UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the Quarterly Period Ended March 31, 2023

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from __________ to __________

Commission File No. 001-13726

CHESAPEAKE ENERGY CORPORATION

(Exact name of registrant as specified in its charter)

Oklahoma	**73-1395733**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
6100 North Western Avenue, Oklahoma City, Oklahoma	**73118**
(Address of principal executive offices)	(Zip Code)

(405) 848-8000

(Registrant's telephone number, including area code)

Securities Registered Pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol	Name of Each Exchange on Which Registered
Common Stock, $0.01 par value per share	CHK	The Nasdaq Stock Market LLC
Class A Warrants to purchase Common Stock	CHKEW	The Nasdaq Stock Market LLC
Class B Warrants to purchase Common Stock	CHKEZ	The Nasdaq Stock Market LLC
Class C Warrants to purchase Common Stock	CHKEL	The Nasdaq Stock Market LLC

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer ☒ Accelerated Filer ☐ Non-accelerated Filer ☐

Smaller Reporting Company ☐ Emerging Growth Company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court. Yes ☒ No ☐

As of April 28, 2023, there were 133,869,079 shares of our $0.01 par value common stock outstanding.

CHESAPEAKE ENERGY CORPORATION AND SUBSIDIARIES
INDEX TO FORM 10-Q FOR THE QUARTER ENDED MARCH 31, 2023

Definitions

Unless the context otherwise indicates, references to “us,” “we,” “our,” “ours,” “Chesapeake,” the “Company” and “Registrant” refer to Chesapeake Energy Corporation and its consolidated subsidiaries. All monetary values, other than per unit and per share amounts, are stated in millions of U.S. dollars unless otherwise specified. In addition, the following are other abbreviations and definitions of certain terms used within this Quarterly Report on Form 10-Q:

“Adjusted Free Cash Flow” (a non-GAAP measure) means net cash provided by operating activities (GAAP) less cash capital expenditures and contributions to investments, adjusted to exclude certain items management believes affect the comparability of operating results.

“ASC” means Accounting Standards Codification.

“Bankruptcy Code” means Title 11 of the United States Code, 11 U.S.C. §§ 101–1532, as amended.

“Bankruptcy Court” means the United States Bankruptcy Court for the Southern District of Texas.

“Bbl” or “Bbls” means barrel or barrels.

“Bcf” means billion cubic feet.

“Chapter 11 Cases” means, when used with reference to a particular Debtor, the case pending for that Debtor under Chapter 11 of the Bankruptcy Code in the Bankruptcy Court, and when used with reference to all the Debtors, the procedurally consolidated Chapter 11 cases pending for the Debtors in the Bankruptcy Court.

“Chief” means Chief E&D Holdings, LP.

“Class A Warrants” means warrants to purchase 10 percent of the New Common Stock (after giving effect to the Rights Offering, but subject to dilution by the Management Incentive Plan, the Class B Warrants, and the Class C Warrants), at an initial exercise price per share of $27.63. The Class A Warrants are exercisable from the Effective Date until February 9, 2026.

“Class B Warrants” means warrants to purchase 10 percent of the New Common Stock (after giving effect to the Rights Offering, but subject to dilution by the Management Incentive Plan and the Class C Warrants), at an initial exercise price per share of $32.13. The Class B Warrants are exercisable from the Effective Date until February 9, 2026.

“Class C Warrants” means warrants to purchase 10 percent of the New Common Stock (after giving effect to the Rights Offering, but subject to dilution by the Management Incentive Plan), at an initial exercise price per share of $36.18. The Class C Warrants are exercisable from the Effective Date until February 9, 2026.

“Confirmation Order” means the order confirming the Fifth Amended Joint Chapter 11 Plan of Reorganization of Chesapeake Energy Corporation and its Debtor Affiliates, Docket No. 2915, entered by the Bankruptcy Court on January 16, 2021.

“DD&A” means depreciation, depletion and amortization.

“Debtors” means the Company, together with all of its direct and indirect subsidiaries that have filed the Chapter 11 Cases.

“Effective Date” means February 9, 2021.

“ESG” means environmental, social and governance.

“Exit Credit Facility” means the reserve-based revolving credit facility available upon emergence from bankruptcy.

“FLLO Term Loan Facility” means the facility outstanding under the FLLO Term Loan Facility Credit Agreement.

“FLLO Term Loan Facility Credit Agreement” means that certain Term Loan Agreement, dated as of December 19, 2019 ((i) as supplemented by that certain Class A Term Loan Supplement, dated as of December 19, 2019 (as amended, restated or otherwise modified from time to time), by and among Chesapeake, as borrower, the Debtor guarantors party thereto, GLAS USA LLC, as administrative agent, and the lenders party thereto, and (ii) as further amended, restated, or otherwise modified from time to time), by and among Chesapeake, the Debtor guarantors party thereto, GLAS USA LLC, as administrative agent, and the lenders party thereto.

"Free Cash Flow" (a non-GAAP measure) means net cash provided by operating activities (GAAP) less cash capital expenditures.

"G&A" means general and administrative expenses.

"GAAP" means U.S. generally accepted accounting principles.

"General Unsecured Claim" means any Claim against any Debtor that is not otherwise paid in full during the Chapter 11 Cases pursuant to an order of the Bankruptcy Court and is not an Administrative Claim, a Priority Tax Claim, an Other Priority Claim, an Other Secured Claim, a Revolving Credit Facility Claim, a FLLO Term Loan Facility Claim, a Second Lien Notes Claim, an Unsecured Notes Claim, an Intercompany Claim, or a Section 510(b) Claim.

"LTIP" means the Chesapeake Energy Corporation 2021 Long-Term Incentive Plan.

"LNG" means liquefied natural gas.

"Marcellus Acquisition" means Chesapeake's acquisition of Chief and associated non-operated interests held by affiliates of Radler and Tug Hill, Inc., which closed on March 9, 2022 with an effective date of January 1, 2022.

"MBbls" means thousand barrels.

"MMBbls" means million barrels.

"Mcf" means thousand cubic feet.

"Mcfe" means one thousand cubic feet of natural gas equivalent, with one barrel of oil or NGL converted to an equivalent volume of natural gas using the ratio of one barrel of oil or NGL to six Mcf of natural gas.

"MMcf" means million cubic feet.

"MMcfe" means million cubic feet of natural gas equivalent.

"New Common Stock" means the single class of common stock issued by Reorganized Chesapeake on the Effective Date.

"NGL" means natural gas liquids.

"NYMEX" means New York Mercantile Exchange.

"OPEC+" means Organization of the Petroleum Exporting Countries Plus.

"Petition Date" means June 28, 2020, the date on which the Debtors commenced the Chapter 11 Cases.

"Plan" means the Fifth Amended Joint Chapter 11 Plan of Reorganization of Chesapeake Energy Corporation and its Debtor Affiliates, attached as Exhibit A to the Confirmation Order.

"Present Value of Estimated Future Net Revenues or PV-10 (non-GAAP)" means the estimated future gross revenue to be generated from the production of proved reserves, net of estimated production and future development costs, using prices calculated as the average natural gas and oil price during the preceding 12-month period prior to the end of the current reporting period, (determined as the unweighted arithmetic average of prices on the first day of each month within the 12-month period) and costs in effect at the determination date (unless such costs are subject to change pursuant to contractual provisions), without giving effect to non-property related expenses such as general and administrative expenses, debt service and future income tax expense or to depreciation, depletion and amortization, discounted using an annual discount rate of 10%.

"Radler" means Radler 2000 Limited Partnership.

“Rights Offering” means the New Common Stock rights offering for the Rights Offering Amount consummated by the Debtors on the Effective Date.

“SEC” means United States Securities and Exchange Commission.

“Second Lien Notes” means the 11.500% senior notes due 2025 issued by Chesapeake pursuant to the Second Lien Notes Indenture.

“Second Lien Notes Claim” means any Claim on account of the Second Lien Notes.

“SOFR” means a rate equal to the secured overnight financing rate as administered by the SOFR Administrator, the Federal Reserve Bank of New York (or a successor administrator of the secured overnight financing rate).

“Warrants” means collectively, the Class A Warrants, Class B Warrants and Class C Warrants.

“/Bbl” means per barrel.

“/Mcf” means per Mcf.

“/Mcfe” means per Mcfe.

PART I. FINANCIAL INFORMATION

ITEM 1. Condensed Consolidated Financial Statements

CHESAPEAKE ENERGY CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS (Unaudited)

($ in millions, except per share data)	March 31, 2023	December 31, 2022
Assets		
Current assets:		
Cash and cash equivalents	$ 130	$ 130
Restricted cash	67	62
Accounts receivable, net	864	1,438
Short-term derivative assets	464	34
Assets held for sale	862	819
Other current assets	242	215
Total current assets	2,629	2,698
Property and equipment:		
Natural gas and oil properties, successful efforts method		
Proved natural gas and oil properties	10,793	11,096
Unproved properties	2,002	2,022
Other property and equipment	498	500
Total property and equipment	13,293	13,618
Less: accumulated depreciation, depletion and amortization	(2,770)	(2,431)
Total property and equipment, net	10,523	11,187
Long-term derivative assets	122	47
Deferred income tax assets	973	1,351
Other long-term assets	344	185
Total assets	$ 14,591	$ 15,468
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	$ 631	$ 603
Accrued interest	40	42
Short-term derivative liabilities	25	432
Other current liabilities	1,202	1,627
Total current liabilities	1,898	2,704
Long-term debt, net	2,040	3,093
Long-term derivative liabilities	42	174
Asset retirement obligations, net of current portion	279	323
Other long-term liabilities	49	50
Total liabilities	4,308	6,344
Contingencies and commitments (Note 5)		
Stockholders' equity:		
Common stock, $0.01 par value, 450,000,000 shares authorized: 134,019,253 and 134,715,094 shares issued	1	1
Additional paid-in capital	5,729	5,724
Retained earnings	4,553	3,399
Total stockholders' equity	10,283	9,124
Total liabilities and stockholders' equity	$ 14,591	$ 15,468

The accompanying notes are an integral part of these condensed consolidated financial statements.

CHESAPEAKE ENERGY CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

($ in millions, except per share data)	Three Months Ended March 31, 2023	Three Months Ended March 31, 2022
Revenues and other:		
Natural gas, oil and NGL	$ 1,453	$ 1,914
Marketing	652	867
Natural gas and oil derivatives	930	(2,125)
Gains on sales of assets	335	279
Total revenues and other	3,370	935
Operating expenses:		
Production	131	110
Gathering, processing and transportation	264	242
Severance and ad valorem taxes	69	63
Exploration	7	5
Marketing	651	851
General and administrative	35	26
Depreciation, depletion and amortization	390	409
Other operating expense, net	3	23
Total operating expenses	1,550	1,729
Income (loss) from operations	1,820	(794)
Other income (expense):		
Interest expense	(37)	(32)
Other income	10	16
Total other income (expense)	(27)	(16)
Income (loss) before income taxes	1,793	(810)
Income tax expense (benefit)	404	(46)
Net income (loss) available to common stockholders	$ 1,389	$ (764)
Earnings (loss) per common share:		
Basic	$ 10.31	$ (6.32)
Diluted	$ 9.60	$ (6.32)
Weighted average common shares outstanding (in thousands):		
Basic	134,742	120,805
Diluted	144,731	120,805

The accompanying notes are an integral part of these condensed consolidated financial statements.

