Report of Organizational Actions Affecting Basis of Securities

Part I  Reporting Issuer

1  Issuer's name
California Resources Corporation

2  Issuer's employer identification number (EIN)
46-5670447

3  Name of contact for additional information
Noelle Repetti, Senior VP and Controller

4  Telephone No. of contact
818-661-6023

5  Email address of contact
Noelle.Repetti@crc.com

6  Number and street (or P.O. box if mail is not delivered to street address) of contact
27200 Tourney Road, Suite 200

7  City, town, or post office, state, and Zip code of contact
Santa Clarita, CA 91355

8  Date of action
November 11, 2021

9  Classification and description
Distribution to holders of common stock

10 CUSIP number
130570305

11 Serial number(s)
N/A

12 Ticker symbol
CRC

13 Account number(s)
N/A

Part II  Organizational Action

Attach additional statements if needed. See back of form for additional questions.

14 Describe the organizational action and, if applicable, the date of the action or the date against which shareholders' ownership is measured for the action. On December 16, 2021, California Resources Corporation ("Issuer") made a cash distribution of $0.17 per share for a total of $13,382,089 to its shareholders of record on December 1, 2021.

15 Describe the quantitative effect of the organizational action on the basis of the security in the hands of a U.S. taxpayer as an adjustment per share or as a percentage of old basis. The distribution per share was $0.17. $0.17 per share is treated as a reduction in the stock basis of each share. To the extent the tax basis in a share is less than $0.17, the excess over the basis in that share is expected to be recognized as a capital gain.

16 Describe the calculation of the change in basis and the data that supports the calculation, such as the market values of securities and the valuation dates. When a cash distribution (or other distribution of property) is made by a corporation, it is treated as a taxable dividend to the extent of the current and accumulated E&P of that corporation at the date of the distribution or, in certain cases, at the end of the tax year in which the distribution was made. In order to determine what portion of this cash distribution should be treated as a taxable dividends versus return of capital/capital gain, California Resources Corporation completed a computation of E&P as of December 31, 2020 with an estimate of the E&P for the period ended December 31, 2021. According to this computation, Issuer estimated $0 of E&P per outstanding share of stock. As a result, the distribution of $0.17 per share resulted in a reduction in basis of up to $0.17 per share.
17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ▶

Section 316 - Dividend defined
Section 317 - Property defined
Section 301(c) - Distributions of property
Section 312 - Effect on earnings and profits
Reg. Section 1.1502-33 - Earnings and profits (this section applies to taxpayers filing a consolidated Federal corporate income tax return)

Other sections further defining adjustments to E&P that are not contained in section 312

18 Can any resulting loss be recognized? ▶ This distribution would not create a loss.

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶ Any adjustment to basis would be taken into account in the tax year of the shareholder during which the distribution was received (e.g., 2021 for calendar year taxpayers).

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Signature: [Signature]
Date: 12/8/2021
Title: EVP & Controller

Paid Preparer Use Only
Print/Type preparer’s name: Kevin Jett
Preparer’s signature: [Signature]
Date: 12/8/2021
Check if self-employed
PTIN: PU1609939

Firm’s name: Deloitte Tax LLP
Firm’s address: 111 Monument Circle, Suite 4200, Indianapolis, IN 46204
Firm’s EIN: 86-1065772
Phone no.: 317-662-2583

Send Form 8937 (including accompanying statements) to: Department of the Treasury, Internal Revenue Service, Ogden, UT 84201-0054