

IN THE UNITED STATES BANKRUPTCY COURT
 FOR THE SOUTHERN DISTRICT OF TEXAS
 HOUSTON DIVISION

United States Courts
 Southern District of Texas
 FILED

OCT 15 2021

In re	X	
	:	Chapter 11 Nathan Ochsner, Clerk of Court
	:	
CALIFORNIA RESOURCES CORPORATION,	:	Case No. 20-33568 (DRJ)
et al., ¹	:	
	:	Jointly Administered
	:	
Debtors.	:	Hearing Date:
	X	October 13, 2020 at 2:00 p.m. (CT)
		Objection Deadline:
		October 5, 2020 at 4:00 p.m. (CT)

NOTICE OF NON-VOTING STATUS FOR CLASSES DEEMED TO REJECT

PLEASE TAKE NOTICE that on July 31, 2020, the debtors and debtors-in-possession (collectively, the “Debtors”) in the above-captioned cases filed the *Debtors’ Emergency Motion for an Order (I) Scheduling an Objection Deadline and Combined Hearing on the Disclosure Statement and Plan Confirmation, (II) Approving the Form and Manner of Notice of the Combined Hearing, (III) Establishing Procedures for Objecting to the Disclosure Statement and the Plan, (IV) Approving the Solicitation Procedures, (V) Conditionally Approving the Disclosure Statement, (VI) Approving the Rights Offering Procedures and (VII) Granting Related Relief* [Docket No. 254] (the “Solicitation Procedures Motion”) with the United States Bankruptcy Court for the Southern District of Texas (the “Court”), and on August 25, 2020, the Court entered an order granting the relief requested in the Solicitation Procedures Motion [Docket No. 403] (the “Solicitation Procedures Order”). Pursuant to the schedule and procedures set forth in the Solicitation Procedures Order, the Debtors seek to confirm their proposed plan of reorganization [Docket No. 215] (including all schedules, annexes and exhibits thereto and as may be amended, modified or supplemented from time to time, the “Plan”).²

¹ The Debtors in these chapter 11 cases and the last four digits of their U.S. taxpayer identification numbers are: California Resources Corporation (0947); California Heavy Oil, Inc. (4630); California Resources Coles Levee, L.P. (2995); California Resources Coles Levee, LLC (2087); California Resources Elk Hills, LLC (7310); California Resources Long Beach, Inc. (6046); California Resources Mineral Holdings LLC (4443); California Resources Petroleum Corporation (9218); California Resources Production Corporation (5342); California Resources Production Mineral Holdings, LLC (9071); California Resources Real Estate Ventures, LLC (6931); California Resources Royalty Holdings, LLC (6393); California Resources Tidelands, Inc. (0192); California Resources Wilmington, LLC (0263); CRC Construction Services, LLC (7030); CRC Marketing, Inc. (0941); CRC Services, LLC (6989); Monument Production, Inc. (0782); Oso Verde Farms, LLC (7436); Social Holding, LLC (3524); Southern San Joaquin Production, Inc. (4423); Thums Long Beach Company (1774); Tidelands Oil Production Company LLC (5764). The Debtors’ corporate headquarters is located at 27200 Tourney Road, Suite 200, Santa Clarita, CA 91355.

² Capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Plan.

PLEASE TAKE FURTHER NOTICE that Holders of Interests in Class 7 (Interests in CRC) are not entitled to vote on the Plan because they are deemed to reject the Plan. Class 7 receives no distributions under the Plan and is deemed to reject the Plan pursuant to section 1126(g) of the Bankruptcy Code. **You are receiving this Notice because you hold an Interest in Class 7.**

PLEASE TAKE FURTHER NOTICE that, notwithstanding this Notice of Non-Voting Status, you have the right to object to confirmation of the Plan. Procedures for objecting to confirmation of the Plan are set forth in the Notice of the Combined Hearing, enclosed herewith. **YOU WILL BE BOUND BY THE RELEASES SET FORTH IN THE PLAN IF YOU DO NOT FOLLOW THE INSTRUCTIONS BELOW TO OPT-OUT OF THE RELEASES.**

UNDER THE TERMS OF THE PLAN, YOUR INTERESTS IN THE DEBTOR ARE ENTITLED TO RECEIVE NO DISTRIBUTIONS UNDER THE PLAN AND, THEREFORE, PURSUANT TO SECTION 1126(g) OF THE BANKRUPTCY CODE, YOU ARE DEEMED TO HAVE REJECTED THE PLAN AND ARE NOT ENTITLED TO VOTE ON THE PLAN.

