CALIFORNIA RESOURCES BANKRUPTCY CASE STUDY

FILED ON 07/15/2020

CreditRiskMonitor's warning of California Resources Corporation's ("California Resources") bankruptcy risk was determined by a combination of factors:

MONTHLY AVERAGE FRISK® SCORE

CreditRiskMonitor's FRISK® score had been warning of financial stress at California Resources (OTC: CRCQQ) for more than a year. We issued a special High Risk Report, dated June 17, 2020 as conditions continued to deteriorate and become more troubling. The company ultimately filed for bankruptcy on July 15, 2020.

Second quarter of 2019 working capital decreased from the prior year's end balance of $33 million to a deficit of $88 million.

Third quarter net sales declined by 18% compared to last year's same period following lower daily oil & gas production volumes.

Private exchange offers were announced which would replace debt with loans, stock, and warrants, a red flag development.

Business Name	2019						2020						
	J	A	S	O	N	D	J	F	M	A	M	J	J
California Resources Corporation	1	1	1	1	1	1	1	1	1	1	1	1	1

BANKRUPT!

Company shares plunged after California's Dept. of Conservation halted new oil & gas well extraction for hydraulic fracturing.

Executive management makes the request to pursue an out of court restructuring for 76% of the entire debt stack.

The FRISK® score is 96% accurate* in predicting the risk of corporate failure/bankruptcy over a 12-month horizon. All FRISK® scores are recalculated every night for each subsequent 12-month period.

FRISK® SCORE: PROBABILITY OF BANKRUPTCY WITHIN 12 MONTHS

	FRISK®	FROM	TO
BEST	10	0.00%	0.12%
	9	0.12%	0.27%
	8	0.27%	0.34%
	7	0.34%	0.55%
	6	0.55%	0.87%
	5	0.87%	1.40%
	4	1.40%	2.10%
	3	2.10%	4.00%
	2	4.00%	9.99%
WORST	1	9.99%	50.00%

While the risk of bankruptcy varies at each FRISK® score, 96% of public companies that eventually go bankrupt enter the FRISK® "red zone" prior to filing. A FRISK® score of 5 or less is an important warning sign.

* FRISK® score accuracy of 96% is based on backtesting of U.S. public companies; results may vary by country.

THE FRISK® SCORE COMPONENTS

At the core of the CreditRiskMonitor® process is our 96% accurate FRISK® score, which indicates a company's level of financial stress on a scale of 1 to 10, based on the probability of bankruptcy over a 12-month horizon. When available, the FRISK® score incorporates a number of powerful risk indicators including:

- A "Merton" type model using stock market capitalization and volatility
- Financial ratios, including those used in the Altman Z"-Score Model
- Bond agency ratings from Moody's, Fitch, & DBRS Morningstar

Crowdsourced CreditRiskMonitor® Usage Data

Crowdsourcing has enhanced the accuracy and timeliness of the FRISK® score. We collect and analyze data patterns from thousands of CreditRiskMonitor® subscribers, including professionals from more than 35% of the Fortune 1000 and other large corporations worldwide.

The crowdsourcing advantage is even more powerful in our FRISK® score since many of the professionals who use our service are credit managers:

- Credit managers control one of the largest sources of working capital going into a company
- They are not held to the same "Fair Disclosure" restrictions that prevent non-disclosed information sharing on public companies
- Credit managers use a variety of non-public information sources such as their own company's management and sales representatives to be alerted to concerns in a public company's performance
- It is commonly known credit managers confidentially share information with other credit managers, thus collectively, their behavior helps to provide advanced insight to financial problems in public companies

Read more in Credit Research Foundation's quarterly journal article, "Assessing Public Company Financial Risk by Crowdsourcing the Research of Credit Professionals"

DO NOT MISS THIS – MANAGEMENT DISCUSSION AND ANALYSIS (MD&A)