CHESAPEAKE ENERGY CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

($ in millions)	Three Months Ended March 31, 2023	Three Months Ended March 31, 2022
Cash flows from operating activities:		
Net income (loss)	$ 1,389	$ (764)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation, depletion and amortization	390	409
Deferred income tax expense	378	—
Derivative (gains) losses, net	(930)	2,125
Cash payments on derivative settlements, net	(285)	(568)
Share-based compensation	7	4
Gains on sales of assets	(335)	(279)
Exploration	3	4
Other	9	(8)
Changes in assets and liabilities	263	(70)
Net cash provided by operating activities	889	853
Cash flows from investing activities:		
Capital expenditures	(497)	(344)
Business combination, net	—	(2,006)
Contributions to investments	(39)	—
Proceeds from divestitures of property and equipment	931	403
Net cash provided by (used in) investing activities	395	(1,947)
Cash flows from financing activities:		
Proceeds from New Credit Facility	1,000	—
Payments on New Credit Facility	(2,050)	—
Proceeds from Exit Credit Facility	—	1,565
Payments on Exit Credit Facility	—	(1,065)
Proceeds from warrant exercise	—	1
Cash paid to repurchase and retire common stock	(54)	(83)
Cash paid for common stock dividends	(175)	(210)
Net cash provided by (used in) financing activities	(1,279)	208
Net increase (decrease) in cash, cash equivalents and restricted cash	5	(886)
Cash, cash equivalents and restricted cash, beginning of period	192	914
Cash, cash equivalents and restricted cash, end of period	$ 197	$ 28
Cash and cash equivalents	$ 130	$ 19
Restricted cash	67	9
Total cash, cash equivalents and restricted cash	$ 197	$ 28

The accompanying notes are an integral part of these condensed consolidated financial statements.

CHESAPEAKE ENERGY CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS – (Continued)
(Unaudited)

Supplemental disclosures to the condensed consolidated statements of cash flows are presented below:

($ in millions)	Three Months Ended March 31, 2023	Three Months Ended March 31, 2022
Supplemental cash flow information:		
Interest paid, net of capitalized interest	$ 41	$ 31
Income taxes paid, net of refunds received	$ —	$ (5)
Supplemental disclosure of significant non-cash investing and financing activities:		
Change in accrued drilling and completion costs	$ 56	$ 6
Common stock issued for business combination	$ —	$ 764
Operating lease obligations recognized	$ 48	$ —

The accompanying notes are an integral part of these condensed consolidated financial statements.

CHESAPEAKE ENERGY CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS’ EQUITY
(Unaudited)

($ in millions)	Common Stock		Additional Paid-in Capital	Retained Earnings (Accumulated Deficit)	Total Stockholders' Equity
	Shares	Amount			
Balance as of December 31, 2022	134,715,094	$ 1	$ 5,724	$ 3,399	$ 9,124
Share-based compensation	92,048	—	5	—	5
Issuance of common stock for warrant exercise	4,654	—	—	—	—
Repurchase and retirement of common stock	(792,543)	—	—	(60)	(60)
Net income	—	—	—	1,389	1,389
Dividends on common stock	—	—	—	(175)	(175)
Balance as of March 31, 2023	134,019,253	$ 1	$ 5,729	$ 4,553	$ 10,283
Balance as of December 31, 2021	117,917,349	$ 1	$ 4,845	$ 825	$ 5,671
Issuance of common stock for Marcellus Acquisition	9,442,185	—	764	—	764
Share-based compensation	23,169	—	5	—	5
Issuance of common stock for warrant exercise	669,669	—	1	—	1
Repurchase and retirement of common stock	(1,000,000)	—	—	(83)	(83)
Net loss	—	—	—	(764)	(764)
Dividends on common stock	—	—	—	(211)	(211)
Balance as of March 31, 2022	127,052,372	$ 1	$ 5,615	$ (233)	$ 5,383

The accompanying notes are an integral part of these condensed consolidated financial statements.

1. Basis of Presentation and Summary of Significant Accounting Policies

Description of Company

Chesapeake Energy Corporation ("Chesapeake," "we," "our," "us" or the "Company") is a natural gas and oil exploration and production company engaged in the acquisition, exploration and development of properties for the production of natural gas, oil and NGL from underground reservoirs. Our operations are located onshore in the United States.

Basis of Presentation

The accompanying unaudited condensed consolidated financial statements of Chesapeake were prepared in accordance with GAAP and the rules and regulations of the SEC. Pursuant to such rules and regulations, certain disclosures have been condensed or omitted.

This Quarterly Report on Form 10-Q (this "Form 10-Q") relates to our financial position as of March 31, 2023 and December 31, 2022, and our results of operations for the three months ended March 31, 2023 and March 31, 2022. Our annual report on Form 10-K for the year ended December 31, 2022 ("2022 Form 10-K") should be read in conjunction with this Form 10-Q. The accompanying unaudited condensed consolidated financial statements reflect all normal recurring adjustments that, in the opinion of management, are necessary for a fair statement of our condensed consolidated financial statements and accompanying notes and include the accounts of our direct and indirect wholly owned subsidiaries and entities in which we have a controlling financial interest. Intercompany accounts and balances have been eliminated. For the time periods covered by this Form 10-Q, we did not have any changes or items impacting other comprehensive income.

Segments

Operating segments are defined as components of an enterprise that engage in activities from which it may earn revenues and incur expenses for which separate operational financial information is available and is regularly evaluated by the chief operating decision maker for the purpose of allocating an enterprise's resources and assessing its operating performance. We have concluded that we have only one reportable operating segment due to the similar nature of the exploration and production business across Chesapeake and its consolidated subsidiaries and the fact that our marketing activities are ancillary to our operations.

Restricted Cash

As of March 31, 2023, we had restricted cash of $67 million. Our restricted cash represents funds legally restricted for payment of certain convenience class unsecured claims following our emergence from bankruptcy, as well as for future payment of certain royalties.

Assets Held for Sale

We may market certain non-core natural gas and oil assets or other properties for sale. At the end of each reporting period, we evaluate if these assets should be classified as held for sale. The held for sale criteria includes the following: management commits to a plan to sell, the asset is available for immediate sale, an active program to locate a buyer exists, the sale of the asset is probable and expected to be completed within a year, the asset is actively being marketed for sale and that it is unlikely that significant changes to the plan will be made. If each of the criteria are met, then the assets and associated liabilities are classified as held for sale. As of March 31, 2023, the asset and liabilities held for sale are in connection with a portion of our remaining Eagle Ford assets for which we had entered into an agreement to sell to INEOS Energy. This transaction closed on April 28, 2023. See Note 2 for further discussion.

2. Natural Gas and Oil Property Transactions

Marcellus Acquisition

On March 9, 2022, we closed the Marcellus Acquisition for total consideration of approximately $2.77 billion, consisting of approximately $2 billion in cash, including working capital adjustments and approximately 9.4 million shares of our common stock, to acquire high quality producing assets and a deep inventory of premium drilling locations in the prolific Marcellus Shale in Northeast Pennsylvania. The Marcellus Acquisition was indebtedness free, effective as of January 1, 2022, and was subject to customary purchase price adjustments. We funded the cash portion of the consideration with cash on hand and $914 million of borrowings under the Company's Exit Credit Facility. During the first three months of 2022, we recognized approximately $23 million of costs related to our Marcellus Acquisition, which included consulting fees, financial advisory fees, legal fees and change in control expense in accordance with Chief's existing employment agreements. These acquisition-related costs are included within other operating expense, net within our condensed consolidated statements of operations.

Marcellus Acquisition Purchase Price Allocation

We have accounted for the Marcellus Acquisition as a business combination, using the acquisition method. The following table represents the allocation of the total purchase price to the identifiable assets acquired and the liabilities assumed based on the fair values as of the acquisition date. We finalized the acquisition accounting for this transaction during 2022.

	Purchase Price Allocation	
Consideration:		
Cash	$	2,000
Fair value of Chesapeake's common stock issued in the merger [(a)]		764
Working capital adjustments		6
Total consideration	$	2,770
Fair Value of Liabilities Assumed:		
Current liabilities	$	459
Other long-term liabilities		129
Amounts attributable to liabilities assumed	$	588
Fair Value of Assets Acquired:		
Cash, cash equivalents and restricted cash	$	39
Other current assets		218
Proved natural gas and oil properties		2,309
Unproved properties		788
Other property and equipment		1
Other long-term assets		3
Amounts attributable to assets acquired	$	3,358
Total identifiable net assets	$	2,770

(a) The fair value of our common stock is a Level 1 input, as our stock price is a quoted price in an active market as of the acquisition date.

Natural Gas and Oil Properties

For the Marcellus Acquisition, we applied applicable guidance, under which an acquirer should recognize the identifiable assets acquired and the liabilities assumed on the acquisition date at fair value. The fair value estimate of proved and unproved natural gas and oil properties as of the acquisition date was based on estimated natural gas and oil reserves and related future net cash flows discounted using a weighted average cost of capital, including estimates of future production rates and future development costs. We utilized NYMEX strip pricing adjusted for inflation to value the reserves. We then applied various discount rates depending on the classification of reserves and other risk characteristics. Management utilized the assistance of a third-party valuation expert to estimate the value of the natural gas and oil properties acquired. Additionally, the fair value estimate of proved and unproved natural gas and oil properties was corroborated by utilizing a market approach, which considers recent comparable transactions for similar assets.

The inputs used to value natural gas and oil properties require significant judgment and estimates made by management and represent Level 3 inputs.

Marcellus Acquisition Revenues and Expenses Subsequent to Acquisition

For the period from March 10, 2022 to March 31, 2022, we included in our condensed consolidated statements of operations natural gas, oil and NGL revenues of $59 million, net losses on natural gas and oil derivatives of $200 million, and direct operating expenses of $30 million, including depreciation, depletion and amortization related to the Marcellus Acquisition businesses.

Pro Forma Financial Information

As the Marcellus Acquisition closed on March 9, 2022, all activity in 2023 is included in Chesapeake's condensed consolidated statements of operations for the first three months of 2023. The following unaudited pro forma financial information is based on our historical consolidated financial statements adjusted to reflect as if the Marcellus Acquisition occurred on January 1, 2022. The information below reflects pro forma adjustments based on available information and certain assumptions that we believe are reasonable, including the estimated tax impact of the pro forma adjustments.

