



GENERAL FAQs

1. What did CRC announce?

CRC announced it has filed a voluntary petition for relief under Chapter 11 of the United States Bankruptcy Code, as part of an agreement with a group of our lenders and Ares Management. This process is intended to establish a solid financial foundation through enhanced liquidity and a significant reduction in debt, positioning CRC for long-term success. Importantly, we will continue to safely operate in the ordinary course throughout this process so that we can continue to deliver the energy Californians need.

2. What is Chapter 11 Bankruptcy?

Chapter 11 is the section of the U.S. Bankruptcy Code that allows companies to restructure their debts while continuing to safely operate in the ordinary course of business during the reorganization process. California Resources has decided to use the Chapter 11 process, and we expect to reduce the substantial debt on our balance sheet that we inherited in our spin off to a level that will allow us to compete – and succeed – in the current market environment and for many years to come.

3. Will CRC continue to produce energy used by Californians?

Yes. The Chapter 11 process is designed to allow companies like California Resources to continue operating in the ordinary course while they work to achieve their financial goals, and that is exactly what we aim to do. We are confident the actions we are taking now will give us the opportunity to reduce debt and establish a solid financial foundation, positioning the company for a successful future.

4. Does CRC have the financial resources it needs to continue operating throughout this process?

Yes. CRC has received a commitment of new Debtor-in-Possession (DIP) financing to support our operations during the restructuring process. This, along with cash on the balance sheet and cash flows from operations, will fund our operations during the restructuring.

5. How does the restructuring process impact the company's ability to maintain environmentally safe operations and practices?

Health and safety remain our top priority and are core to our values. We will continue to meet California's world-leading safety and environmental standards.



6. How will day-to-day operations be affected?

The Chapter 11 process is focused on restructuring California Resources' balance sheet, and we will continue to safely operate our business in the ordinary course. Prior to Chapter 11, the company announced adjustments to our drilling and production levels that will remain in effect while prices remain depressed.

7. What happens next in the restructuring process?

We will work with our key constituents to develop a path to restructure our balance sheet. In the meantime, we are continuing to safely operate in the ordinary course of business.

8. What is the total level of debt reduction contemplated by this restructuring?

That will be determined through the Chapter 11 process, but we expect to emerge with a solid financial foundation for the company's future.