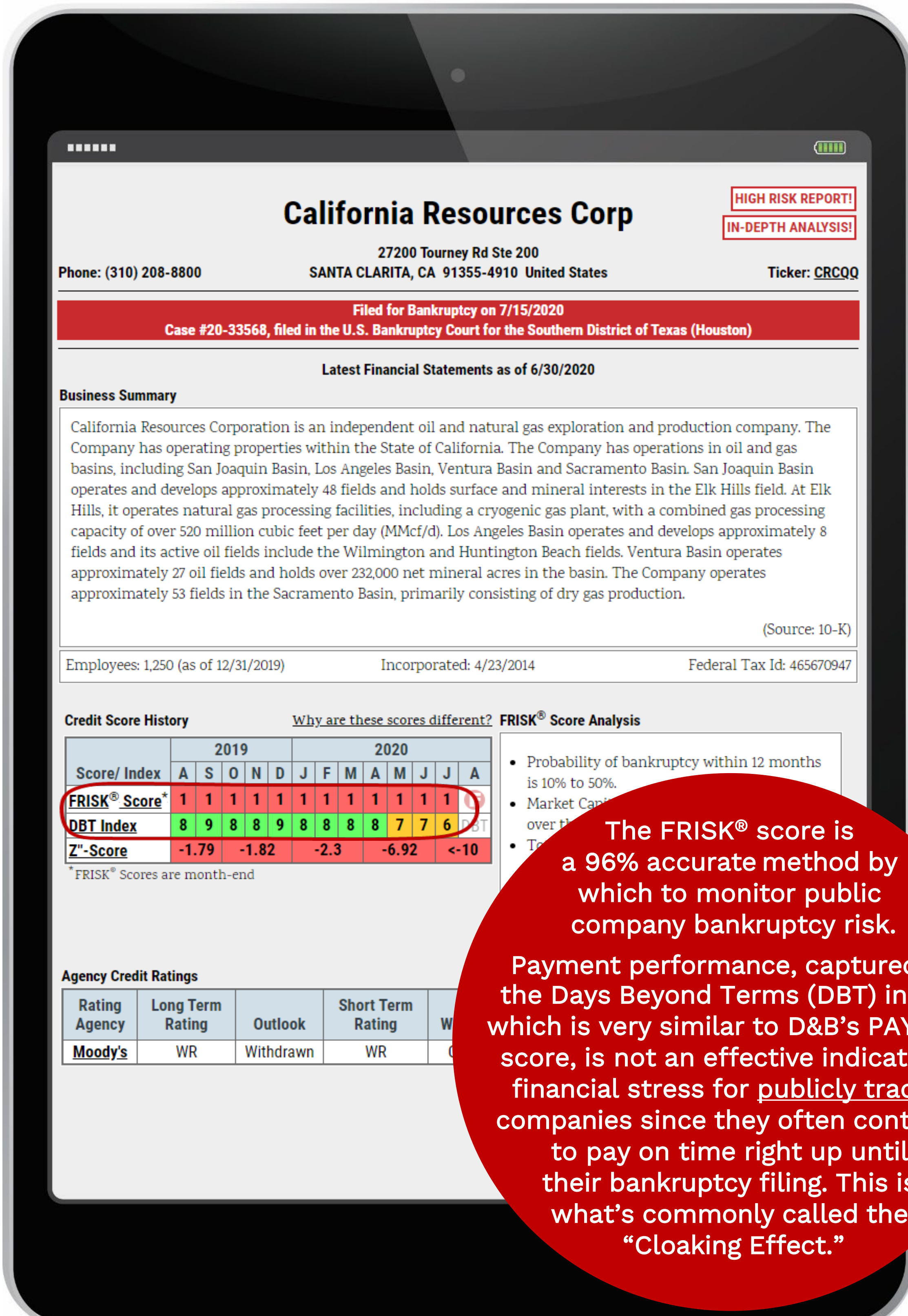
Making misleading or fraudulent statements in an MD&A is against the law – and Sarbanes-Oxley subjects CEOs and CFOs to heavy fines or even jail time for doing so. A vital feature of the CreditRiskMonitor service is the ability to quickly access a Company's Management Discussion and Analysis (MD&A) history. Let it sink in: there are no two people in the world with better knowledge of a company's liquidity risk than the CEO and CFO. More than any credit manager. More than any trade group. And they're personally liable if they're lying.

According to the Financial Accounting Standards Board (FASB), "MD&A should provide a balanced presentation that includes both positive and negative information about the topics discussed."

You MUST understand trends, commitments, demands and uncertainties likely to result in a material change in Liquidity and Capital Resources, like if they can continue as a going concern. If you don't, you need help.

Management disclosed several concerning factors including the impact of COVID-19, an inability to comply with financial covenants, and ongoing discussions with creditors about a debt restructuring. Contact your account manager to discuss these red flags.

COMPANY REPORT DETAIL



California Resources Corp

HIGH RISK REPORT!

IN-DEPTH ANALYSIS!

27200 Tourney Rd Ste 200

Phone: (310) 208-8800 SANTA CLARITA, CA 91355-4910 United States Ticker: CRCQQ

Filed for Bankruptcy on 7/15/2020
Case #20-33568, filed in the U.S. Bankruptcy Court for the Southern District of Texas (Houston)

Latest Financial Statements as of 6/30/2020

Business Summary

California Resources Corporation is an independent oil and natural gas exploration and production company. The Company has operating properties within the State of California. The Company has operations in oil and gas basins, including San Joaquin Basin, Los Angeles Basin, Ventura Basin and Sacramento Basin. San Joaquin Basin operates and develops approximately 48 fields and holds surface and mineral interests in the Elk Hills field. At Elk Hills, it operates natural gas processing facilities, including a cryogenic gas plant, with a combined gas processing capacity of over 520 million cubic feet per day (MMcf/d). Los Angeles Basin operates and develops approximately 8 fields and its active oil fields include the Wilmington and Huntington Beach fields. Ventura Basin operates approximately 27 oil fields and holds over 232,000 net mineral acres in the basin. The Company operates approximately 53 fields in the Sacramento Basin, primarily consisting of dry gas production.

(Source: 10-K)

Employees: 1,250 (as of 12/31/2019) Incorporated: 4/23/2014 Federal Tax Id: 465670947

Credit Score History Why are these scores different?

Score/ Index	2019					2020							
	A	S	O	N	D	J	F	M	A	M	J	J	A
FRISK® Score*	1	1	1	1	1	1	1	1	1	1	1	1	
DBT Index	8	9	8	8	9	8	8	8	8	7	7	6	DBT
Z"-Score		-1.79		-1.82			-2.3			-6.92		<-10	

*FRISK® Scores are month-end

FRISK® Score Analysis

- Probability of bankruptcy within 12 months is 10% to 50%.
- Market Capi… over th…
- To…

Agency Credit Ratings

Rating Agency	Long Term Rating	Outlook	Short Term Rating	W…
Moody's	WR	Withdrawn	WR	(…

The FRISK® score is a 96% accurate method by which to monitor public company bankruptcy risk.

Payment performance, captured by the Days Beyond Terms (DBT) index, which is very similar to D&B's PAYDEX® score, is not an effective indicator of financial stress for publicly traded companies since they often continue to pay on time right up until their bankruptcy filing. This is what's commonly called the "Cloaking Effect."