PLEASE TAKE FURTHER NOTICE that Section 10.7 of the Plan contains the following release, exculpation or injunction provisions:

Notwithstanding anything contained herein to the contrary, to the fullest extent permitted by applicable law and approved by the Bankruptcy Court, pursuant to section 1123(b) of the Bankruptcy Code, for good and valuable consideration, the adequacy of which is hereby confirmed, effective on and after the Effective Date, each Releasing Party shall be deemed to have conclusively, absolutely, unconditionally, irrevocably, finally, and forever released and discharged the Debtors and the other Released Parties, including any successors to the Debtors or any estates representatives appointed or selected pursuant to section 1123(b)(3) of the Bankruptcy Code, in each case on behalf of themselves and their respective successors, assigns, and representatives, and any and all other persons or entities who may purport to assert any Cause of Action, directly or derivatively, by, through, for, or because of the foregoing entities, from any and all past or present Claims, Interests, indebtedness and obligations, rights, suits, losses, damages, injuries, costs, expenses, causes of action, remedies, and liabilities whatsoever, including any derivative Claims, asserted or assertable on behalf of a Debtor, whether known or unknown, foreseen or unforeseen, matured or unmatured, asserted or unasserted, suspected or unsuspected, accrued or unaccrued, fixed, contingent or noncontingent, pending or threatened, existing or hereafter arising, in law, equity, or otherwise, whether for tort, fraud, contract violations of federal or state laws or otherwise, those causes of action based on veil piercing or alter-ego theories of liability, contribution, indemnification, joint or several liability or otherwise that such Releasing Party would have been legally entitled to assert (whether individually or collectively), based on or relating to any act, omission, transaction, event, or other occurrence taking place on or prior to the Effective Date (collectively "Third-Party Released Claims") based on or relating to, or in any manner arising from or in connection with, in whole or in part, the Debtors (including the capital structure, management, ownership, or operation thereof), the Debtors' restructuring efforts, the Chapter 11 Cases,

the Restructuring, the subject matter of, or the transactions or events giving rise to, any Claim or Interest that is treated in the Plan, the business or contractual arrangements between any Debtor or any other Released Party, on the one hand, and any Releasing Party, on the other hand, the restructuring of Claims and Interests prior to or during the Chapter 11 Cases, the negotiation, formulation, or preparation of the Restructuring, the Restructuring Support Agreement, the Elk Hills Settlement Agreement, the Plan, the Disclosure Statement, the Plan Supplement or any related agreements, instruments, or other documents, the pursuit of confirmation, any action or actions taken in furtherance of or consistent with the administration or implementation of the Plan or the distributions and related documents or other property under the Plan, or upon any other act or omission, transaction, agreement, event, or other occurrence taking place on or before the Effective Date arising from or relating to any of the foregoing other than claims or liabilities arising out of or relating to any act or omission of a Released Party that constitutes actual fraud, willful misconduct, or gross negligence, each solely to the extent as determined by a final order of a court of competent jurisdiction; *provided, however*, that the foregoing “Third-Party Releases” shall not operate to waive or release any post-Effective Date obligations of any party under the Plan, the Confirmation Order, any Restructuring Transaction, and Definitive Document, or any other document, instrument, or agreement (including those set forth in the Plan Supplement) executed or implemented in connection with or relating to the Plan, including the New Exit Facilities Documents, or any claim or obligation arising under the Plan. Entry of the Confirmation Order shall constitute the Bankruptcy Court’s approval, pursuant to Bankruptcy Rule 9019, of the Third-Party Releases, which includes by reference each of the related provisions and definitions contained herein, and, further, shall constitute the Bankruptcy Court’s finding that the Third-Party Releases are: (a) consensual; (b) essential to the confirmation of the Plan; (c) given in exchange for the good and valuable consideration provided by the Released Parties; (d) a good faith settlement and compromise of the Claims released by the Third-Party Releases; (e) in the best interests of the Debtors and their estates; (f) fair, equitable, and reasonable; (g) given and made after due notice and opportunity for hearing; and (h) a bar to any of the Releasing Parties asserting any claim or cause of action released pursuant to the Third-Party Releases.

