider**

Leveraging
Premier Land & Minerals Position

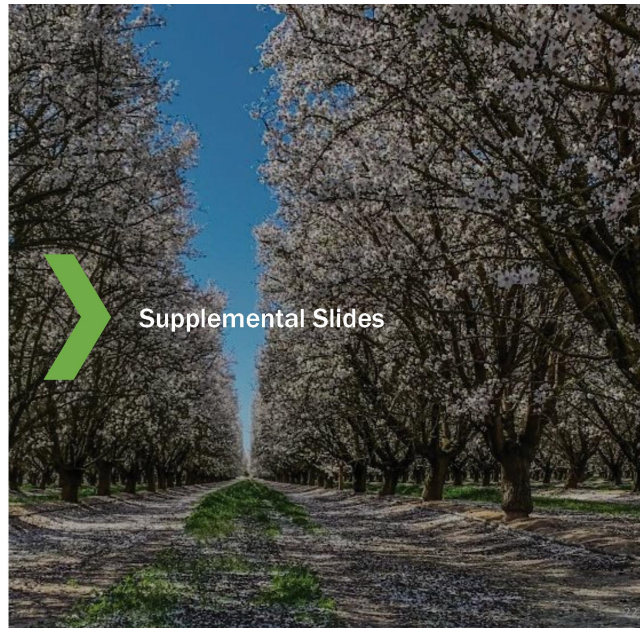
Technical & Commercial Expertise

Financial Flexibility

Leading Regulatory Regime, Supportive
Incentives & Strong Relationships



October 6, 2021



Supplemental Slides

➤ Federal 45Q– The Foundation

45Q PROVIDES TAX CREDITS FOR CCUS



ANNUAL CAPTURE REQUIREMENTS

- Power plants with >0.5 MMT CO₂ emissions must capture at least 0.5 MMT CO₂;
- Other power plants and industrial facilities must capture 0.1 MMT CO₂

TAX CREDIT TIME FRAME

- 45Q tax credits can continue to be earned for a period of 12 years post capture

"...to accelerate responsible carbon capture deployment and ensure permanent storage, President Biden's plan reforms and expands the bipartisan Section 45Q tax credit, making it direct pay and easier to use for hard-to-decarbonize industrial applications, direct air capture, and retrofits of existing power plants ..."

- American Jobs Plan, U.S. President Biden, 2021

45Q DRIVES NEW INVESTMENT OPPORTUNITIES FOR CCUS



Reliable Incentives

Bi-partisan Senate and House sponsorship. Support from governors of KS, MT, ND, OK, PA, and WY

FUTURE Act signed into law in Feb 2018 as part of the omnibus budget bill

IRS opened a public "Request for Comments" in May 2019, implementation guidance to follow



Flexible Structure

Performance based, tax credit claimed when captured CO₂ is stored or converted into feedstock

Projects must be started before 2026, tax credit eligibility for 12 years

Reduces eligibility threshold from 500k tons to 100k tons, which opens potential for more entrants



Supports Both Use & Storage

EOR storage is \$35/metric ton by 2026, inflation adjusted thereafter

Sequestration is \$50/metric ton by 2026, inflation adjusted thereafter



Source: fas.org

Potential Enhancements to 45Q Could Accelerate CCS Development

45Q DEVELOPMENTS ON THE FEDERAL LEGISLATION

- Further policy support is necessary to truly incentivize the development of CO₂ infrastructure to support CCS on a larger scale.
- Lawmakers are considering 45Q enhancements which could include:
 - Increase credit to \$85/metric ton for storage and \$60/metric ton for EOR.
 - Implement a direct pay scheme
 - Extend construction window
 - Eliminate minimum size eligibility thresholds
- \$1.0 trillion bipartisan Infrastructure bill expands federal initiatives for CCS by ~\$12 billion to fund up to 20 large-scale CCS projects
- The new infrastructure bill also includes the Storing CO₂ And Lowering Emissions (SCALE) Act to encourage CCS infrastructure development.
 - SCALE provides \$4.9 billion of grant support for storage and transportation, as well as cost sharing for EPA Class VI storage wells.