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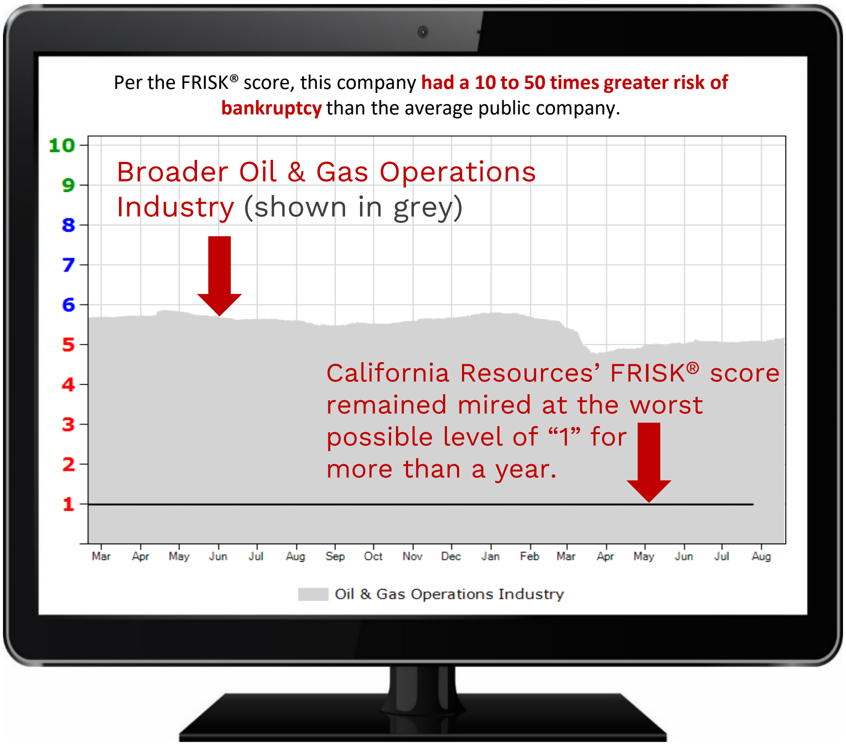
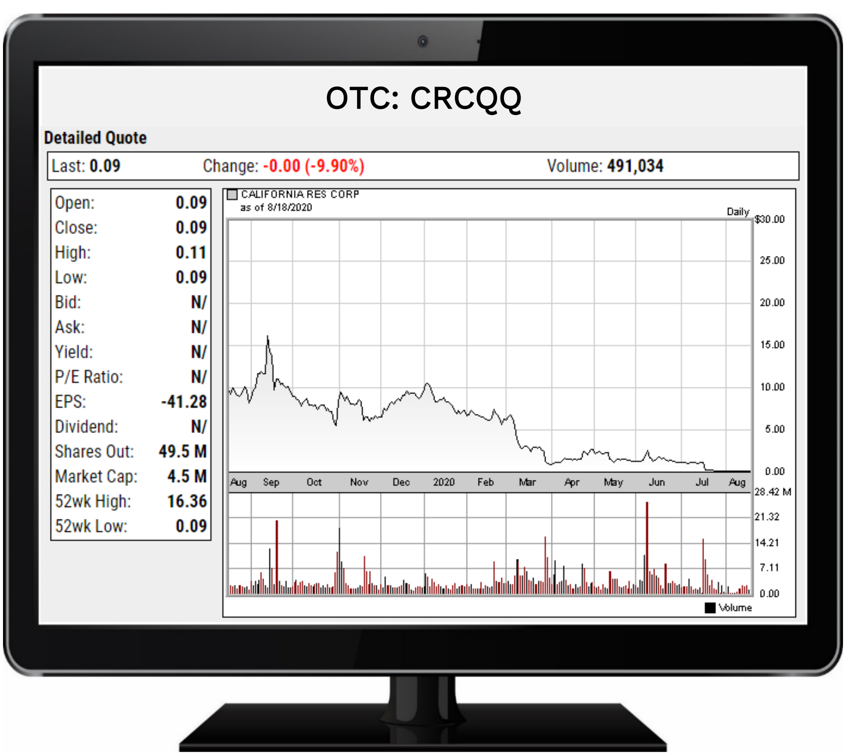
FRISK® DEEP DIVE



The FRISK® score relative to the broader Oil & Gas Operations industry raised an additional red flag signaling heightened risk relative to peers, as well...

MAKING IMMEDIATE ATTENTION REQUIRED.

ADJUSTED MARKET CAP VOLATILITY



One of the inputs of the FRISK® score is a company's market cap volatility, adjusted for dividends, over the course of a year. Incorporating this information allows us to capture the "wisdom of markets" on a daily basis. This ensures our subscribers are getting the most up to date view of the risks they face since stocks tend to be more liquid and faster moving than bond prices and ratings.