	Three Months Ended March 31, 2022	
Revenues	$	935
Net loss available to common stockholders	$	(868)
Loss per common share:		
Basic	$	(6.83)
Diluted	$	(6.83)

Eagle Ford Divestitures

In January 2023, we entered into an agreement to sell a portion of our Eagle Ford assets to WildFire Energy I LLC for approximately $1.425 billion, subject to customary closing adjustments. Approximately $225 million of the purchase price was recorded as deferred consideration and treated as a non-interest-bearing note to be paid in installments of $60 million per year for the next three years, with $45 million to be paid in the fourth year following the transaction close date. The deferred consideration is recorded at fair value with an imputed rate of interest as a Level 2 input, and approximately $55 million of the deferred consideration is reflected within other current assets and $125 million is reflected within other long-term assets on the condensed consolidated balance sheets as of March 31, 2023. The divestiture, which closed on March 20, 2023, resulted in a gain of approximately $335 million based on the difference between the carrying value of the assets and consideration received. As of December 31, 2022, approximately $811 million of property and equipment, net and $8 million of other assets were classified as assets held for sale on the condensed consolidated balance sheets. Additionally, approximately $65 million of derivative liabilities, $57 million of asset retirement obligations and $22 million of other liabilities were classified as held for sale and included within other current liabilities on the condensed consolidated balance sheets as of December 31, 2022.

In February 2023, we entered into an agreement to sell a portion of our remaining Eagle Ford assets to INEOS Energy for approximately $1.4 billion, subject to customary closing adjustments. This transaction closed on April 28, 2023 and we received proceeds of approximately $1.055 billion. Approximately $225 million of the purchase price was recorded as deferred consideration and treated as a non-interest-bearing note to be paid in installments of approximately $56 million per year for the next four years. In February 2023, we ceased depreciation on the assets associated with the sale. We classified approximately $814 million of property and equipment, net, $22 million of right of use lease assets, and $26 million of other assets as held for sale included within current assets held for sale on the condensed consolidated balance sheets as of March 31, 2023. Additionally, approximately $53 million of asset retirement obligations liabilities, $22 million of lease liabilities and $16 million of other liabilities were classified as held for sale and included within other current liabilities on the condensed consolidated balance sheets as of March 31, 2023.

Powder River Divestiture

In January 2022, Chesapeake signed an agreement to sell its Powder River Basin assets in Wyoming to Continental Resources, Inc. for approximately $450 million, subject to customary closing adjustments. The divestiture, which closed on March 25, 2022, resulted in the recognition of a gain of approximately $293 million, which included $13 million of post-close adjustments, based on the difference between the carrying value of the assets and the cash received.

3. Earnings Per Share

Basic earnings (loss) per common share is computed by dividing the net income (loss) available to common stockholders by the weighted average number of shares of common stock outstanding during the period. Diluted earnings (loss) per common share is calculated in the same manner but includes the impact of potentially dilutive securities. Potentially dilutive securities consists of issuable shares related to warrants, unvested restricted stock units (“RSUs”), and unvested performance share units (“PSUs”).

The reconciliations between basic and diluted earnings (loss) per share are as follows:

	Three Months Ended March 31, 2023	Three Months Ended March 31, 2022
Numerator		
Net income (loss) available to common stockholders, basic and diluted	$ 1,389	$ (764)
Denominator (in thousands)		
Weighted average common shares outstanding, basic	134,742	120,805
Effect of potentially dilutive securities		
Warrants	9,560	—
Restricted stock units	380	—
Performance share units	49	—
Weighted average common shares outstanding, diluted	144,731	120,805
Earnings (loss) per common share:		
Basic	$ 10.31	$ (6.32)
Diluted	$ 9.60	$ (6.32)

During the first three months of 2023, the diluted earnings per share calculation excludes the effect of 789,458 reserved shares of common stock and 1,489,337 reserved Class C Warrants related to the settlement of General Unsecured Claims associated with the Chapter 11 Cases, as all necessary conditions had not been met for such shares to be considered dilutive shares.

During the first three months of 2022, the diluted loss per share calculation excludes the effect of 1,228,828 reserved shares of common stock and 2,318,446 reserved Class C Warrants related to the settlement of General Unsecured Claims associated with the Chapter 11 Cases, as all necessary conditions had not been met for such shares to be considered dilutive shares. Additionally, as the first three months of 2022 had a net loss, the diluted loss per share calculation excludes the antidilutive effect, calculated using the treasury stock method, of 19,621,344 issuable shares related to warrants, 457,680 shares of restricted stock units, and 47,458 shares related to performance share units.

4. Debt

Our long-term debt consisted of the following as of March 31, 2023 and December 31, 2022:

	March 31, 2023		December 31, 2022	
	Carrying Amount	Fair Value[a]	Carrying Amount	Fair Value[a]
New Credit Facility	$ —	$ —	$ 1,050	$ 1,050
5.50% senior notes due 2026	500	492	500	485
5.875% senior notes due 2029	500	476	500	475
6.75% senior notes due 2029	950	948	950	917
Premiums on senior notes	97	—	100	—
Debt issuance costs	(7)	—	(7)	—
Total long-term debt, net	$ 2,040	$ 1,916	$ 3,093	$ 2,927

(a) The carrying value of borrowings under our New Credit Facility approximate fair value as the interest rates are based on prevailing market rates; therefore, they are a Level 1 fair value measurement. For all other debt, a market approach, based upon quotes from major financial institutions, which are Level 2 inputs, is used to measure the fair value.

New Credit Facility. In December 2022, we entered into a senior secured reserve-based credit agreement (the “New Credit Agreement”) with the lenders and issuing banks party thereto (the “Lenders”), and JPMorgan Chase Bank, N.A., as administrative agent and collateral agent (in such capacity, the “Administrative Agent”), providing for a reserve-based credit facility (the “New Credit Facility”) with an initial borrowing base of $3.5 billion and aggregate commitments of $2.0 billion. The New Credit Facility matures in December 2027. The New Credit Facility provides for a $200 million sublimit available for the issuance of letters of credit and a $50 million sublimit available for swingline loans.

Initially, the obligations under the New Credit Facility are guaranteed by certain of Chesapeake’s subsidiaries (the “Guarantors”), and the New Credit Facility is secured by substantially all of the assets owned by the Company and the Guarantors (subject to customary exceptions), including mortgages on not less than 85% of the total PV-9 of the borrowing base properties evaluated in the most recent reserve report (where PV-9 is the net present value, discounted at 9% per annum, of the estimated future net revenues). The borrowing base will be redetermined semi-annually in or around April and October of each year, with one interim “wildcard” redetermination available to each of the Company and the Administrative Agent, the latter at the direction of the Required Lenders (as defined in the New Credit Agreement), between scheduled redeterminations. Our borrowing base was reaffirmed in April 2023, and the next scheduled redetermination will be in or around October 2023. The New Credit Agreement contains restrictive covenants that limit Chesapeake and its subsidiaries’ ability to, among other things but subject to exceptions customary to reserve-based credit facilities: (i) incur additional indebtedness, (ii) make investments, (iii) enter into mergers; (iv) make or declare dividends; (v) repurchase or redeem certain indebtedness; (vi) enter into certain hedges; (vii) incur liens; (viii) sell assets; and (ix) engage in certain transactions with affiliates. The New Credit Agreement requires Chesapeake to maintain compliance with the following financial ratios (“Financial Covenants”): (A) a current ratio, which is the ratio of Chesapeake’s and its restricted subsidiaries’ consolidated current assets (including unused commitments under the New Credit Facility but excluding certain non-cash assets) to their consolidated current liabilities (excluding the current portion of long-term debt and certain non-cash liabilities), of not less than 1.00 to 1.00; (B) a net leverage ratio, which is the ratio of total indebtedness (less unrestricted cash up to a specified threshold) to Consolidated EBITDAX (as defined in the Credit Agreement) for the prior four fiscal quarters, of not greater than 3.50 to 1.00 and (C) a PV-9 coverage ratio of the net present value, discounted at 9% per annum, of the estimated future net revenues expected in the proved reserves to Chesapeake's and its restricted subsidiaries' total indebtedness of not less than 1.50 to 1.00 ("PV-9 Coverage Ratio").

Borrowings under the New Credit Agreement may be alternate base rate loans or term SOFR loans, at our election. Interest is payable quarterly for alternate base rate loans and at the end of the applicable interest period for term SOFR loans. Term SOFR loans bear interest at term SOFR plus an applicable rate ranging from 175 to 275 basis points per annum, depending on the percentage of the commitments utilized, plus an additional 10 basis points per annum credit spread adjustment. Alternate base rate loans bear interest at a rate per annum equal to the greatest of: (i) the prime rate; (ii) the federal funds effective rate plus 50 basis points; and (iii) the adjusted term SOFR rate for a one-month interest period plus 100 basis points, plus an applicable margin ranging from 75 to 175 basis points per annum, depending on the percentage of the commitments utilized. Chesapeake also pays a commitment fee on unused commitment amounts under the Credit Facility ranging from 37.5 to 50 basis points per annum, depending on the percentage of the commitments utilized.

The New Credit Facility is subject to customary events of default, remedies, and cure rights for credit facilities of this nature.

Borrowings under the New Credit Facility bore interest, inclusive of related fees under the credit agreement, at an average interest rate of 7.4% during the first three months of 2023. The Company has no additional secured debt outstanding as of March 31, 2023.

5. Contingencies and Commitments

Contingencies

Business Operations and Litigation and Regulatory Proceedings

We are involved in, and expect to continue to be involved in, various lawsuits and disputes incidental to our business operations, including commercial disputes, personal injury claims, royalty claims, property damage claims and contract actions.

Our total accrued liability in respect of litigation and regulatory proceedings is determined on a case-by-case basis and represents an estimate of probable losses after considering, among other factors, the progress of each case or proceeding, our experience and the experience of others in similar cases or proceedings, and the opinions and views of legal counsel. Significant judgment is required in making these estimates, and our final liabilities may ultimately be materially different.

The majority of the Company's prepetition legal proceedings were settled during the Chapter 11 Cases or will be resolved in connection with the claims reconciliation process before the Bankruptcy Court, together with actions seeking to collect pre-petition indebtedness or to exercise control over the property of the Company's bankruptcy estates. Any allowed claim related to such litigation will be treated in accordance with the Plan. The Plan in the Chapter 11 Cases, which became effective on February 9, 2021, provided for the treatment of claims against the Company's bankruptcy estates, including pre-petition liabilities that had not been satisfied or addressed during the Chapter 11 Cases. Many of these proceedings were in early stages, and many of them sought damages and penalties, the amount of which is indeterminate.

Environmental Contingencies

The nature of the natural gas and oil business carries with it certain environmental risks for us and our subsidiaries. We have implemented various policies, programs, procedures, training and audits to reduce and mitigate such environmental risks. We conduct periodic reviews, on a company-wide basis, to assess changes in our environmental risk profile. Environmental reserves are established for environmental liabilities for which economic losses are probable and reasonably estimable. We manage our exposure to environmental liabilities in acquisitions by using an evaluation process that seeks to identify pre-existing contamination or compliance concerns and address the potential liability. Depending on the extent of an identified environmental concern, we may, among other things, exclude a property from the transaction, require the seller to remediate the property to our satisfaction in an acquisition or agree to assume liability for the remediation of the property.