Bill		Direct Pay	Increased Industrial /Power Credit Value	Increased DAC Credit Value	Commence Construction Window Extension	Eliminate Eligibility Thresholds
Senate						
Bipartisan	Carbon Capture, Utilization and Storage Tax Credit Amendments Act of 2021 (S. 986)	✓		✓	✓	
	Save America's Clean Energy Jobs Act (S. 958)	✓				
	Clean Energy For America Act (S. 1298)	✓		✓	✓	
House of Representatives						
Bipartisan	ACCESS 45Q Act (H.R. 1062)	✓			✓	
Bipartisan	CATCH Act		✓			✓
	Green Act of 2021 (H.R. 848)	✓			✓	
	H.R. 2633		✓		✓	

LCFS – The Key | How It Works

CARB Sets annual Carbon Intensity ("CI") target in each year for Gasoline and Diesel

Use credits banked from previous years

Fuels that have higher CI than the target generate deficits and fuels with a lower CI generate credits

Buy credits from another fuel provider in CA, or an opted-in credit generator

Fuel providers in California must each year have enough credits to compensate for deficits

Increase production or imports of low CI fuels, or reduce imports or production of high CI fuels

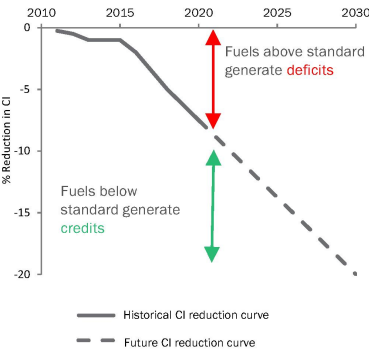
Fuel providers submit an annual compliance report

Change production methods to make fuel less CI

If still in deficit, must purchase credits on the Credit Clearance Market (CCM) and retire outstanding balance within 5 years

Transfer ownership of the credits and compliance requirements

DECLINING CARBON INTENSITY (CI) CURVE



▶ LCFS – Qualifying Paths for CCS

PROJECTS THAT QUALIFY UNDER LCFS

EXPANSION TO CCS

- In 2018, LCFS was [amended to enable credit generation via CCS](#)
- Qualifying CCS projects [reduce emissions associated with production of transport fuels](#) sold in California or direct air capture of CO₂
- Credits available for captured carbon that is [permanently stored or utilized](#) in a secondary process

FUTURE OF LCFS

- LCFS has been [adopted internationally in parts of Canada¹ and EU²](#), and domestically in OR, WA with possible expansion to other states
- [Courts have upheld the LCFS](#) program several times
- CARB has expressed confidence in the program and [their intent to extend it beyond 2030](#)
- Market-based incentive framework expands: Recently passed [SB 596](#) [requires CARB to develop a strategy for net zero cement by 2045](#) (including evaluating financial incentives to encourage the production and use of cement with low greenhouse gas intensity while minimizing and mitigating potential leakage for embedded emissions in imported cement).

	Direct Air Capture	CCS with O&G Facilities	CCS at Refineries	All Other CCS Projects
Location of CCS Project	Anywhere in the world	Anywhere, provided they sell the transportation fuel in CA		
Storage Site	Onshore saline or depleted O&G reservoirs, or O&G reservoirs used for CO ₂			
Credit Method	Project-based 	Project-based, Under the innovative Crude Provision 	Project-based, under the Refinery Investment Credit Program 	Project-based or fuel pathway 
Requirements	Project must meet requirements specified in the CCS protocol			
Additional restrictions	None	Must achieve minimum CI or emission reduction	None	None

"Carbon capture paired with permanent geologic storage offers a viable and important option for reducing emissions from the Industrial and electricity sectors that are key contributors to California's economy and the reliability of its grid.."