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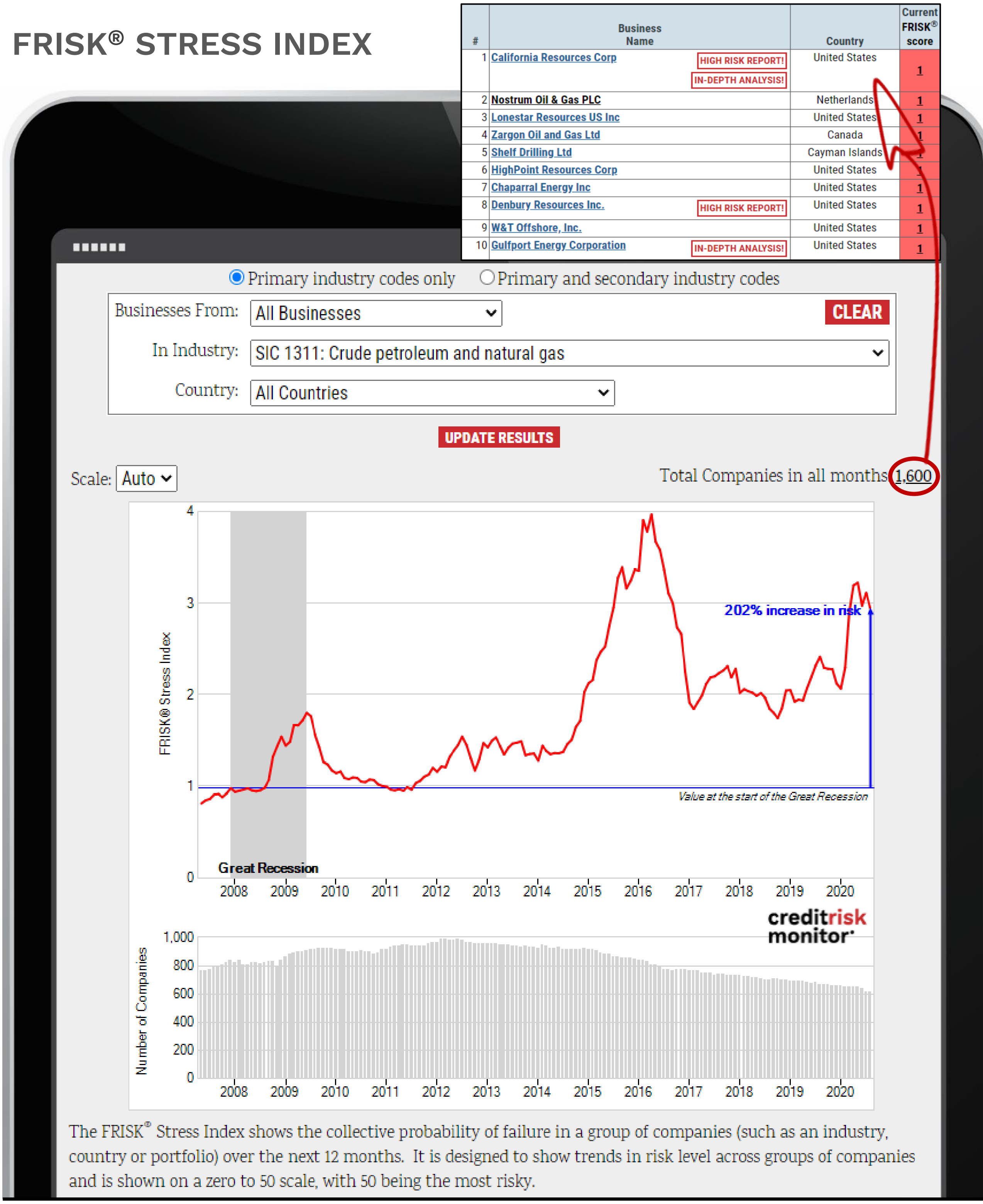
FRISK® STRESS INDEX



#	Business Name		Country	Current FRISK® score
1	California Resources Corp	HIGH RISK REPORT! IN-DEPTH ANALYSIS!	United States	1
2	Nostrum Oil & Gas PLC		Netherlands	1
3	Lonestar Resources US Inc		United States	1
4	Zargon Oil and Gas Ltd		Canada	1
5	Shelf Drilling Ltd		Cayman Islands	1
6	HighPoint Resources Corp		United States	1
7	Chaparral Energy Inc		United States	1
8	Denbury Resources Inc.	HIGH RISK REPORT!	United States	1
9	W&T Offshore, Inc.		United States	1
10	Gulfport Energy Corporation	IN-DEPTH ANALYSIS!	United States	1

The average probability of failure for SIC code 1311 (Crude petroleum and natural gas) has increased 202% since 2007. California Resources was among the weakest names in the industry as evidenced by its FRISK® score of 1.

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PEER ANALYSIS ON ALTERNATE SUPPLIERS AND CUSTOMERS

The Peer Analysis expands to provide a ranking of a company's competitors, which can help provide options for alternate suppliers or new customers

Calendar Year/Quarter: 2020.2

Businesses in Peer Group: 3383	Ranking Within Peer Group	Number Of Peers Ranked	Company Value	Peer Group Range Low	Median	High
Credit Ratings						
Z-Score	281	321	-14.47	-21,262.75	0.61	77.75
Performance ratios:						
Net Sales (Thousands of U.S. Dollars)	51	168	276,000	-51,971	81,731	70,961,000
Gross Margin % Of Sales	81	313	53.99	-1,100.00	31.97	445.45
Gross Margin % Of Sales -- TTM	91	316	64.91	-538.73	42.84	112.41
SGA % Of Sales	239	320	38.77	0.23	16.88	30,815.51
SGA % Of Sales -- TTM	218	326	19.44	0.07	11.85	16,459.41
Operating Margin % Of Sales	212	336	-41.67	-22,260.66	-19.26	3,456.30
Operating Margin % Of Sales -- TTM	246	338				
EBITDA Margin Of Sales	211	275				
EBITDA Margin Of Sales -- TTM	212	285				
Net Profit Margin % Of Sales	247	336				
Net Profit Margin % Of Sales -- TTM	256	338				
Pre-tax Income % Of Sales	238	336				
Effective Tax Rate	98	310				
Depreciation % Of Prop/Plant/Equipment	109	328				
Capital Expense % Of Prop/Plant/Equipment	8	278				
Interest Coverage	186	278	-0.87	-645.00	0.35	921.17
Interest Coverage -- TTM	215	293	-3.06	-208.08	1.12	1,145.15
Liquidity ratios:						
Cash Ratio	273	338	0.02	0.00	0.29	115.33
Quick Ratio	303	317	0.04	0.00	0.66	115.83
Current Ratio	322	338	0.07	0.00	1.14	116.50
Efficientcy ratios:						
Accounts Receivable Turnover	85	333	8.27	-2.95	5.57	125.77
Days Sales Outstanding	105	336				
% of Inventory Financed by Vendors	31	143				
% of Inventory Financed by Vendors -- TTM	33	161				
Inventory Turnover	82	216				
Inventory Turnover -- TTM	79	219				
Days Sales in Inventory	82	207				
Inventory to Working Capital	196	200				
Accounts Payable Turnover	142	231				
Accounts Payable Turnover -- TTM	148	234				
Leverage & debt coverage:						
Total Debt to Equity Ratio		287		0.00	0.66	364.70
Debt to Tangible Equity Ratio		284		0.00	0.76	364.70
Total Debt to Assets Ratio	310	323	1.03	0.00	0.31	20,867.59
Short-Term Debt % of Total Debt	257	273	100.00	0.00	16.84	100.00
Short-Term Debt % of Working Capital	210	274	-94.92	-3,389.53	0.51	3,206.25
Liabilities to Net Worth Ratio		306		0.00	1.25	450.48
Total Liabilities to Equity Ratio		309		0.00	1.14	450.48
TTM EBITDA to Total Debt	188	283	-0.21	-4,291.15	0.10	355.03
Net Debt to TTM EBITDA		162		-17.03	2.66	43.55