* * *

UNDER THE PLAN, “RELEASING PARTIES” MEAN EACH OF: (A) ANY RELEASED PARTY; (B) ALL HOLDERS OF CLAIMS IN CLASSES 1, 2 AND 3 THAT ARE DEEMED TO ACCEPT THE PLAN; (C) ALL HOLDERS OF CLAIMS OR INTERESTS WHO EITHER (I) VOTE TO ACCEPT OR (II) RECEIVE OR ARE DEEMED TO RECEIVE A BALLOT BUT ABSTAIN FROM VOTING ON THE PLAN; (D) ALL HOLDERS OF CLAIMS OR INTERESTS ENTITLED TO VOTE WHO VOTE TO REJECT THE PLAN THAT DO NOT ELECT ON THEIR BALLOT TO OPT-OUT OF THE RELEASE GRANTED PURSUANT TO THE PLAN; (E) THE AD HOC GROUP; (F) THE CROSSOVER AD HOC GROUP; (G) ALL HOLDERS OF INTERESTS AND HOLDERS OF CLAIMS IN CLASS 6 THAT WERE GIVEN NOTICE OF OPPORTUNITY TO OPT-OUT OF THE RELEASE GRANTED PURSUANT TO THE PLAN BUT DID NOT OPT-OUT; AND (H) EACH OF THE FOREGOING’S CURRENT AND FORMER AFFILIATES, AND EACH SUCH ENTITY’S AND ITS

CURRENT AND FORMER AFFILIATES' CURRENT AND FORMER DIRECTORS, MANAGERS, OFFICERS, PRINCIPALS, MEMBERS, EMPLOYEES, EQUITY HOLDERS (REGARDLESS OF WHETHER SUCH INTERESTS ARE HELD DIRECTLY OR INDIRECTLY), PREDECESSORS, SUCCESSORS, ASSIGNS, SUBSIDIARIES, AGENTS, ADVISORY BOARD MEMBERS, FINANCIAL ADVISORS, PARTNERS (INCLUDING BOTH GENERAL AND LIMITED PARTNERS), ATTORNEYS, ACCOUNTANTS, INVESTMENT BANKERS, INVESTMENT ADVISORS, CONSULTANTS, REPRESENTATIVES AND OTHER PROFESSIONALS, EACH IN THEIR CAPACITY AS SUCH.

UNDER THE PLAN, "RELEASED PARTIES" MEAN EACH OF: (A) THE DEBTORS AND THE REORGANIZED DEBTORS; (B) THE RBL AGENT, THE HOLDERS OF RBL CLAIMS AND ALL OTHER LENDERS, ISSUING BANKS, ARRANGERS AND OTHER SECURED PARTIES UNDER THE RBL DOCUMENTS; (C) THE SENIOR DIP AGENT, JUNIOR DIP AGENT AND LENDERS, ISSUING BANKS, ARRANGERS AND OTHER SECURED PARTIES UNDER THE DIP FACILITIES; (D) AGENT, LENDERS, ISSUING BANKS, ARRANGERS AND OTHER SECURED PARTIES UNDER THE FIRST LIEN EXIT FACILITY; (E) THE AD HOC GROUP AND EACH OF ITS MEMBERS IN ITS CAPACITY AS HOLDERS OF 2017 TERM LOAN CLAIMS, 2016 TERM LOAN CLAIMS, SECOND LIEN NOTES CLAIMS AND UNSECURED NOTES CLAIMS; (F) THE 2017 TERM LOAN AGENT; (G) THE 2016 TERM LOAN AGENT; (H) THE CROSSOVER AD HOC GROUP AND EACH OF ITS MEMBERS IN ITS CAPACITY AS HOLDERS OF 2017 TERM LOAN CLAIMS, 2016 TERM LOAN CLAIMS, SECOND LIEN NOTES CLAIMS AND UNSECURED NOTES CLAIMS; (I) AGENT, LENDERS, ISSUING BANKS, ARRANGERS AND OTHER SECURED PARTIES UNDER THE SECOND LIEN EXIT FACILITY; (J) THE CONSENTING CREDITORS; (K) ARES; (L) ELK HILLS POWER; (M) THE NON-DEFAULTING BACKSTOP PARTIES; (N) THE COMMITTEE AND EACH OF ITS CURRENT AND FORMER MEMBERS; (O) THE INDENTURE TRUSTEES; AND (P) EACH OF THE FOREGOING'S CURRENT AND FORMER AFFILIATES, AND EACH SUCH ENTITY'S AND ITS CURRENT AND FORMER AFFILIATES' CURRENT AND FORMER DIRECTORS, MANAGERS, OFFICERS, EQUITY HOLDERS (REGARDLESS OF WHETHER SUCH INTERESTS ARE HELD DIRECTLY OR INDIRECTLY), PREDECESSORS, SUCCESSORS, AND ASSIGNS, SUBSIDIARIES, AND EACH OF THEIR CURRENT AND FORMER OFFICERS, MEMBERS, MANAGERS, DIRECTORS, EQUITY HOLDERS (REGARDLESS OF WHETHER SUCH INTERESTS ARE HELD DIRECTLY OR INDIRECTLY), PRINCIPALS, MEMBERS, EMPLOYEES, AGENTS, MANAGED ACCOUNTS OR FUNDS, MANAGEMENT COMPANIES, FUND ADVISORS, INVESTMENT ADVISORS, ADVISORY BOARD MEMBERS, FINANCIAL ADVISORS, PARTNERS (INCLUDING BOTH GENERAL AND LIMITED PARTNERS), ATTORNEYS, ACCOUNTANTS, INVESTMENT BANKERS, CONSULTANTS, REPRESENTATIVES AND OTHER PROFESSIONALS AND ANY AND ALL OTHER PERSONS OR ENTITIES THAT MAY PURPORT TO ASSERT ANY CAUSE OF ACTION DERIVATIVELY, BY OR THROUGH THE FOREGOING ENTITIES, IN EACH OF CASES (A) THROUGH (P), IN THEIR CAPACITY AS SUCH; PROVIDED, HOWEVER, THAT ANY HOLDER OF A CLAIM OR INTEREST THAT OPTS OUT OF THE RELEASES CONTAINED IN,