* "An Action Plan for Carbon Capture and Storage in California: Opportunities, Challenges and Solutions" : Energy Futures Initiatives, Stanford Precourt Institute for Energy, October 2020



Source: Global CCS Institute 2019 Policy Report: The LCFS and CCS Protocol: An Overview for Policymakers and Project Developers. (1) Renewable and Low Carbon Fuel Requirements Regulation is an active program in British Columbia and Clean Fuel Standard (CFS) has been approved in Canada. (2) EU: Fuel Quality Directive



**STORAGE MUST BE CERTIFIED
FOR 45Q or LCFS Eligibility**

Class II Requirements for Carbon Sink
(CCUS/EOR)

OR

Class VI Requirements for Carbon Sink
(CCS/Storage Only)

+

**Low Carbon Fuel Standard (LCFS)
Requirements for Carbon Sink**

Injection depth
Injection / sequestration zone
Confining layer
Storage complex¹
Other

**EPA Minimum Criteria for Siting a
Class VI Well [40 CFR 146.83]**

N/A
Sufficient areal extent, thickness, porosity, and permeability to receive the total anticipated volume of the CO ₂ stream
Confining zone(s) free of transmissive faults or fractures and of sufficient areal extent and integrity to contain the injected CO ₂ stream and displaced formation fluids and allow injection at proposed maximum pressures and volumes without initiating or propagating fractures in the confining zone(s)
N/A
Director may require owners or operators of Class VI wells to identify and characterize additional zones that will impede vertical fluid movement, are free of faults and fractures that may interfere with containment, allow for pressure dissipation, and provide additional opportunities for monitoring, mitigation, and remediation

**CARB Minimum Site Selection Criteria
[LCFS CCS Protocol, Section 2.1]**

Minimum injection depth of 800m, or the depth corresponding to pressure and temperature conditions where CO ₂ exists in a supercritical state [$>31^{\circ}\text{C}$ and $>1,015\text{ PSI}$]
Sufficient volume, porosity, permeability, and injectivity to receive the total anticipated volume of the CO ₂ stream
Free of transmissive faults or fractures and of sufficient areal extent, integrity, thickness, and ductility to contain the injected CO ₂ stream and displaced formation fluids and allow injection at proposed maximum pressures and volumes without initiating or propagating fractures in the confining layer
Minimum of one additional permeable stratum (dissipation interval) situated directly above the sequestration zone and confining layer, with at least one impermeable confining layer (secondary confining layer) between the surface and the dissipation interval
Depending on the distance between the sequestration zone and basement rock, the Executive Officer may require the CCS project operator to identify and characterize additional dissipation interval(s) below the storage complex to limit the extent of downward overpressure propagation and lower the potential for induced seismicity within formations beneath the injection zone

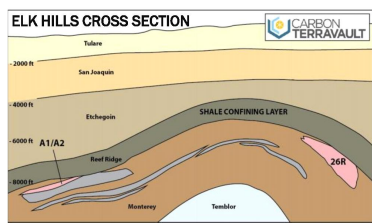


(1) Storage complex is defined by the sequestration zone, primary confining layer, dissipation interval(s), and secondary confining layer(s) Source: Stanford pre-court institution for energy

Project Permitting: A Complex Process that CRC Knows

Authorization /Action related to:	Entity					Turnaround Time		
	Local Government	State Agency	Federal Agency	Tribal Government	Private Party	Weeks/few months	~ 1 year	>18 months
   Local Land Use	✓							
                                                								

CRC's Reservoir Characteristics & Operational Data Are Key to Demonstrating Safe Containment



DEPTH

- Storage candidates need certain reservoir characteristics such as Minimum Depth
- LCFS Minimum injection depth ~2,600 ft so CO₂ can maintain miscible/supercritical state (>31 degrees C and >7MPa)²
- Average drilling depth of >5,000 ft³, providing the depleted reservoirs at deeper depths



DECADES OF OPERATIONAL DATA FACILITATE PERMIT APPLICATIONS

ADEQUATE CONFINEMENT/ CONTAINMENT

- Qualifying storage should demonstrate a confining zone(s) free of transmissive faults and fractures and of sufficient areal extent and integrity to contain the injected carbon dioxide stream and displaced formation fluids and allow injection at proposed maximum pressures and volumes without initiating or propagating fractures in the confining zone(s).
- The EPA requires at a minimum the acquisition of site-specific data at the injection and monitoring wells. These data sets are to be used in conjunction with existing regional maps and other hydrogeologic data for developing a 3-D hydrogeologic model.
- Information about the seismic history, including the presence and depth of seismic sources and a determination that the seismicity would not interfere with containment also is reviewed and required