Rank	Company Name
1	Running Fox Resource Corp
2	Cobra Venture Corporation
3	Headwater Exploration Inc
4	CKX Lands Inc
5	Africa Energy Corp

Rank	Company Name
1	Parex Resources Inc
2	Societatea Natnl de Gze Ntrle Rmgz SA
3	Headwater Exploration Inc
4	Ipek Dogal Enerj Kynklr Arstrm v Urtm AS
5	Jugopetrol ad Podgorica

Green - Ranked in Upper Quartile of Peer Group
White - Ranked in the Middle Two Quartiles of Peer Group
Red - Ranked in Lower Quartile of Peer Group
Orange - Confidential
Grey - Data is Not Available

TTM = trailing 12 months
N/A = Not Available

California Resources demonstrated bottom quartile ranking in key financial ratios (shown in red) versus its industry peers.

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QUARTERLY PERFORMANCE RATIOS

Unstable net sales trend and deteriorating bottom line

Average interest coverage ratio turns negative and poor free cash flow

Performance Ratios - Sequential Quarters

(Thousands of U.S. Dollars)

Period Ended	3 mos 6/30/2020	3 mos 3/31/2020	3 mos 12/31/2019	3 mos 9/30/2019	3 mos 6/30/2019
Net Sales $	**$276,000**	**$573,000**	**$610,000**	**$681,000**	**$653,000**
% change	*-51.83%*	*-6.07%*	*-10.43%*	*4.29%*	*-5.36%*
Gross Margin $	**$149,000**	**$381,000**	**$399,000**	**$460,000**	**$423,000**
% change	*-60.89%*	*-4.51%*	*-13.26%*	*8.75%*	*-7.44%*
% of sales	*53.99%*	*66.49%*	*65.41%*	*67.55%*	*64.78%*
change as % of incremental sales	*n/m*	*n/m*	*n/m*	*132.14%*	*n/m*
SG&A $	**$107,000**	**$101,000**	**$100,000**	**$108,000**	**$115,000**
% change	*5.94%*	*1.00%*	*-7.41%*	*-6.09%*	*-7.26%*
% of sales	*38.77%*	*17.63%*	*16.39%*	*15.86%*	*17.61%*
change as % of incremental sales	*n/m*	*n/m*	*n/m*	*-25.00%*	*n/m*
Operating margin $	**($115,000)**	**($1,644,000)**	**$120,000**	**$230,000**	**$142,000**
% change	*93.00%*	*-1,470.00%*	*-47.83%*	*61.97%*	*125.40%*
% of sales	*-41.67%*	*-286.91%*	*19.67%*	*33.77%*	*21.75%*
change as % of incremental sales	*n/m*	*n/m*	*n/m*	*314.29%*	*n/m*
EBITDA $	**($74,000)**	**($1,539,000)**	**$180,000**	**$340,000**	**$260,000**
% change	*95.19%*	*-955.00%*	*-47.06%*	*30.77%*	*49.43%*
% of sales	*-26.81%*	*-268.59%*	*29.51%*	*49.93%*	*39.82%*
change as % of incremental sales	*n/m*	*n/m*	*n/m*	*285.71%*	*n/m*
EBIT $	**($162,000)**	**($1,658,000)**	**$66,000**	**$222,000**	**$139,000**
% change	*90.23%*	*-2,612.12%*	*-70.27%*	*59.71%*	*148.21%*
% of sales	*-58.70%*	*-289.35%*	*10.82%*	*32.60%*	*21.29%*
change as % of incremental sales	*n/m*	*n/m*	*n/m*	*296.43%*	*n/m*
Pre-tax income $	**($247,000)**	**($1,745,000)**	**($24,000)**	**$127,000**	**$41,000**
% change	*85.85%*	*-7,170.83%*	*-118.90%*	*209.76%*	*193.18%*
% of sales	*-89.49%*	*-304.54%*	*-3.93%*	*18.65%*	*6.28%*
change as % of incremental sales	*n/m*	*n/m*	*n/m*	*307.14%*	*n/m*
Net income (loss) $	**($271,000)**	**($1,796,000)**	**($67,000)**	**$94,000**	**$12,000**
% change	*84.91%*	*-2,580.60%*	*-171.28%*	*683.33%*	*117.91%*
% of sales	*-98.19%*	*-313.44%*	*-10.98%*	*13.80%*	*1.84%*
change as % of incremental sales	*n/m*	*n/m*	*n/m*	*292.86%*	*n/m*
Tax expense $	**$0**	**$0**	**$1,000**	**$0**	**$0**
Effective tax rate	*0.00%*	*0.00%*	*-4.17%*	*0.00%*	*0.00%*
Depreciation expense $	**$88,000**	**$119,000**	**$114,000**	**$118,000**	**$121,000**
% of sales	*31.88%*	*20.77%*	*18.69%*	*17.33%*	*18.53%*
% of capital expenses	*2,933.33%*	*396.67%*	*183.87%*	*96.72%*	*86.43%*
% of PP&E, net (annualized)	*7.76%*	*8.66%*	*7.08%*	*7.30%*	*7.41%*
Capital expenditures $	**$3,000**	**$30,000**	**$62,000**	**$122,000**	**$140,000**
% change	*-90.00%*	*-51.61%*	*-49.18%*	*-12.86%*	*6.87%*
% of PP&E, net (annualized)	*0.26%*	*2.18%*	*3.85%*	*7.55%*	*8.57%*
% of working capital (annualized)	*-0.43%*	*-59.26%*	*-115.62%*	*-326.42%*	*-560.00%*
Interest coverage ratio	**(0.87)**	**(17.69)**	**2.00**	**3.58**	**2.65**
% change	*95.08%*	*-984.49%*	*-44.12%*	*34.90%*	*52.48%*
Free cash flow $	**($138,000)**	**$198,000**	**$74,000**	**$146,000**	**($26,000)**
% change	*-169.70%*	*167.57%*	*-49.32%*	*661.54%*	*-196.30%*
Source:	10-Q 8/6/2020	10-Q 6/25/2020	10-K 2/26/2020	10-Q 11/4/2019	10-Q 8/1/2019

