

Part II Organizational Action (continued)

17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ► **SEE ATTACHED**

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 ► **SEE ATTACHED**

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.

Sign Here

Signature ► *Hoelle M. Repetti* Date ► *May 24, 2016*
Print your name ► *Hoelle M. Repetti* Title ► *VP Tax*

Paid Preparer Use Only

Print/Type preparer's name: *DEANIS A. KRICK* Preparer's signature: *[Signature]* Date: *MAY 21, 2016* Check if self-employed PTIN: *P01481362*
Firm's name ► **DELOITTE TAX LLP** Firm's EIN ► **86-1065772**
Firm's address ► **555 W. 5TH STREET, LOS ANGELES, CA 90013** Phone no. _____

California Resources Corporation
EIN: 46-5670947
Attachment to Form 9937—Part II

Line 14

On May 31, 2016, California Resources Corporation ("CRC") effected a one-for-ten reverse stock split for its common stock (the "Stock Split"). Pursuant to the Stock Split, every ten (10) shares of issued and outstanding common stock ("Existing Common Stock") automatically converted into one (1) share of newly issued common stock ("New Common Stock"). CRC did not provide cash or other consideration to shareholders in the Stock Split. Trading on a post-split basis commenced on June 1, 2016.

Line 15

The Stock Split will be treated as a tax-free reorganization under IRC Section 368(a)(1)(E). Under IRC Section 358(a), shareholders are required to allocate their aggregate tax basis in the Existing Common Stock held immediately prior to the Stock Split among the New Common Stock held immediately after the Stock Split, including fractional shares of New Common Stock. Shareholders who receive cash in lieu of fractional shares of New Common Stock will be treated as having received such fractional shares in the Stock Split and then as having sold such fractional shares for cash in the open market.

Line 16

Although a shareholder's aggregate tax basis remains unchanged in the Stock Split, shareholders who acquired shares of Existing Common Stock on different dates and at different prices should consult their own tax advisors regarding the allocation of the tax basis of such shares to the New Common Stock. In general, a shareholder's tax basis in Existing Common Stock must be allocated to the New Common Stock (or allocable portions thereof) in a manner that reflects, to the greatest extent possible, the basis in the Existing Common Stock that was acquired on the same date and at the same price. To the extent it is not possible to allocate the tax basis in this manner, the aggregate tax basis in the Existing Common Stock must be allocated to the New Common Stock (or allocable portions thereof) in a manner that minimizes the disparity in the holding periods of the Existing Common Stock whose basis is allocated to any particular shares of New Common Stock. This may result in some shares of New Common Stock having split holding periods and split basis.

Line 17

IRC Sections 368(a), 354(a), 358(a) and 1001.

Line 18

Except to the extent of cash received in lieu of fractional shares, shareholders generally will not recognize gain or loss as a result of the Stock Split. In general, if a shareholder receives cash in lieu of fractional shares, the shareholder will recognize capital gain or loss based on the difference between the amount of cash received and the shareholder's adjusted tax basis in the fractional shares.

Shareholders should consult their own tax advisor with respect to the tax consequences resulting from the Stock Split.

Line 19

The reportable tax year is the calendar year ending 2016.