Other Matters

Based on management's current assessment, we are of the opinion that no pending or threatened lawsuit or dispute relating to our business operations is likely to have a material adverse effect on our future consolidated financial position, results of operations or cash flows. The final resolution of such matters could exceed amounts accrued, however, and actual results could differ materially from management's estimates.

Commitments

Gathering, Processing and Transportation Agreements

We have contractual commitments with midstream service companies and pipeline carriers for future gathering, processing and transportation of natural gas, oil and NGL to move certain of our production to market. Working interest owners and royalty interest owners, where appropriate, will be responsible for their proportionate share of these costs. Commitments related to gathering, processing and transportation agreements are not recorded as obligations in the accompanying condensed consolidated balance sheets; however, they are reflected in our estimates of proved reserves.

The aggregate undiscounted commitments under our gathering, processing and transportation agreements, excluding any reimbursement from working interest and royalty interest owners, credits for third-party volumes or future costs under cost-of-service agreements, are presented below:

		March 31, 2023
Remainder of 2023	$	431
2024		558
2025		483
2026		444
2027		409
2028-2036		1,835
Total	$	4,160

In addition, we have long-term agreements for certain natural gas gathering and related services within specified acreage dedication areas in exchange for cost-of-service based fees redetermined annually, or tiered fees based on volumes delivered relative to scheduled volumes. Future gathering fees may vary with the applicable agreement.

Other Commitments

As part of our normal course of business, we enter into various agreements providing, or otherwise arranging for, financial or performance assurances to third parties on behalf of our wholly owned guarantor subsidiaries. These agreements may include future payment obligations or commitments regarding operational performance that effectively guarantee our subsidiaries' future performance.

In connection with acquisitions and divestitures, our purchase and sale agreements generally provide indemnification to the counterparty for liabilities incurred as a result of a breach of a representation or warranty by the indemnifying party and/or other specified matters. These indemnifications generally have a discrete term and are intended to protect the parties against risks that are difficult to predict or cannot be quantified at the time of entering into or consummating a particular transaction. For divestitures of natural gas and oil properties, our purchase and sale agreements may require the return of a portion of the proceeds we receive as a result of uncured title or environmental defects.

While executing our strategic priorities, we have incurred certain cash charges, including contract termination charges, financing extinguishment costs and charges for unused natural gas transportation and gathering capacity.

6. Other Current Liabilities

Other current liabilities as of March 31, 2023 and December 31, 2022 are detailed below:

	March 31, 2023	December 31, 2022
Revenues and royalties due others	$ 538	$ 734
Accrued drilling and production costs	250	253
Accrued hedging costs	4	109
Accrued compensation and benefits	34	72
Other accrued taxes	70	84
Operating leases	85	86
Joint interest prepayments received	37	34
Current liabilities held for sale[(a)]	91	144
Other	93	111
Total other current liabilities	$ 1,202	$ 1,627

(a) Current liabilities held for sale are associated with the divestiture transactions related to our Eagle Ford assets. See Note 2 for additional information.

7. Revenue

The following table shows revenue disaggregated by operating area and product type:

	Three Months Ended March 31, 2023			
	Natural Gas	Oil	NGL	Total
Marcellus	$ 617	$ —	$ —	$ 617
Haynesville	402	—	—	402
Eagle Ford	23	373	38	434
Natural gas, oil and NGL revenue	$ 1,042	$ 373	$ 38	$ 1,453
Marketing revenue	$ 328	$ 287	$ 37	$ 652

	Three Months Ended March 31, 2022			
	Natural Gas	Oil	NGL	Total
Marcellus	$ 609	$ —	$ —	$ 609
Haynesville	652	—	—	652
Eagle Ford	47	450	57	554
Powder River Basin	20	66	13	99
Natural gas, oil and NGL revenue	$ 1,328	$ 516	$ 70	$ 1,914
Marketing revenue	$ 408	$ 395	$ 64	$ 867

Accounts Receivable

Our accounts receivable are primarily from purchasers of natural gas, oil and NGL and from exploration and production companies that own interests in properties we operate. This industry concentration could affect our overall exposure to credit risk, either positively or negatively, because our purchasers and joint working interest owners may be similarly affected by changes in economic, industry or other conditions. We monitor the creditworthiness of all our counterparties, and we generally require letters of credit or parent guarantees for receivables from parties deemed to have sub-standard credit, unless the credit risk can otherwise be mitigated. We utilize an allowance method in accounting for bad debt based on historical trends in addition to specifically identifying receivables that we believe may be uncollectible.

Accounts receivable as of March 31, 2023 and December 31, 2022 are detailed below:

	March 31, 2023	December 31, 2022
Natural gas, oil and NGL sales	$ 592	$ 1,171
Joint interest	260	246
Other	15	24
Allowance for doubtful accounts	(3)	(3)
Total accounts receivable, net	$ 864	$ 1,438

8. Income Taxes

We estimate our annual effective tax rate ("AETR") for continuing operations in recording our interim quarterly income tax provision for the various jurisdictions in which we operate. The tax effects of statutory rate changes, significant unusual or infrequently occurring items, and certain changes in the assessment of the realizability of deferred tax assets are excluded from the determination of our estimated AETR as such items are recognized as discrete items in the quarter in which they occur. Our estimated AETR during the first three months of 2023 was 22.5% as a result of projecting current and deferred federal and state income taxes and a partial valuation allowance against our anticipated net deferred asset position at December 31, 2023.

Our estimated AETR during the first three months of 2022 was 5.7% as a result of projecting current federal and state income taxes and maintaining a full valuation allowance against our net deferred asset position. Although we projected a current federal and state tax liability, a benefit was recorded during the first three months of 2022 due to the application of the AETR to the book net loss before income taxes during the first three months of 2022.

As of December 31, 2022, we were in a net deferred tax asset position and anticipate being in a net deferred tax asset position as of December 31, 2023. Based on all available positive and negative evidence, including projections of future taxable income, we believe it is more likely than not that some of our deferred tax assets will not be realized. As such, a partial valuation allowance was recorded against our net deferred tax asset position for federal and state purposes as of March 31, 2023 and December 31, 2022.

On August 16, 2022, the President of the United States signed into law the Inflation Reduction Act of 2022, which includes provisions for a 15% corporate alternative minimum tax on book income for companies whose average book income exceeds $1 billion for any three consecutive years preceding the tax year and a 1% excise tax on stock buybacks. These changes are generally in effect for tax years beginning after December 31, 2022. We do not currently project that we will be subject to the alternative minimum tax on book income for the 2023 tax period, and the impact of the 1% excise tax was immaterial during the first three months of 2023.

9. Equity

Dividends

In May 2021, we initiated a new annual dividend on our shares of common stock, expected to be paid quarterly. During the first three months of 2023 and 2022, we made dividend payments of $175 million ($1.29 per share) and $210 million ($1.7675 per share), respectively.

On May 2, 2023, we declared a quarterly dividend payable of $1.18 per share, which will be paid on June 6, 2023 to stockholders of record at the close of business on May 18, 2023. The dividend consists of a base quarterly dividend in the amount of $0.55 per share and a variable quarterly dividend in the amount of $0.63 per share.

Share Repurchase Program

As of December 2, 2021, the Company was authorized to purchase up to $1.0 billion of the Company's common stock and/or warrants under a share repurchase program. In June 2022, our Board of Directors authorized an expansion of the share repurchase program by $1.0 billion, bringing the total authorized share repurchase amount to $2.0 billion for stock and/or warrants. The share repurchase program will expire on December 31, 2023.

In March 2022, we commenced our share repurchase program. During the first three months of 2023, we repurchased 0.8 million shares of common stock for an aggregate price of $60 million, inclusive of shares for which cash settlement occurred in early April. During the first three months of 2022, we repurchased 1 million shares of common stock for an aggregate price of $83 million. The repurchased shares of common stock were retired and recorded as a reduction to common stock and retained earnings. All share repurchases made after January 1, 2023, are subject to a 1% excise tax on share repurchases, as enacted under the Inflation Reduction Act of 2022. We are able to net this 1% excise tax on share repurchases against the issuance of shares of our common stock. The impact of this 1% excise tax was immaterial during the first three months of 2023.

Warrants

	Class A Warrants	Class B Warrants	Class C Warrants[(a)]
Outstanding as of December 31, 2022	4,495,004	4,404,564	4,006,229
Converted into New Common Stock[(b)]	(3,000)	(1,000)	(170)
Outstanding as of March 31, 2023	4,492,004	4,403,564	4,006,059

(a) As of March 31, 2023, we had 1,489,337 of reserved Class C Warrants.

(b) During the first three months of 2023, we issued 4,654 shares of New Common Stock as a result of Warrant exercises.

10. Share-Based Compensation

On the Effective Date, the Board of Directors adopted the 2021 Long-Term Incentive Plan (the "LTIP") with a share reserve equal to 6,800,000 shares of New Common Stock. The LTIP provides for the grant of RSUs, restricted stock awards, stock options, stock appreciation rights, performance awards and other stock awards to the Company's employees and non-employee directors.

Restricted Stock Units. During the first three months of 2023, we granted RSUs to employees and non-employee directors under the LTIP, which will vest over a three-year period. The fair value of RSUs is based on the closing sales price of our common stock on the date of grant, and compensation expense is recognized ratably over the requisite service period. A summary of the changes in unvested RSUs is presented below:

	Unvested Restricted Stock Units		Weighted Average Grant Date Fair Value Per Share
	(in thousands)		
Unvested as of December 31, 2022	957	$	68.91
Granted	414	$	71.66
Vested	(137)	$	74.36
Forfeited	(12)	$	59.85
Unvested as of March 31, 2023	1,222	$	69.31

The aggregate intrinsic value of RSUs that vested during the first three months of 2023 was approximately $10 million based on the stock price at the time of vesting.

As of March 31, 2023, there was approximately $73 million of total unrecognized compensation expense related to unvested RSUs. The expense is expected to be recognized over a weighted average period of approximately 2.72 years.

Performance Share Units. During the first three months of 2023, we granted PSUs to senior management under the LTIP, which will generally vest over a three-year period and will be settled in shares. The performance criteria include total shareholder return (“TSR”) and relative TSR (“rTSR”) and could result in a total payout between 0% - 200% of the target units. The fair value of the PSUs was measured on the grant date using a Monte Carlo simulation, and compensation expense is recognized ratably over the requisite service period because these awards depend on a combination of service and market criteria.

The following table presents the assumptions used in the valuation of the PSUs granted in 2023.