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QUARTERLY LEVERAGE RATIOS

Persistently negative tangible net worth steepened with impairments on unproved and proved oil & gas properties

Total debt to assets ratio trends well above an exceedingly high level of 70+% over the last five sequential quarters

Leverage Ratios - Sequential Quarters

(Thousands of U.S. Dollars)

Period Ended	6/30/2020	3/31/2020	12/31/2019	9/30/2019	6/30/2019
Total debt $	**$5,084,000**	**$4,862,000**	**$4,979,000**	**$4,998,000**	**$5,162,000**
% change	*4.57%*	*-2.35%*	*-0.38%*	*-3.18%*	*-2.03%*
Stockholders' equity $	**($2,376,000)**	**($2,095,000)**	**($296,000)**	**($208,000)**	**($279,000)**
% change	*-13.41%*	*-607.77%*	*-42.31%*	*25.45%*	*3.46%*
Tangible net worth $	**($2,376,000)**	**($2,095,000)**	**($296,000)**	**($208,000)**	**($279,000)**
% change	*-13.41%*	*-607.77%*	*-42.31%*	*25.45%*	*3.46%*
Total assets $	**$4,930,000**	**$4,974,000**	**$6,958,000**	**$7,035,000**	**$7,032,000**
% change	*-0.88%*	*-28.51%*	*-1.09%*	*0.04%*	*-2.74%*
Total debt to assets ratio	**1.03**	**0.98**	**0.72**	**0.71**	**0.73**
% change	*5.49%*	*36.60%*	*0.73%*	*-3.23%*	*0.73%*
Tangible assets $	**$4,930,000**	**$4,974,000**	**$6,958,000**	**$7,035,000**	**$7,032,000**
% change	*-0.88%*	*-28.51%*	*-1.09%*	*0.04%*	*-2.74%*
Short-term debt $	**$5,084,000**	**$1,000**	**$101,000**	**$101,000**	**$101,000**
% change	*508,300.00%*	*-99.01%*	*0.00%*	*0.00%*	*1.00%*
Short-term debt % of total debt	**100.00%**	**0.02%**	**2.03%**	**2.02%**	**1.96%**
% change	*485,336.89%*	*-98.98%*	*0.38%*	*3.28%*	*3.09%*
Short-term debt % of working capital	**-94.92%**	**-0.53%**	**-46.33%**	**-47.87%**	**-114.77%**
% change	*-17,648.99%*	*98.85%*	*3.21%*	*58.29%*	*-28.55%*
Total liabilities $	**$7,306,000**	**$7,069,000**	**$7,254,000**	**$7,243,000**	**$7,311,000**
% change	*3.35%*	*-2.55%*	*0.15%*	*-0.93%*	*-2.77%*
Total debt to EBITDA ratio (annualized)	**n/a**	**n/a**	**6.92**	**3.68**	**4.96**
% change	*n/a*	*n/a*	*88.17%*	*-25.96%*	*-34.44%*
Source:	[illegible]	[illegible]	10-K 2/26/2020	10-Q 11/4/2019	10-Q 8/1/2019

Negative short-term debt as a % of working capital indicated challenges with servicing current obligations

QUARTERLY LIQUIDITY RATIOS AND RATES OF RETURN

Working capital steeply declined

Weak cash, quick, and current ratios

Liquidity Ratios - Sequential Quarters

(Thousands of U.S. Dollars)