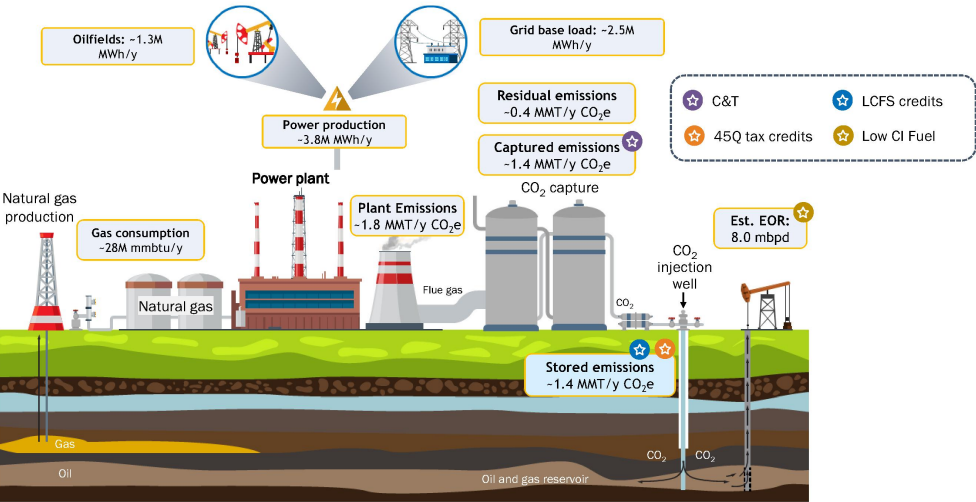
ADVANCING CCS EFFORTS WITH A DEDICATED CARBON MANAGEMENT TEAM

CRC HAS THE LARGEST 3D SEISMIC COVERAGE IN CA¹



(1) Source: Internal estimates, (2) Source: Stanford Pre-court Institution for Energy, (3) Source: Enverus DI; based on all producing wells as of September 2021.

Elk Hills CalCapture CCUS Opportunity



➤ Example Project Economics Assumptions Used on Slide 18

Information presented on slide 18 shows example project economics for a CTV project. The structure of the project, financing and ownership of CTV project could take many forms and has not yet been negotiated. The terms and availability of third-party sources of financing could also affect returns and outcomes.

- Assumes 1MMT injected per year for 40-year project life.
- High end of OPEX range assumes end-to-end value chain business model and low-end assumes carbon storage business model, both described on slide 19
- Capex range assumes project capital of between \$200MM and \$800MM for an end-to-end business model. Project/partnership structures where CRC provides storage only could result in capital ranges below stated ranges.
- Based on incentives available under current regulatory framework.
- The EBITDA⁽¹⁾ range has been reduced by ~20 – 50% to reflect uncertainties related to project structure, financing and ownership.
- Assumes total incentive potential can be monetized through tax equity brokers and LCFS monetized in the LCFS trading marketplace and recorded as revenue. For simplicity, a 5-year accelerated straight line depreciation and amortization is assumed. Assumes no bonus depreciation.
- Payback period is defined as total CRC investment / annual cash flow.



(1) Earnings before interest, taxes, depreciation and amortization (EBITDA) is a non-GAAP measure.

Free Cash Flow Reconciliation

Management uses free cash flow, which is defined as net cash provided by operating activities less capital investment as a measure of liquidity. The following table presents a reconciliation of our net cash provided by operating activities to free cash flow. Free cash flow is a supplemental measure of our performance and liquidity that is not required by or presented in accordance with U.S. generally accepted accounting principles ("GAAP").

(\$ in millions)	FY 2021E	
	Low	High
Net cash provided by operating activities	\$590	\$670
Capital Investments	(190)	(170)
Estimated Free Cash Flow	\$400	\$500





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