OR OTHERWISE OBJECTS TO SUCH RELEASES IN, THE PLAN SHALL NOT BE A RELEASED PARTY.

SECTION 10 OF THE PLAN CONTAINS RELEASE, EXCULPATION, AND INJUNCTION PROVISIONS. THUS, YOU ARE ADVISED TO REVIEW AND CONSIDER THE PLAN CAREFULLY BECAUSE YOUR RIGHTS MIGHT BE AFFECTED THEREUNDER.

HOLDERS OF INTERESTS IN CLASS 7 CAN OPT-OUT OF THE RELEASE SET FORTH IN SECTION 10.7 OF THE PLAN BY CHECKING THE OPT-OUT BOX ON THE OPT-OUT FORM ATTACHED TO THIS NOTICE OF NON-VOTING STATUS (THE "OPT-OUT FORM") AND RETURNING THE COMPLETED AND SIGNED OPT-OUT FORM TO THE SOLICITATION AGENT IN ACCORDANCE WITH THE INSTRUCTIONS CONTAINED THEREIN BY 4:00 P.M. PREVAILING CENTRAL TIME ON OCTOBER 5, 2020 (THE "OPT-OUT DEADLINE").

ANY HOLDERS OF INTERESTS THAT CHECK THE OPT-OUT BOX IN THE OPT-OUT FORM AND RETURN IT TO THE SOLICITATION AGENT BY THE OPT-OUT DEADLINE WILL NOT BE BOUND BY THE RELEASE SET FORTH IN SECTION 10.7 OF THE PLAN.

ANY HOLDER OF AN INTEREST THAT DOES NOT CHECK THE OPT-OUT BOX IN THE OPT-OUT FORM AND RETURN THE COMPLETED AND SIGNED OPT-OUT FORM TO THE SOLICITATION AGENT BY THE OPT-OUT DEADLINE WILL BE BOUND BY THE TERMS OF THE RELEASE SET FORTH IN SECTION 10.7 OF THE PLAN.

PLEASE TAKE FURTHER NOTICE that copies of the Plan and the Disclosure Statement may be obtained free of charge (i) from the Debtors' restructuring website at <https://dm.epiq11.com/CaliforniaResources> or (ii) by telephoning the Debtors' restructuring hotline at (855) 917-3506 (toll free U.S.) or +1 (503) 520-4480 (non-U.S.). The Plan and Disclosure Statement are also available on the Court's website at www.txs.uscourts.gov.