Period Ended	6/30/2020	3/31/2020	12/31/2019	9/30/2019	6/30/2019
Current assets $	**$403,000**	**$356,000**	**$491,000**	**$510,000**	**$522,000**
% change	*13.20%*	*-27.49%*	*-3.73%*	*-2.30%*	*-9.53%*
% of short-term debt	*7.93%*	*35,600.00%*	*486.14%*	*504.95%*	*516.83%*
Current liabilities $	**$5,759,000**	**$543,000**	**$709,000**	**$721,000**	**$610,000**
% change	*960.59%*	*-23.41%*	*-1.66%*	*18.20%*	*-11.47%*
Working capital $	**($5,356,000)**	**($187,000)**	**($218,000)**	**($211,000)**	**($88,000)**
% change	*-2,764.17%*	*14.22%*	*-3.32%*	*-139.77%*	*21.43%*
% of sales (annualized)	*-485.14%*	*-8.16%*	*-8.93%*	*-7.75%*	*-3.37%*
Cash $	**$126,000**	**$77,000**	**$17,000**	**$22,000**	**$27,000**
% change	*63.64%*	*352.94%*	*-22.73%*	*-18.52%*	*-37.21%*
% of short-term debt	*2.48%*	*7,700.00%*	*16.83%*	*21.78%*	*26.73%*
Cash ratio	**0.02**	**0.14**	**0.02**	**0.03**	**0.04**
% change	*-84.56%*	*490.83%*	*-21.31%*	*-31.15%*	*-29.01%*
Quick assets $	**$258,000**	**$212,000**	**$294,000**	**$270,000**	**$261,000**
% change	*21.70%*	*-27.89%*	*8.89%*	*3.45%*	*-23.01%*
% of short-term debt	*5.07%*	*21,200.00%*	*291.09%*	*267.33%*	*258.42%*
Quick ratio	**0.04**	**0.39**	**0.41**	**0.37**	**0.43**
% change	*-88.52%*	*-5.86%*	*10.73%*	*-12.48%*	*-13.03%*
Current ratio	**0.07**	**0.66**	**0.69**	**0.71**	**0.86**
% change	*-89.32%*	*-5.33%*	*-2.11%*	*-17.33%*	*2.19%*
Source:	10-Q 8/6/2020	10-Q 6/25/2020	10-K 2/26/2020	10-Q 11/4/2019	10-Q 8/1/2019

Poor returns on total assets

Rate of Return - Sequential Quarters

(Thousands of U.S. Dollars)

Period Ended	3 mos 6/30/2020	3 mos 3/31/2020	3 mos 12/31/2019	3 mos 9/30/2019	3 mos 6/30/2019
Return on total assets	**-5.47%**	**-30.10%**	**-0.96%**	**1.34%**	**0.17%**
% change	*81.82%*	*-3,043.68%*	*-171.65%*	*694.12%*	*118.07%*
Return on tangible assets	**-5.47%**	**-30.10%**	**-0.96%**	**1.34%**	**0.17%**
% change	*81.82%*	*-3,043.68%*	*-171.65%*	*694.12%*	*118.07%*
Source:	10-Q 8/6/2020	10-Q 6/25/2020	10-K 2/26/2020	10-Q 11/4/2019	10-Q 8/1/2019

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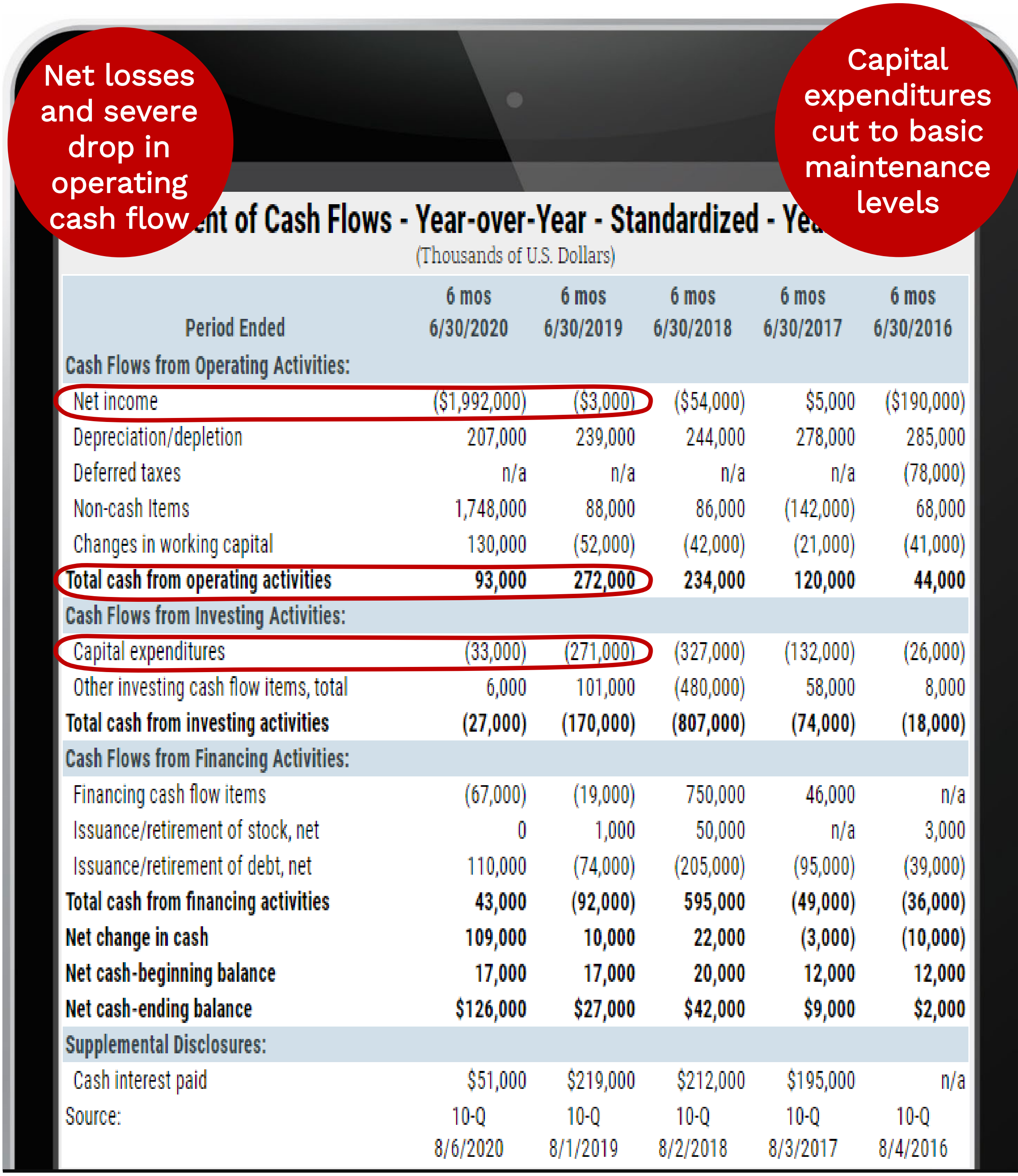
YEAR OVER YEAR STATEMENT OF CASH FLOWS



nt of Cash Flows - Year-over-Year - Standardized - Ye

(Thousands of U.S. Dollars)