Assumption	TSR, rTSR
Risk-free interest rate	3.85 %
Volatility	64.4 %

A summary of the changes in unvested PSUs is presented below:

	Unvested Performance Share Units		Weighted Average Grant Date Fair Value Per Share
	(in thousands)		
Unvested as of December 31, 2022	276	$	88.28
Granted	131	$	78.78
Vested	—	$	—
Forfeited	—	$	—
Unvested as of March 31, 2023	407	$	85.23

As of March 31, 2023, there was approximately $23 million of total unrecognized compensation expense related to unvested PSUs. The expense is expected to be recognized over a weighted average period of approximately 2.26 years.

RSU and PSU Compensation.

We recognized the following compensation costs, net of actual forfeitures, related to RSUs and PSUs for the periods presented:

	Three Months Ended March 31, 2023	Three Months Ended March 31, 2022
General and administrative expenses	$ 6	$ 3
Natural gas and oil properties	1	1
Production expense	1	—
Total RSU and PSU compensation	$ 8	$ 4
Related income tax benefit	$ 1	$ —

11. Derivative and Hedging Activities

We use derivative instruments to reduce our exposure to fluctuations in future commodity prices and to protect our expected operating cash flow against significant market movements or volatility. These commodity derivative financial instruments include financial price swaps, basis protection swaps, collars, three-way collars and options. All of our natural gas and oil derivative instruments are net settled based on the difference between the fixed-price payment and the floating-price payment, resulting in a net amount due to or from the counterparty. We do not intend to hold or issue derivative financial instruments for speculative trading purposes and have elected not to designate any of our derivative instruments for hedge accounting treatment.

As of December 31, 2022, approximately $65 million of derivative liabilities (notional volume of 9.6 bcf of natural gas and notional volume of 4.8 mmbbls of oil) were classified as liabilities held for sale. These derivative instruments were novated to WildFire Energy I LLC upon completion of the sale of a portion of our Eagle Ford assets on March 20, 2023. See Note 2 for more details.

The estimated fair values of our natural gas and oil derivative instrument assets (liabilities) as of March 31, 2023 and December 31, 2022 are provided below:

	March 31, 2023		December 31, 2022	
	Notional Volume	Fair Value	Notional Volume	Fair Value
Natural gas (Bcf):				
Fixed-price swaps	369	$ (2)	382	$ (494)
Collars	706	571	721	49
Three-way collars	3	1	4	(2)
Call options	—	—	18	(22)
Basis protection swaps	624	(62)	652	(32)
Total natural gas	1,702	508	1,777	(501)
Oil (MMBbls):				
Fixed-price swaps	—	—	1	(32)
Collars	2	10	2	7
Basis protection swaps	4	1	6	1
Total oil	6	11	9	(24)
Total estimated fair value		$ 519		$ (525)

The following table presents the fair value and location of each classification of derivative instrument included in the condensed consolidated balance sheets as of March 31, 2023 and December 31, 2022 on a gross basis and after same-counterparty netting:

	Gross Fair Value[(a)]	Amounts Netted in the Condensed Consolidated Balance Sheets	Net Fair Value Presented in the Condensed Consolidated Balance Sheets
As of March 31, 2023			
Commodity Contracts:			
Short-term derivative asset	$ 602	$ (138)	$ 464
Long-term derivative asset	178	(56)	122
Short-term derivative liability	(163)	138	(25)
Long-term derivative liability	(98)	56	(42)
Total derivatives	$ 519	$ —	$ 519
As of December 31, 2022			
Commodity Contracts:			
Short-term derivative asset	$ 200	$ (166)	$ 34
Long-term derivative asset	87	(40)	47
Short-term derivative liability	(598)	166	(432)
Long-term derivative liability	(214)	40	(174)
Total derivatives	$ (525)	$ —	$ (525)

(a) These financial assets (liabilities) are measured at fair value on a recurring basis utilizing significant other observable inputs; see further discussion on fair value measurements below.

Fair Value

The fair value of our derivatives is based on third-party pricing models, which utilize inputs that are either readily available in the public market, such as natural gas, oil and NGL forward curves and discount rates, or can be corroborated from active markets or broker quotes, and, as such, are classified as Level 2. These values are compared to the values given by our counterparties for reasonableness. Derivatives are also subject to the risk that either party to a contract will be unable to meet its obligations. We factor non-performance risk into the valuation of our derivatives using current published credit default swap rates. To date, this has not had a material impact on the values of our derivatives.

Credit Risk Considerations

Our derivative instruments expose us to our counterparties' credit risk. To mitigate this risk, we enter into derivative contracts only with counterparties that are highly rated or deemed by us to have acceptable credit strength and deemed by management to be competent and competitive market-makers, and we attempt to limit our exposure to non-performance by any single counterparty. As of March 31, 2023, our natural gas and oil derivative instruments were spread among 12 counterparties.

Hedging Arrangements

Certain of our hedging arrangements are with counterparties that were also lenders (or affiliates of lenders) under our New Credit Facility. The contracts entered into with these counterparties are secured by the same collateral that secures the New Credit Facility. The counterparties' obligations must be secured by cash or letters of credit to the extent that any mark-to-market amounts owed to us exceed defined thresholds. As of March 31, 2023, we did not have any cash or letters of credit posted as collateral for our commodity derivatives.

12. Investments

Momentum Sustainable Ventures LLC. During the fourth quarter of 2022, Chesapeake entered into an agreement with Momentum Sustainable Ventures LLC to build a new natural gas gathering pipeline and carbon capture and sequestration project (“CCUS”), which will gather natural gas produced in the Haynesville Shale for re-delivery to Gulf Coast markets, including LNG export. The pipeline is expected to have an initial capacity of 1.7 Bcf/d expandable to 2.2 Bcf/d. The carbon capture portion of the project anticipates capturing and permanently sequestering up to 2.0 million tons per annum of CO2. The natural gas gathering pipeline in-service is projected for the fourth quarter of 2024, and the carbon sequestration portion of the project is subject to regulatory approvals. We have a 35% interest in the project and have approximately $290 million remaining in our commitment to the project through the end of 2024. We have accounted for this investment as an equity method investment, and its carrying value as of March 31, 2023 and December 31, 2022 was $56 million and $18 million, respectively.

ITEM 2. *Management's Discussion and Analysis of Financial Condition and Results of Operations*

Introduction

This Management's Discussion and Analysis of Financial Condition and Results of Operations is intended to provide a reader of our financial statements with management's perspective on our financial condition, liquidity, results of operations and certain other factors that may affect our future results. The following discussion should be read together with the condensed consolidated financial statements included in Item 1 of Part I of this report and the consolidated financial statements included in Item 8 of our 2022 Form 10-K.

We are an independent exploration and production company engaged in the acquisition, exploration and development of properties to produce natural gas, oil and NGL from underground reservoirs. We own a large portfolio of onshore U.S. unconventional natural gas and liquids assets, including interests in approximately 7,200 natural gas and oil wells as of March 31, 2023. Our natural gas resource plays are the Marcellus Shale in the northern Appalachian Basin in Pennsylvania ("Marcellus") and the Haynesville/Bossier Shales in northwestern Louisiana ("Haynesville"). Our liquids-rich resource play is in the Eagle Ford Shale in South Texas ("Eagle Ford"). In August 2022, we announced that we viewed the assets in Eagle Ford as non-core to our future capital allocation strategy. In January 2023, we entered into an agreement to sell a portion of our Eagle Ford assets to WildFire Energy I LLC for $1.425 billion and closed the transaction on March 20, 2023. Additionally, in February 2023, we entered into an agreement to sell a portion of our remaining Eagle Ford assets to INEOS Energy for $1.4 billion and closed the transaction on April 28, 2023.

Our strategy is to create shareholder value through the responsible development of our significant resource plays while continuing to be a leading provider of affordable, reliable, low carbon energy to the United States. We continue to focus on improving margins through operating efficiencies and financial discipline and improving our ESG performance. To accomplish these goals, we intend to allocate our human resources and capital expenditures to projects we believe offer the highest cash return on capital invested, to deploy leading drilling and completion technology throughout our portfolio, and to take advantage of acquisition and divestiture opportunities to strengthen our portfolio. We also intend to continue to dedicate capital to projects that reduce the environmental impact of our natural gas and oil producing activities. We continue to seek opportunities to reduce cash costs (production, gathering, processing and transportation and general and administrative), through operational efficiencies and improving our production volumes from existing wells.

Leading a responsible energy future is foundational to Chesapeake's success. Our core values and culture demand we continuously evaluate the environmental impact of our operations and work diligently to improve our ESG performance across all facets of our Company. Our path to answering the call for affordable, reliable, low carbon energy begins with our goal to achieve net zero greenhouse gas emissions (Scope 1 and 2) by 2035. To meet this challenge, we have set meaningful goals including:

- Eliminate routine flaring from all new wells completed from 2021 forward, and enterprise-wide by 2025;
- Reduce our methane intensity to 0.02% by 2025 (achieved approximately 0.05% in 2022); and
- Reduce our GHG intensity to 3.0 metric tons CO2 equivalent per thousand barrel of oil equivalent by 2025 (achieved approximately 3.9 in 2022).

In July 2021, we announced our plan to receive independent certification of our natural gas production under the MiQ methane standard and EO100™ Standard for Responsible Energy Development. By the end of 2022, we had received certifications for all our operated gas assets in Haynesville and Marcellus as responsibly sourced gas. The MiQ certification provides a verified approach to tracking our commitment to reduce our methane intensity, as well as supporting our overall objective of achieving net-zero Scope 1 and 2 greenhouse gas emissions by 2035.

As the majority of our production profile consists of natural gas, we have converted the following results of operations, including prior periods, from a per barrel of oil equivalent, to a per one thousand cubic feet of natural gas equivalent, referred to, on such a converted basis, as Mcfe.

Recent Developments

Acquisition

On March 9, 2022, we closed our Marcellus Acquisition pursuant to definitive agreements with Chief, Radler and Tug Hill, Inc. dated January 24, 2022. This transaction strengthened Chesapeake's competitive position, meaningfully increasing our operating cash flows and adding high quality producing assets and a deep inventory of premium drilling locations, while preserving the strength of our balance sheet.

Divestitures

On March 25, 2022, we closed the sale of our Powder River Basin assets in Wyoming to Continental Resources, Inc. for $450 million in cash, subject to post-closing adjustments, which resulted in the recognition of a gain of approximately $293 million.

On January 17, 2023, we entered into an agreement to sell a portion of our Eagle Ford assets to WildFire Energy I LLC for $1.425 billion, subject to post-closing adjustments. This transaction closed on March 20, 2023 and resulted in the recognition of a gain of approximately $335 million.

On February 17, 2023, we entered into an agreement to sell a portion of our remaining Eagle Ford assets to INEOS Energy for $1.4 billion, subject to post-closing adjustments. This transaction closed on April 28, 2023, and we received proceeds of approximately $1.055 billion. As of March 31, 2023, the assets and liabilities associated with this transaction were classified as held for sale.