Houston, Texas
August 27, 2020

Respectfully Submitted,

/s/ Paul E. Heath

VINSON & ELKINS LLP

Harry A. Perrin (TX 15796800)

Paul E. Heath (TX 09355050)

Matthew W. Moran (TX 24092856)

1001 Fannin Street, Suite 2500

Houston, TX 77002-6760

Telephone: (713) 758-2222

Facsimile: (713) 758-2346

E-mail: hperrin@velaw.com

pheath@velaw.com

mmoran@velaw.com

*Proposed Co-Counsel to the Debtors and
Debtors-in-Possession*

SULLIVAN & CROMWELL LLP

Andrew G. Dietderich (admitted *pro hac vice*)

James L. Bromley (admitted *pro hac vice*)

Alexa J. Kranzley (admitted *pro hac vice*)

125 Broad Street

New York, NY 10004

Telephone: (212) 558-4000

Facsimile: (212) 558-3588

E-mail: dietdericha@sullcrom.com

bromleyj@sullcrom.com

kranzleya@sullcrom.com

*Co-Counsel to the Debtors and Debtors-in-
Possession*

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION**

In re CALIFORNIA RESOURCES CORPORATION, <i>et al.</i> , ¹ <div style="text-align: right;">Debtors.</div>	X : : : : : : : : : : X	Chapter 11 Case No. 20-33568 (DRJ) Jointly Administered
--	--	---

CLASS 7 SECTION 10.7 OPT-OUT FORM

By checking the box below and signing this Opt-Out Form, the undersigned Holder of Interests in Class 7 (CRC Interests) exercises its option to opt-out of the releases in favor of the Released Parties set forth in Section 10.7 of the Plan.

☐ The undersigned hereby **OPTS OUT** of the releases in favor of the Released Parties set forth in Section 10.7 of the Plan.

Name of Holder of Interest: _____

Signature: _____

Date: _____

Name and Title of Authorized Agent: _____

Address: _____

Telephone / Email Address: _____

¹ The Debtors in these chapter 11 cases and the last four digits of their U.S. taxpayer identification numbers are: California Resources Corporation (0947); California Heavy Oil, Inc. (4630); California Resources Coles Levee, L.P. (2995); California Resources Coles Levee, LLC (2087); California Resources Elk Hills, LLC (7310); California Resources Long Beach, Inc. (6046); California Resources Mineral Holdings LLC (4443); California Resources Petroleum Corporation (9218); California Resources Production Corporation (5342); California Resources Production Mineral Holdings, LLC (9071); California Resources Real Estate Ventures, LLC (6931); California Resources Royalty Holdings, LLC (6393); California Resources Tidelands, Inc. (0192); California Resources Wilmington, LLC (0263); CRC Construction Services, LLC (7030); CRC Marketing, Inc. (0941); CRC Services, LLC (6989); Monument Production, Inc. (0782); Oso Verde Farms, LLC (7436); Socal Holding, LLC (3524); Southern San Joaquin Production, Inc. (4423); Thums Long Beach Company (1774); Tidelands Oil Production Company LLC (5764). The Debtors' corporate headquarters is located at 27200 Tourney Road, Suite 200, Santa Clarita, CA 91355.

Completed and signed Opt-Out Forms must be actually received by Epiq Corporate Restructuring, LLC by 4:00 p.m. Prevailing Central Time on October 5, 2020. Send the completed and signed Opt-Out Form via first class mail, hand delivery or overnight courier to:

BY REGULAR MAIL:

California Resources Corporation Ballot
Processing
c/o Epiq Corporate Restructuring, LLC
P.O. Box 4422
Beaverton, OR 97076-4422

**BY HAND DELIVERY OR
OVERNIGHT MAIL:**

California Resources Corporation Ballot
Processing
c/o Epiq Corporate Restructuring, LLC
10300 SW Allen Blvd.
Beaverton, OR 97005

OR

VIA E-OPT-OUT FORM PORTAL. SUBMIT YOUR OPT-OUT FORM VIA THE SOLICITATION AGENT'S ONLINE PORTAL (THE "E-OPT-OUT FORM PORTAL") BY VISITING [HTTPS://DM.EPIQ11.COM/CALIFORNIARESOURCES](https://dm.epiq11.com/californiaresources), CLICKING ON "E-OPT-OUT" UNDER "CASE ACTIONS" AND FOLLOWING THE INSTRUCTIONS TO SUBMIT YOUR OPT-OUT FORM.