Period Ended	6 mos 6/30/2020	6 mos 6/30/2019	6 mos 6/30/2018	6 mos 6/30/2017	6 mos 6/30/2016
Cash Flows from Operating Activities:					
Net income	($1,992,000)	($3,000)	($54,000)	$5,000	($190,000)
Depreciation/depletion	207,000	239,000	244,000	278,000	285,000
Deferred taxes	n/a	n/a	n/a	n/a	(78,000)
Non-cash Items	1,748,000	88,000	86,000	(142,000)	68,000
Changes in working capital	130,000	(52,000)	(42,000)	(21,000)	(41,000)
Total cash from operating activities	**93,000**	**272,000**	**234,000**	**120,000**	**44,000**
Cash Flows from Investing Activities:					
Capital expenditures	(33,000)	(271,000)	(327,000)	(132,000)	(26,000)
Other investing cash flow items, total	6,000	101,000	(480,000)	58,000	8,000
Total cash from investing activities	**(27,000)**	**(170,000)**	**(807,000)**	**(74,000)**	**(18,000)**
Cash Flows from Financing Activities:					
Financing cash flow items	(67,000)	(19,000)	750,000	46,000	n/a
Issuance/retirement of stock, net	0	1,000	50,000	n/a	3,000
Issuance/retirement of debt, net	110,000	(74,000)	(205,000)	(95,000)	(39,000)
Total cash from financing activities	**43,000**	**(92,000)**	**595,000**	**(49,000)**	**(36,000)**
Net change in cash	**109,000**	**10,000**	**22,000**	**(3,000)**	**(10,000)**
Net cash-beginning balance	**17,000**	**17,000**	**20,000**	**12,000**	**12,000**
Net cash-ending balance	**$126,000**	**$27,000**	**$42,000**	**$9,000**	**$2,000**
Supplemental Disclosures:					
Cash interest paid	$51,000	$219,000	$212,000	$195,000	n/a
Source:	10-Q 8/6/2020	10-Q 8/1/2019	10-Q 8/2/2018	10-Q 8/3/2017	10-Q 8/4/2016

NEWS ALERTS: A TIMELINE OF CONCERNING NEWS ITEMS

Q2 2019 filing – Corporate disclosures indicated that management had only hedged less than 20% of total daily production for 2020. A small hedging program exposes exploration and production operators to commodity price volatility. Such missteps would expose the company to the OPEC+ supply glut and the COVID-19 demand shock.		
08/01/2019	CRMZ News Service	California Resources Corp.: a Form 10-Q has been filed with the SEC
California Resources announced that it had entered into an amendment of its credit agreement with its lenders over royalty interest transactions. This modification would actually represent the company's ninth consecutive amendment. Such adjustments in combination with financial stress are a common red flag prior to potential restructurings.		
09/03/2019	CRMZ News Service	California Resources Corp. Files (8-K) Disclosing Entry into a Material Definitive Agreement, Financial Statements and Exhibits
Q3 2019 filing – The applicable margin bared on the $1 billion first-lien term loan was as high as 10.4%. High effective interest rates on senior secured debt financing is indicative of poor credit quality and that the collateral may not be adequately sufficient to cover the risk of the borrowings.		
11/04/2019	CRMZ News Service	California Resources Corp.: a Form 10-Q has been filed with the SEC
Prior to the announcement of capital expenditure reductions, Q4 reinvestment had already declined by nearly 50% over the prior sequential quarter. Going forward, capex-to-depreciation would fall to only 25% and then 3% during Q1 and Q2 of 2020, respectively. Lack of reinvestment hindered production growth, reduced overall production by double digits, and if sustained for a long enough period, could compromise the integrity of production equipment.		
03/09/2020	CRMZ News Service	California Resources Corporation Reduces Capital to Mechanical Integrity Level
Moody's downgraded the company's corporate family rating from Caa1 to Caa3 and reduced the liquidity rating from SGL-3 to SGL-4. Moody's analyst team stated that the company had an elevated risk of a distressed exchange or even a bankruptcy filing. Additional comments stated that E&Ps were among the most significantly affected by the coronavirus pandemic given their sensitivity to demand and oil prices.		
04/02/2020	Moody's Investors Service	Moody's downgrades California Resources' CFR to Caa3; negative outlook
California Resources announced that it had entered into another amendment, which would be the tenth amendment to its credit agreement. This contract alteration stated that the loan limit would be reduced by $100 million and that the redetermination date would be deferred. Such credit negative events should be concerning to any unsecured creditor.		
05/06/2020	CRMZ News Service	California Resources Corp. Files (8-K) Disclosing Entry into a Material Definitive Agreement
California's largest oil driller filed for Chapter 11 bankruptcy protection. The bankruptcy proposal stated that various tranches of debt and mezzanine equity interests would be eliminated. Several creditors agreed to provide $1.1 billion in financing to support California Resources through the restructuring process. The bankruptcy has turned contentious, however, with junior creditors requesting that the judge dismiss the proposal as the terms would primarily benefit senior secured creditors.		
07/15/2020	Business Wire	California Resources Corporation Agrees on Comprehensive Balance Sheet Restructuring with Key Creditors

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