Investments - Momentum Sustainable Ventures LLC

During the fourth quarter of 2022, we entered into an agreement with Momentum Sustainable Ventures LLC to build a new natural gas gathering pipeline and carbon capture and sequestration project, which will gather natural gas produced in the Haynesville Shale for re-delivery to Gulf Coast markets, including LNG export. The pipeline is expected to have an initial capacity of 1.7 Bcf/d expandable to 2.2 Bcf/d. The carbon capture portion of the project anticipates capturing and permanently sequestering up to 2.0 million tons per annum of CO2. The natural gas gathering pipeline in-service is projected for the fourth quarter of 2024, and the carbon sequestration portion of the project is subject to regulatory approvals. Through the end of the first quarter of 2023, we have made total capital contributions of $56 million to the project.

Repurchases of Equity Securities and Dividends

In June 2022, our Board of Directors authorized an increase in the size of our share repurchase program from $1.0 billion to up to $2.0 billion in aggregate value of our common stock and/or warrants. During the three months ended March 31, 2023, we repurchased approximately 0.8 million shares of our common stock pursuant to the share repurchase program and had $867 million available under the share repurchase program, as of March 31, 2023. In addition, we paid dividends of approximately $175 million, in aggregate, on our common stock during the three months ended March 31, 2023.

Russia's Invasion of Ukraine; Volatility in Natural Gas, Oil and NGL Prices; Inflationary Cost Pressures and Potential Economic Downturns

In late February 2022, Russia launched a military invasion against Ukraine. The Russian invasion has caused, and could intensify, volatility in natural gas, oil and NGL prices, and may have an impact on global growth prospects, which could in turn affect demand for natural gas and oil. This overall uncertainty resulted in stronger commodity prices during much of 2022. Toward the end of 2022, markets began to stabilize, and this, coupled with a milder winter, has resulted in an observed decline in pricing in early 2023. Our 2023 estimated cash flow is partially protected from commodity price volatility due to our current hedge positions that cover approximately 55% to 65% of our projected natural gas volumes for the remainder of 2023.

In addition to the recent weakening in commodity prices, the industry is experiencing inflationary pressure, including increased demand for oilfield service equipment, rising fuel costs, and labor shortages, which could result in increases to our operating and capital costs that are not fixed. Uncertainty regarding a potential economic downturn or recession in certain regions, or globally, may introduce new pressures or accelerate or intensify the pressures currently facing the industry. We continue to monitor these situations and assess their impact on our business, including our business partners and customers. For additional discussion regarding risks associated with price volatility and economic deterioration, see Part I, Item 1A “Risk Factors” in our 2022 Form 10-K.

COVID-19 Pandemic and Impact on Global Demand for Natural Gas and Oil

The global spread of COVID-19 created significant volatility, uncertainty, and economic disruption commencing in 2020, and threatens to continue to do so in 2023. While we cannot predict the full impact that COVID-19 and its variants, or the related disruption and volatility in the natural gas and oil markets may have on our business, cash flows, liquidity, financial condition and results of operations, we believe our cost structure and liquidity position us well to address continued price and demand volatility. For additional discussion regarding risks and impacts associated with the COVID-19 pandemic, see Part I, Item 1A “Risk Factors” in our 2022 Form 10-K.

Liquidity and Capital Resources

Liquidity Overview

Our primary sources of capital resources and liquidity are internally generated cash flows from operations and borrowings under our credit agreements, and our primary uses of cash are for the development of our natural gas and oil properties, acquisitions of additional natural gas properties and return of value to stockholders through dividends and equity repurchases. We believe our cash flow from operations, proceeds from our recent Eagle Ford divestitures, cash on hand and borrowing capacity under the New Credit Facility, as discussed below, will provide sufficient liquidity during the next 12 months and the foreseeable future. As of March 31, 2023, we had $2.1 billion of liquidity available, including $130 million of cash on hand and $2.0 billion of aggregate unused borrowing capacity available under the New Credit Facility. As of March 31, 2023, we had no outstanding borrowings under our New Credit Facility. See Note 4 of the notes to our condensed consolidated financial statements included in Item 1 of Part I of this report for further discussion of our debt obligations, including the carrying and fair value of our senior notes.

Dividends

We paid dividends of $175 million on our common stock during the first three months of 2023. See Note 9 of the notes to our condensed consolidated financial statements included in Item 1 of Part I of this report for further discussion.

On May 2, 2023, we declared a quarterly dividend payable of $1.18 per share, which will be paid on June 6, 2023 to stockholders of record at the close of business on May 18, 2023. The dividend consists of a base quarterly dividend in the amount of $0.55 per share and a variable quarterly dividend in the amount of $0.63 per share.

The declaration and payment of any future dividend, whether fixed or variable, will remain at the full discretion of the Board and will depend on the Company’s financial results, cash requirements, future prospects and other relevant factors. The Company’s ability to pay dividends to its stockholders is restricted by (i) Oklahoma corporate law, (ii) its Certificate of Incorporation, (iii) the terms and provisions of the credit agreement governing its New Credit Facility and (iv) the terms and provisions of the indentures governing its 5.50% Senior Notes due 2026, 5.875% Senior Notes due 2029 and 6.75% Senior Notes due 2029.

Derivative and Hedging Activities

Our results of operations and cash flows are impacted by changes in market prices for natural gas, oil and NGL. We enter into various derivative instruments to mitigate a portion of our exposure to commodity price declines, but these transactions may also limit our cash flows in periods of rising commodity prices. Our natural gas, oil and NGL derivative activities, when combined with our sales of natural gas, oil and NGL, allow us to better predict the total revenue we expect to receive. See Item 3. Quantitative and Qualitative Disclosures About Market Risk included in Part I of this report for further discussion on the impact of commodity price risk on our financial position.

Contractual Obligations and Off-Balance Sheet Arrangements

As of March 31, 2023, our material contractual obligations include repayment of senior notes, derivative obligations, asset retirement obligations, lease obligations, capital commitments relating to our investments, undrawn letters of credit and various other commitments we enter into in the ordinary course of business that could result in future cash obligations. In addition, we have contractual commitments with midstream companies and pipeline carriers for future gathering, processing and transportation of natural gas, oil and NGL to move certain of our production to market. The estimated gross undiscounted future commitments under these agreements were approximately $4.2 billion as of March 31, 2023. As discussed above, we believe our existing sources of liquidity will be sufficient to fund our near and long-term contractual obligations. See Notes 4, 5, 11 and 12 of the notes to our condensed consolidated financial statements included in Item 1 of Part I of this report for further discussion.

New Credit Facility

On December 9, 2022, the Company, as borrower, entered into a senior secured reserve-based credit agreement providing for the New Credit Facility which features an initial borrowing base of $3.5 billion and aggregate commitments of $2.0 billion. Subject to certain exceptions, the borrowing base will be redetermined semi-annually in or around April and October of each year. The New Credit Facility provides for a $200 million sublimit available for the issuance of letters of credit and a $50 million sublimit available for swingline loans. Borrowings under the credit agreement may be alternate base rate loans or term SOFR loans, at the Company's election. The New Credit Facility contains certain features that, upon receipt and maintenance of investment grade ratings from S&P, Moody's and/or Fitch and the satisfaction of certain other conditions, result in the removal or relaxation of specified negative and financial covenants, among other favorable adjustments. See Note 4 of the notes to our condensed consolidated financial statements included in Item 1 of Part I of this report for further discussion.

Capital Expenditures

For the year ending December 31, 2023, we currently expect to bring or have online approximately 145 to 165 gross wells across 10 to 12 rigs and plan to invest between approximately $1.765 – $1.835 billion in capital expenditures. We expect that approximately 85% of our 2023 capital expenditures will be directed toward our natural gas assets. We currently plan to fund our 2023 capital program through cash on hand, expected cash flow from our operations and borrowings under our New Credit Facility. We may alter or change our plans with respect to our capital program and expected capital expenditures based on developments in our business, our financial position, our industry, or any of the markets in which we operate.

Sources and (Uses) of Cash and Cash Equivalents

The following table presents the sources and uses of our cash and cash equivalents for the periods presented:

	Three Months Ended March 31, 2023	Three Months Ended March 31, 2022
Cash provided by operating activities	$ 889	$ 853
Proceeds from divestitures of property and equipment	931	403
Proceeds from Exit Credit Facility, net	—	500
Proceeds from warrant exercise	—	1
Capital expenditures	(497)	(344)
Business combination, net	—	(2,006)
Contributions to investments	(39)	—
Payments on New Credit Facility, net	(1,050)	—
Cash paid to repurchase and retire common stock	(54)	(83)
Cash paid for common stock dividends	(175)	(210)
Net increase (decrease) in cash, cash equivalents and restricted cash	$ 5	$ (886)

Cash Flow from Operating Activities

Cash provided by operating activities was $889 million and $853 million during the first three months of 2023 and 2022, respectively. The increase during the first three months of 2023 is primarily due to increased sales volumes in Marcellus primarily due to the Marcellus Acquisition and timing of cash receipts, partially offset by lower prices for the natural gas, oil and NGL we sold. Cash flows from operations are largely affected by the same factors that affect our net income, excluding various non-cash items, such as depreciation, depletion and amortization, certain impairments, gains or losses on sales of assets, deferred income taxes and mark-to-market changes in our open derivative instruments. See further discussion below under *Results of Operations*.

Proceeds from Divestitures of Property and Equipment

During the first three months of 2023, we sold a portion of our Eagle Ford assets to WildFire Energy I LLC. During the first three months of 2022, we sold our Powder River Basin assets to Continental Resources, Inc. See Note 2 of the notes to our condensed consolidated financial statements included in Item 1 of Part I of this report for further discussion.

Proceeds from Exit Credit Facility, net

During the first three months of 2022, we borrowed a net $500 million on the Exit Credit Facility to fund a portion of the Marcellus Acquisition.

Capital Expenditures

Our capital expenditures increased during the first three months of 2023 compared to the first three months of 2022, primarily as a result of increased drilling and completion activity across all operating areas, as well as inflation-related cost increases for goods and services.

Business Combination

During the first three months of 2022, we closed the Marcellus Acquisition for approximately $2 billion and 9.4 million shares of our common stock. See Note 2 of the notes to our condensed consolidated financial statements included in Item 1 of Part I of this report for further discussion.

Contributions to Investments

During the first three months of 2023, contributions to investments primarily consisted of $39 million, which we contributed to our investment with Momentum Sustainable Ventures LLC to build a new natural gas gathering pipeline and carbon capture project. See Note 12 of the notes to our condensed consolidated financial statements included in Item 1 of Part I of this report for further discussion.

Payments on New Credit Facility, net

During the first three months of 2023, we made net repayments of $1,050 million on the New Credit Facility, utilizing a portion of the divestiture proceeds from the sale of a portion of our Eagle Ford assets and also from internally generated cash provided by operating activities.

