# Form **8937**(December 2011) Department of the Treasury Internal Revenue Service

### Report of Organizational Actions Affecting Basis of Securities

► See separate instructions.

OMB No. 1545-2224

Part I Report	ing Issuer	·	
1 Issuer's name			2 Issuer's employer identification number (EIN)
California Resour	ces Corporation and		46-5670947
3 Name of contact for	or additional information	4 Telephone No. of contact	5 Email address of contact
Noelle M. Repetti (818)661-6023  6 Number and street (or P.O. box if mail is not delivered to street address) of contact			noelle.repetti@crc.com
<b>6</b> Number and street	(or P.O. box if mail is not	delivered to street address) of contact	7 City, town, or post office, state, and Zip code of contact
9200 Oakdale Aven  8 Date of action	ue	9 Classification and description	Los Angeles, CA 91311
• Date of dotton		• Classification and description	
February 23, 2016		Term Loan and Revolving (	redit Agreement
10 CUSIP number	11 Serial number		13 Account number(s)
TL:13057LAC2			
RC:13057LAB4			
Part II Organi	zational Action Attac	ch additional statements if needed.	See back of form for additional questions.
	anizational action and, if	applicable, the date of the action or the	date against which shareholders' ownership is measured for
the action ► <sub>SE</sub>	E ATTACHED		
15 Describe the gue	entitative affect of the argo	unizational action on the books of the ac	courity in the hands of a LLS, toyngyar as an adjustment nor
	rcentage of old basis $ ightharpoonup$		ecurity in the hands of a U.S. taxpayer as an adjustment per
share or as a per	S	EE ATTACHED	
		pasis and the data that supports the ca	lculation, such as the market values of securities and the
valuation dates	SEE ATTACHED		

Par	Organizational Action (continued)	
17	List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based	<u> </u>
SEE	ATTACHED	
		TOTAL CONTRACTOR OF THE PARTY O
10	Can any reculting less he recognized to A. GEEL A WIELD	
18	Can any resulting loss be recognized? ► SEE ATTACHED	
-		
19	Provide any other information necessary to implement the adjustment, such as the reportable tax year 🕨	
	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
<u></u>	belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which prepar	er has any knowledge.
Sign	$\int A da = 0$	
Here	Signature Mulle Ukerchi, Date 9.15.2	2016
	Date -	
	Print your name ► NOELLE M. REPETTI Title ► VP TAX	
Paid	Print/Type preparer's name Preparet's signature Date	Check Fel is PTIN
Prep		Check X if PTIN self-employed P01481362
	DELOTERED MAY 112	
_		Firm's EIN > 86-1065772
Send I	orm 8937 (including accompanying statements) to: Department of the Treasury, Internal Revenue Service, Ogde	Phone no. 213 - 688 - 0800
		on, O1 04201-0004

### California Resources Corporation FEIN 46-5670947

### **Attachment to Form 8937**

### Report of Organizational Actions Affecting Basis of Securities Debt Instrument: Term Loan and Revolving Loan

Disclaimer: The information contained in Form 8937 and this attachment does not constitute tax advice and does not purport to take into account any lender's specific circumstances. Lenders are urged to consult their own tax advisors regarding U.S. tax consequences of the amendment described herein and the impact to tax basis resulting from the amendment.

## California Resources Corporation FEIN FEIN 46-5670947

#### Attachment to Form 8937

### Report of Organizational Actions Affecting Basis of Securities Debt Instrument: Term Loan and Revolving Loan

### Form 8937, Part II, Line 14

On September 24, 2014, California Resources Corporation (the "Issuer") and certain lenders (the "Lenders") entered into a credit agreement (the "Credit Agreement"), that provided for a term loan with a principal amount of \$1 billion (the "Old Term Loan") and a revolving loan with commitments up to \$2.0 billion (the "Old Revolving Loan" and together with the Old Term Loan the "Old Loans"). On February 23, 2016, the Issuer and the Lenders entered into the Third Amendment to the Credit Agreement (the "Amendment"). The Amendment, *inter alia*, effectively increased the margin on the Old Loans by 75 basis points. As a result of the Amendment, for U.S. federal income tax purposes, the Old Loans were deemed to be retired and reissued for a new term loan (the "New Term Loan") and a new revolving loan (the "New Revolving Loan" and together with the New Term Loan, the "New Loans"). The Issuer paid a \$6.5 million consent fee in connection with the Amendment.

At the time of the Amendment, the Old Term Loan had an outstanding principal amount of \$1.0 billion and the Old Revolving Loan had an outstanding balance of \$590 million.

#### Form 8937, Part II, Line 15

To the extent that the Old Loans and the New Loans constitute "securities" for purposes of the rules providing for tax-free recapitalizations ("Tax Securities"), the Amendment likely qualifies as a tax-free recapitalization. To the extent that either the Old Loans or the New Loans are not Tax Securities, the Amendment does not qualify as a tax-free recapitalization.

To the extent the Amendment is a tax-free recapitalization, each Lender's aggregate tax basis in the New Loans will generally equal such Lender's aggregate adjusted tax basis in the Old Loans immediately prior to the deemed exchange, less the cash delivered to the Lenders, and increased by any gain recognized.

To the extent the Amendment is not a tax-free recapitalization, each Lender will recognize gain or loss upon the deemed receipt of New Loans and cash. In that event, each Lender's tax basis in its Old Loans will be extinguished and the Lender's tax basis in the New Loans will equal the fair market value thereof. In such case, each Lender's tax basis in its New Loans would equal the issue price (which serves as fair market value for this purpose) of the respective Old Loan.

Lenders should consult their tax advisors to determine the tax consequences of the Amendment to them.

### Form 8937, Part II, Line 16

To the extent that the Amendment is a tax-free recapitalization, Lender's aggregate tax basis in the New Loans will generally equal such Lender's aggregate tax basis in the Old Loans that were deemed to be surrendered, less the cash delivered to the Lender, and increased by any gain recognized. Each Lender's aggregate tax basis in the Old Loans depends on circumstances specific to such Lender.

To the extent that the Amendment is not a tax-free recapitalization, a Lender's tax basis in the New Loans deemed to be received as a result of the Amendment will equal the fair market value thereof. In such case, each Lender's tax basis in its New Loans would equal the issue price (which serves as fair market value for this purpose) of the respective Old Loan.

Lenders should consult their tax advisors to determine the tax consequences of the Amendment to them.

#### Form 8937, Part II, Line 17

Sections 354, 356, 358, 1001 and 1012.

#### Form 8937, Part II, Line 18

The Amendment generally should not result in a loss to Lenders to the extent the Amendment is a tax-free recapitalization. To the extent the Amendment is not a tax-free recapitalization, the Amendment may result in a loss to a Lender to the extent such Lender's tax basis in the Old Loans exceeds the fair market value of the New Loans and cash received.