

**CALIFORNIA RESOURCES CORPORATION
RELATED PERSONS TRANSACTIONS POLICY
(Adopted as of May 4, 2016)**

I. Statement of Principles

The Board of Directors (the “*Board*”) of California Resources Corporation (the “*Company*”) recognizes that related person transactions present a heightened risk of conflicts of interest and, therefore, has adopted this Related Persons Transactions Policy (this “*Policy*”), which should be followed in connection with all related person transactions involving the Company.

II. Definitions

For purposes of this Policy, an “*Interested Transaction*” is any transaction, arrangement or relationship or series of similar transactions, arrangements or relationships (including any indebtedness or guarantee of indebtedness) in which:

- The aggregate amount involved will or may be expected to exceed \$120,000 in any calendar year;
- The Company is a participant; and
- Any Related Person has or will have a direct or indirect interest (other than solely as a result of being a director or a less than 10% beneficial owner of another entity).

For purposes of this Policy, a “*Related Person*” means:

- A director or director nominee of the Company;
- An executive officer of the Company, which, among others, includes each officer of the Company that is subject to reporting under Section 16 of the Securities Exchange Act of 1934, as amended;
- A stockholder owning more than 5% of the Company or its controlled affiliates (“*5% Stockholder*”); or
- A person who is an immediate family member of any of the foregoing persons, which means any child, stepchild, parent, stepparent, spouse, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law of a director, director nominee, senior officer or 5% Stockholder, and any person (other than a tenant or employee) sharing the household of the director, director nominee, senior officer or 5% Stockholder.

III. Approval Procedures

Prior to entering into an Interested Transaction, the Audit Committee of the Board (the “*Committee*”) should review the material facts of the Interested Transaction and either approve or disapprove of the entry into the Interested Transaction, subject to the exceptions described below. If advance Committee approval of an Interested Transaction is not feasible, then the Interested Transaction should be considered and ratified (if the Committee determines it to be appropriate) at the Committee’s next regularly scheduled meeting. In determining whether to approve or ratify an Interested Transaction, the Committee will take into account, among other factors it deems appropriate, (1) whether the Interested Transaction is on terms no less favorable than terms generally available to an unaffiliated third-party under the same or similar circumstances, (2) the extent of the Related Person’s interest in the transaction and (3) whether the Interested Transaction is material to the Company.

The Board has determined that each of the Interested Transactions described in Section IV should be deemed to be pre-approved or ratified (as applicable) under the terms of this Policy. In addition, the Board has delegated to the Committee’s Chairman the authority to pre-approve or ratify (as applicable) any Interested Transaction with a Related Person in which the aggregate amount involved is expected to be less than \$120,000. In connection with each regularly scheduled meeting of the Committee, a summary of each new Interested Transaction deemed pre-approved under Section IV below and each new Interested Transaction pre-approved by the Chairman in accordance with this paragraph should be provided to the Committee for its review.

A director should not participate in any discussion or approval of an Interested Transaction for which he or she is a Related Person, except that the director should provide all material information concerning the Interested Transaction to the Committee.

If an Interested Transaction will be ongoing, the Committee may establish guidelines for the Company’s management team to follow in its ongoing dealings with the Related Person. Thereafter, the Committee, periodically should review and assess ongoing relationships with the Related Person to confirm that they are in compliance with the Committee’s guidelines and that the Interested Transaction remains appropriate.

IV. Standing Pre-Approval for Certain Interested Transactions

The Committee has reviewed the types of Interested Transactions described below and determined that each of the following Interested Transactions are deemed to be pre-approved or ratified (as applicable) by the Committee, even if the aggregate amount involved exceeds or will exceed \$120,000.

A. Employment of Executive Officers

Any employment by the Company of an executive officer of the Company is pre-approved or ratified (as applicable) if:

1. The related compensation is required to be reported in the Company's proxy statement for its annual meeting of stockholders ("Proxy Statement") under Item 402 of Regulation S-K promulgated by the Securities and Exchange Commission ("SEC"); or
2. The executive officer is not an immediate family member of another executive officer or director of the Company, the related compensation would be reported in the Company's Proxy Statement under Item 402 of Regulation S-K if the executive officer was a "named executive officer" and the Compensation Committee of the Board approved (or recommended that the Board approve) the compensation.

B. Director Compensation

Any compensation paid to a director is pre-approved or ratified (as applicable) if the compensation is required to be reported in the Company's Proxy Statement under Item 402 of Regulation S-K and the compensation is approved by the Board or a committee thereof.

C. Certain Transactions with Other Companies

Any transaction with another company at which a Related Person's only relationship is as an employee (other than an executive officer), director or beneficial owner of less than 10% of that company's shares is pre-approved or ratified (as applicable) if the aggregate amount involved does not exceed the greater of \$1.0 million or 2% of that company's total annual revenues.

D. Certain Company Charitable Contributions

Any charitable contribution, grant or endowment by the Company to a charitable organization, foundation or university at which a Related Person's only relationship is as an employee (other than an executive officer) or a director is pre-approved or ratified (as applicable) if the aggregate amount involved does not exceed the lesser of \$200,000 or 2% of the charitable organization's total annual receipts.

E. Transactions to extent All Stockholders Receive Proportional Benefits

Any transaction where the Related Person's interest arises solely from the ownership of the Company's common stock and all holders of the Company's common stock received the same benefit on a pro rata basis (e.g., dividends) is pre-approved or ratified (as applicable).

F. Transactions Involving Competitive Bids

Any transaction involving a Related Person where the rates or charges involved are determined by competitive bids is pre-approved or ratified (as applicable).

G. *Certain Banking-Related Services*

Any Interested Transaction involving services as a bank depository of funds, lender (to the extent of the indirect interest of the Related Person through an entity that is a recognized commercial bank lender), exchange agent, transfer agent, registrar, trustee under a trust indenture or similar services is pre-approved or ratified (as applicable); provided that the Related Person does not participate in the decision-making process with respect to such transactions.

I. *Certain Immaterial Transactions*

Any Interested Transaction involving (i) the investment in the debt or equity of the Company by an entity in which the Related Person has an interest or (ii) marketing or product shipment transactions by an entity in which the Related Person has an interest, in each case, made in the ordinary course of such entity's business and in an amount that is not material to the business of such entity; provided that the Related Person does not participate in the decision-making process with respect to such transactions.

V. *Other Policies and Procedures*

All transactions, including Interested Transactions involving amounts less than \$120,000, are subject to the Company's Business and Ethics Corporate Policies, which contain provisions regarding potential conflicts of interest. This Policy is in addition to any similar policies or procedures applicable to all employees contained in the Company's Business and Ethics Corporate Policies or other policies, and the requirements set forth herein are in addition to, and not in substitution for, any other similar policies, procedures or requests.

VI. *Disclosure Requirement*

All Interested Transactions that are required to be disclosed in the Company's filings with the SEC should be so disclosed in accordance with applicable laws, rules and regulations. Furthermore, the material features of this Policy should be disclosed in the Company's Annual Report on Form 10-K or in the Company's Proxy Statement as required by applicable laws, rules and regulations. All Interested Transactions of which management is aware should be disclosed to the Committee.