Cash Paid to Repurchase and Retire Common Stock

In March 2022, we commenced our share repurchase program. During the first three months of 2023, we repurchased 0.8 million shares for an aggregate price of $60 million, which is inclusive of shares for which cash settlement occurred in early April 2023. During the first three months of 2022, we repurchased 1 million shares of common stock for an aggregate price of $83 million. The repurchased shares of common stock were retired and recorded as a reduction to common stock and retained earnings.

Cash Paid for Common Stock Dividends

As part of our dividend program, we paid common stock base dividends of $75 million and common stock variable dividends of $100 million during the first three months of 2023.

Results of Operations

Natural Gas, Oil and NGL Production and Average Sales Prices

	Three Months Ended March 31, 2023							
	Natural Gas		Oil		NGL		Total	
	MMcf per day	$/Mcf	MBbl per day	$/Bbl	MBbl per day	$/Bbl	MMcfe per day	$/Mcfe
Marcellus	1,974	3.47	—	—	—	—	1,974	3.47
Haynesville	1,549	2.88	—	—	—	—	1,549	2.88
Eagle Ford	128	1.97	54	76.82	16	26.71	546	8.82
Total	3,651	3.17	54	76.82	16	26.71	4,069	3.97
Average NYMEX Price		3.42		76.13				
Average Realized Price (including realized derivatives)		2.74		66.79		26.71		3.45

	Three Months Ended March 31, 2022							
	Natural Gas		Oil		NGL		Total	
	MMcf per day	$/Mcf	MBbl per day	$/Bbl	MBbl per day	$/Bbl	MMcfe per day	$/Mcfe
Marcellus	1,452	4.66	—	—	—	—	1,452	4.66
Haynesville	1,625	4.46	—	—	—	—	1,625	4.46
Eagle Ford	129	4.04	52	95.00	16	41.09	540	11.44
Powder River Basin	41	5.45	8	95.18	3	53.96	102	10.66
Total	3,247	4.54	60	95.02	19	43.05	3,719	5.72
Average NYMEX Price		4.95		94.29				
Average Realized Price (including realized derivatives)		3.08		65.64		43.05		3.96

Natural Gas, Oil and NGL Sales

	Three Months Ended March 31, 2023			
	Natural Gas	Oil	NGL	Total
Marcellus	$ 617	$ —	$ —	$ 617
Haynesville	402	—	—	402
Eagle Ford	23	373	38	434
Total natural gas, oil and NGL sales	$ 1,042	$ 373	$ 38	$ 1,453

	Three Months Ended March 31, 2022			
	Natural Gas	Oil	NGL	Total
Marcellus	$ 609	$ —	$ —	$ 609
Haynesville	652	—	—	652
Eagle Ford	47	450	57	554
Powder River Basin	20	66	13	99
Total natural gas, oil and NGL sales	$ 1,328	$ 516	$ 70	$ 1,914

Natural gas, oil and NGL sales during the first three months of 2023 decreased $461 million compared to the first three months of 2022. Lower average prices, which were consistent with the downward trend in index prices for all products, drove a $512 million decrease during the first three months of 2023. Additionally, the Powder River Basin divestiture and lower sales volumes in Haynesville resulted in decreases of $99 million and $19 million, respectively. Partially offsetting these decreases was an increase of $162 million due to increased sales volumes in

Marcellus, primarily due to the Marcellus Acquisition in March 2022, and an increase of $7 million due to increased Eagle Ford sales volumes.

Production Expenses

	Three Months Ended March 31, 2023			Three Months Ended March 31, 2022		
			$/Mcfe			$/Mcfe
Marcellus	$	24	0.13	$	13	0.10
Haynesville		47	0.34		32	0.22
Eagle Ford		60	1.23		55	1.15
Powder River Basin		—	—		10	0.94
Total production expenses	$	131	0.36	$	110	0.33

Production expenses during the first three months of 2023 increased $21 million as compared to the first three months of 2022. The increase was primarily due to an increase in saltwater disposal expenses, workovers and other preventative maintenance in Eagle Ford and Haynesville, as well as the Marcellus Acquisition in March 2022. These increases were partially offset by the divestiture of the Powder River Basin assets in March 2022.

Gathering, Processing and Transportation Expenses

	Three Months Ended March 31, 2023			Three Months Ended March 31, 2022		
			$/Mcfe			$/Mcfe
Marcellus	$	111	0.62	$	71	0.54
Haynesville		68	0.49		65	0.45
Eagle Ford		85	1.73		84	1.73
Powder River Basin		—	—		22	2.32
Total GP&T	$	264	0.72	$	242	0.72

Gathering, processing and transportation expenses during the first three months of 2023 increased $22 million as compared to the first three months of 2022. Marcellus increased $40 million, primarily due to the Marcellus Acquisition in March 2022, while the divestiture of the Powder River Basin assets in March 2022 resulted in a decrease of $22 million.

Severance and Ad Valorem Taxes

	Three Months Ended March 31, 2023			Three Months Ended March 31, 2022		
			$/Mcfe			$/Mcfe
Marcellus	$	5	0.03	$	4	0.03
Haynesville		34	0.24		12	0.09
Eagle Ford		30	0.60		36	0.75
Powder River Basin		—	—		11	1.09
Total severance and ad valorem taxes	$	69	0.19	$	63	0.19

Severance and ad valorem taxes during the first three months of 2023 increased $6 million as compared to the first three months of 2022. Legislative action led to changes in the Haynesville severance and ad valorem tax rates, which resulted in an increase of $20 million during the first three months of 2023. These increases were partially offset by an $11 million decrease attributable to the divestiture of the Powder River Basin assets.

Adjusted Gross Margin by Operating Area

The tables below present the adjusted gross margin for each of our operating areas. Adjusted gross margin is defined as natural gas, oil and NGL sales less production expenses, gathering, processing and transportation expenses, and severance and ad valorem taxes. Adjusted gross margin is a non-GAAP measure, and a reconciliation of gross margin to adjusted gross margin is presented within the "Non-GAAP Measures" section of this Item 2.

	Three Months Ended March 31, 2023		Three Months Ended March 31, 2022	
		$/Mcfe		$/Mcfe
Marcellus	$ 477	2.69	$ 521	3.99
Haynesville	253	1.81	543	3.70
Eagle Ford	259	5.26	379	7.81
Powder River Basin	—	—	56	6.31
Adjusted gross margin	$ 989	2.70	$ 1,499	4.48

Natural Gas and Oil Derivatives

	Three Months Ended March 31, 2023	Three Months Ended March 31, 2022
Natural gas derivatives - realized losses	$ (140)	$ (428)
Natural gas derivatives - unrealized gains (losses)	1,021	(1,372)
Total gains (losses) on natural gas derivatives	$ 881	$ (1,800)
Oil derivatives - realized losses	$ (49)	$ (159)
Oil derivatives - unrealized gains (losses)	98	(166)
Total gains (losses) on oil derivatives	49	(325)
Total gains (losses) on natural gas and oil derivatives	$ 930	$ (2,125)

See Note 11 of the notes to our condensed consolidated financial statements included in Item 1 of Part I of this report for a discussion of our derivative activity.

General and Administrative Expenses

	Three Months Ended March 31, 2023	Three Months Ended March 31, 2022
Total G&A, net	$ 35	$ 26
G&A, net per Mcfe	$ 0.09	$ 0.08

Total general and administrative expenses, net during the first three months of 2023 increased $9 million compared to the first three months of 2022, primarily due to adjustments in employee benefits and compensation as well as increases in other corporate expenses.

Depreciation, Depletion and Amortization

	Three Months Ended March 31, 2023		Three Months Ended March 31, 2022	
DD&A	$	390	$	409
DD&A per Mcfe	$	1.06	$	1.22

The absolute and per unit decreases in depreciation, depletion and amortization for the first three months of 2023 compared to the first three months of 2022, are primarily related to our Eagle Ford divestitures, partially offset by an increase related to the Marcellus Acquisition in March 2022. We cease recording depreciation on assets that are classified as held for sale.

Other Operating Expense, Net

	Three Months Ended March 31, 2023		Three Months Ended March 31, 2022	
Other operating expense, net	$	3	$	23

During the first three months of 2022, we recognized approximately $23 million of costs related to our Marcellus Acquisition, which included consulting fees, financial advisory fees, legal fees and change in control expense in accordance with Chief's existing employment agreements.

Interest Expense

	Three Months Ended March 31, 2023		Three Months Ended March 31, 2022	
Interest expense on debt	$	46	$	38
Amortization of premium, issuance costs and other		(2)		(1)
Capitalized interest		(7)		(5)
Total interest expense	$	37	$	32

The increase in total interest expense during the first three months of 2023 compared to the first three months of 2022 was primarily due to higher average debt outstanding between periods.

Income Taxes

Income tax expense was $404 million for the first three months of 2023. Of this amount, $26 million was the result of projecting current federal and state income taxes, predominately as a result of taxable gains on closed divestitures, and the remainder is related to projections of deferred federal and state income taxes. An income tax benefit of $46 million was recorded during the first three months of 2022. A tax benefit was recorded during the first three months of 2022 due to the application of our estimated annual effective tax rate to the book net loss before income taxes recorded during the first three months of 2022. Our effective income tax was 22.5% and 5.7% during the first three months of 2023 and 2022, respectively. The fluctuation in the effective tax rate is mainly because we are no longer maintaining a full valuation allowance against our deferred tax assets during the first three months of 2023 as we were during the first three months of 2022. Our effective tax rate can also fluctuate as a result of the impact of discrete items, state income taxes and permanent differences. See Note 8 of the notes to our condensed consolidated financial statements included in Item 1 of Part I of this report for a discussion of income taxes.

Non-GAAP Measures

Management uses adjusted gross margin to assess our operating results and financial performance across assets and periods. We define adjusted gross margin as natural gas, oil and NGL sales less production expenses, gathering, processing and transportation expenses, and severance and ad valorem taxes.

Adjusted gross margin is not a measure of financial performance under GAAP and should not be considered in isolation or as a substitute for analysis of our results reported under GAAP. Additionally, adjusted gross margin may not be comparable to similarly titled measures used by other companies. We exclude depreciation, depletion and amortization from the calculation of adjusted gross margin as depreciation, depletion and amortization are non-cash expenses that do not necessarily reflect present-day performance. The table below reconciles gross margin, as defined by GAAP, to adjusted gross margin.

	Three Months Ended March 31, 2023	Three Months Ended March 31, 2022
Gross margin (GAAP)		
Natural gas, oil and NGL sales	$ 1,453	$ 1,914
Less:		
Production expenses	(131)	(110)
Gathering, processing and transportation expenses	(264)	(242)
Severance and ad valorem taxes	(69)	(63)
Depreciation, depletion and amortization	(390)	(409)
Gross margin (GAAP)	599	1,090
Add back: Depreciation, depletion and amortization	390	409
Adjusted gross margin (Non-GAAP)	$ 989	$ 1,499

Forward-Looking Statements

This report includes “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934 (the “Exchange Act”). Forward-looking statements include our current expectations or forecasts of future events, including matters relating to the continuing effects of the impact of inflation and commodity price volatility resulting from Russia’s invasion of Ukraine, COVID-19 and related supply chain constraints, and the impact of each on our business, financial condition, results of operations and cash flows, the potential effects of the Plan on our operations, management, and employees, actions by, or disputes among or between, members of OPEC+ and other foreign oil-exporting countries, market factors, market prices, our ability to meet debt service requirements, our ability to continue to pay cash dividends, the amount and timing of any cash dividends, and our ESG initiatives. Forward-looking and other statements in this Form 10-Q regarding our environmental, social and other sustainability plans and goals are not an indication that these statements are necessarily material to investors or required to be disclosed in our filings with the SEC. In addition, historical, current, and forward-looking environmental, social and sustainability-related statements may be based on standards for measuring progress that are still developing, internal controls and processes that continue to evolve, and assumptions that are subject to change in the future. Forward-looking statements often address our expected future business, financial performance and financial condition, and often contain words such as "expect," “could,” “may,” "anticipate," "intend," "plan," “ability,” "believe," "seek," "see," "will," "would," “estimate,” “forecast,” "target," “guidance,” “outlook,” “opportunity” or “strategy.”

Although we believe the expectations and forecasts reflected in our forward-looking statements are reasonable, they are inherently subject to numerous risks and uncertainties, most of which are difficult to predict and many of which are beyond our control. No assurance can be given that such forward-looking statements will be correct or achieved or that the assumptions are accurate or will not change over time. Particular uncertainties that could cause our actual results to be materially different than those expressed in our forward-looking statements include:

- the impact of inflation and commodity price volatility resulting from Russia’s invasion of Ukraine, COVID-19 and related labor and supply chain constraints, along with the effects of the current global economic environment, including impacts from higher interest rates and recent bank closures and liquidity concerns at certain financial institutions, on our business, financial condition, employees, contractors, vendors and the global demand for natural gas and oil and U.S. and on world financial markets;
- our ability to comply with the covenants under the credit agreement for our New Credit Facility and other indebtedness;
- risks related to acquisitions or dispositions, or potential acquisitions or dispositions;
- our ability to realize anticipated cash cost reductions;
- the volatility of natural gas, oil and NGL prices, which are affected by general economic and business conditions, as well as increased demand for (and availability of) alternative fuels and electric vehicles;
- a deterioration in general economic, business or industry conditions;
- uncertainties inherent in estimating quantities of natural gas, oil and NGL reserves and projecting future rates of production and the amount and timing of development expenditures;
- our ability to replace reserves and sustain production;
- drilling and operating risks and resulting liabilities;
- our ability to generate profits or achieve targeted results in drilling and well operations;
- the limitations our level of indebtedness may have on our financial flexibility;
- our ability to achieve and maintain ESG certifications, goals and commitments;
- our inability to access the capital markets on favorable terms;
- the availability of cash flows from operations and other funds to fund cash dividends and repurchases of equity securities, to finance reserve replacement costs and/or satisfy our debt obligations;
- write-downs of our natural gas and oil asset carrying values due to low commodity prices;
- charges incurred in response to market conditions;
- limited control over properties we do not operate;

- leasehold terms expiring before production can be established;
- commodity derivative activities resulting in lower prices realized on natural gas, oil and NGL sales;
- the need to secure derivative liabilities and the inability of counterparties to satisfy their obligations;
- potential OTC derivatives regulations limiting our ability to hedge against commodity price fluctuations;
- adverse developments or losses from pending or future litigation and regulatory proceedings, including royalty claims;
- our need to secure adequate supplies of water for our drilling operations and to dispose of or recycle the water used;
- pipeline and gathering system capacity constraints and transportation interruptions;
- legislative, regulatory and ESG initiatives, addressing environmental concerns, including initiatives addressing the impact of global climate change or further regulating hydraulic fracturing, methane emissions, flaring or water disposal;
- terrorist activities and/or cyber-attacks adversely impacting our operations;
- an interruption in operations at our headquarters due to a catastrophic event;
- federal and state tax proposals affecting our industry;
- competition in the natural gas and oil exploration and production industry;
- negative public perceptions of our industry;
- effects of purchase price adjustments and indemnity obligations;
- the ability to execute on our business strategy following emergence from bankruptcy; and
- other factors that are described under *Risk Factors* in Item 1A of our 2022 Form 10-K.

We caution you not to place undue reliance on the forward-looking statements contained in this report, which speak only as of the filing date, and we undertake no obligation to update this information. We urge you to carefully review and consider the disclosures in this report and our other filings with the SEC that attempt to advise interested parties of the risks and factors that may affect our business.

Information About Us

Investors should note that we make available, free of charge on our website at chk.com, our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and any amendments to those reports as soon as reasonably practicable after we electronically file such material with, or furnish it to, the SEC. We also post announcements, updates, events, investor information and presentations on our website in addition to copies of all recent news releases. We may use the Investors section of our website to communicate with investors. It is possible that the financial and other information posted on the Investors section of our website could be deemed to be material information. Documents and information on our website are not incorporated by reference herein.

The SEC maintains a website at www.sec.gov that contains reports, proxy and information statements, and other information regarding issuers, including Chesapeake, that file electronically with the SEC.

ITEM 3. *Quantitative and Qualitative Disclosures About Market Risk*

The primary objective of the following information is to provide forward-looking quantitative and qualitative information about our exposure to market risk. The term market risk relates to our risk of loss arising from adverse changes in natural gas, oil and NGL prices and interest rates. These disclosures are not meant to be precise indicators of expected future losses, but rather indicators of reasonably possible losses. The forward-looking information provides indicators of how we view and manage our ongoing market risk exposures.

Commodity Price Risk

Our results of operations and cash flows are impacted by changes in market prices for natural gas, oil and NGL, which have historically been volatile. To mitigate a portion of our exposure to adverse price changes, we enter into various derivative instruments. Our natural gas, oil and NGL derivative activities, when combined with our sales of natural gas, oil and NGL, allow us to predict with greater certainty the revenue we will receive. We believe our derivative instruments continue to be highly effective in achieving our risk management objectives.

We determine the fair value of our derivative instruments utilizing established index prices, volatility curves and discount factors. These estimates are compared to counterparty valuations for reasonableness. Derivative transactions are also subject to the risk that counterparties will be unable to meet their obligations. This non-performance risk is considered in the valuation of our derivative instruments, but to date has not had a material impact on the values of our derivatives. Future risk related to counterparties not being able to meet their obligations has been partially mitigated under our commodity hedging arrangements that require counterparties to post collateral if their obligations to us are in excess of defined thresholds. The values we report in our financial statements are as of a point in time and subsequently change as these estimates are revised to reflect actual results, changes in market conditions and other factors. See Note 11 of the notes to our condensed consolidated financial statements included in Item 1 of Part I of this report for further discussion of the fair value measurements associated with our derivatives.

Our natural gas, oil and NGL revenues during the first three months of 2023, excluding any effect of our derivative instruments, were $1,042 million, $373 million and $38 million, respectively. Based on production, natural gas, oil and NGL revenue for the first three months of 2023 would have increased or decreased by approximately $104 million, $37 million, and $4 million, respectively, for each 10% increase or decrease in prices. As of March 31, 2023, the fair values of our natural gas and oil derivatives were net assets of $508 million and $11 million, respectively. A 10% increase in forward natural gas prices would decrease the valuation of natural gas derivatives by approximately $256 million. A 10% decrease in forward natural gas prices would increase the valuation of natural gas derivatives by approximately $260 million. A 10% increase in forward oil prices would decrease the valuation of oil derivatives by approximately $8 million. A 10% decrease in forward oil prices would increase the valuation of oil derivatives by approximately $9 million. See Note 11 of the notes to our condensed consolidated financial statements included in Item 1 of Part I of this report for further information on our open derivative positions.

Interest Rate Risk

Our exposure to interest rate changes relates primarily to borrowings under our New Credit Facility for the first three months of 2023 and the Exit Credit Facility for the first three months of 2022. Interest is payable on borrowings under each respective credit facility based on floating rates. See Note 4 of the notes to our condensed consolidated financial statements included in Item 1 of Part 1 of this report for additional information. As of March 31, 2023, we did not have any outstanding borrowings under our New Credit Facility.

ITEM 4. *Controls and Procedures*

Evaluation of Disclosure Controls and Procedures

We maintain disclosure controls and procedures designed to ensure that information required to be disclosed in reports we file or submit under the Exchange Act, is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms, and that such information is accumulated and communicated to management, including our principal executive and principal financial officers, as appropriate, to allow timely decisions regarding required disclosure.

As of the end of the period covered by this report, we carried out an evaluation, under the supervision and with the participation of management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures pursuant to Exchange Act Rule 13a-15(b). Based on that evaluation, our Chief Executive Officer and Chief Financial Officer concluded as of March 31, 2023 that our disclosure controls and procedures were effective.

Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting during the period covered by this quarterly report on Form 10-Q that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. *Legal Proceedings*

Business Operations and Litigation and Regulatory Proceedings

We are involved in various pre-petition lawsuits and disputes incidental to our business operations, including commercial disputes, personal injury claims, royalty claims, property damage claims and contract actions. The majority of these prepetition legal proceedings were settled during the Chapter 11 Cases or will be resolved in connection with the claims reconciliation process before the Bankruptcy Court, together with actions seeking to collect pre-petition indebtedness or to exercise control over the property of the Company's bankruptcy estates. Any allowed claim related to such litigation will be treated in accordance with the Plan. We were involved in a number of litigation and regulatory proceedings as of the Petition Date. Many of these proceedings were in early stages, and many of them sought damages and penalties, the amount of which is currently indeterminate. See Note 5 of the notes to our condensed consolidated financial statements included in Item 1 of Part I of this report for information regarding our estimation and provision for potential losses related to litigation and regulatory proceedings. Commencement of the Chapter 11 Cases automatically stayed the proceedings and actions against us that are referred to above. The Plan in the Chapter 11 Cases, which became effective on February 9, 2021, provided for the treatment of claims against the Company's bankruptcy estates, including pre-petition liabilities that had not been satisfied or addressed during the Chapter 11 Cases.

Environmental Contingencies

The nature of the natural gas and oil business carries with it certain environmental risks for us and our subsidiaries. We have implemented various policies, programs, procedures, training and audits to reduce and mitigate such environmental risks. We conduct periodic reviews, on a company-wide basis, to assess changes in our environmental risk profile. Environmental reserves are established for environmental liabilities for which economic losses are probable and reasonably estimable. We manage our exposure to environmental liabilities in acquisitions by using an evaluation process that seeks to identify pre-existing contamination or compliance concerns and address the potential liability. Depending on the extent of an identified environmental concern, we may, among other things, exclude a property from the transaction, require the seller to remediate the property to our satisfaction in an acquisition or agree to assume liability for the remediation of the property.

Other Matters

Based on management's current assessment, we are of the opinion that no pending or threatened lawsuit or dispute relating to our business operations is likely to have a material adverse effect on our future consolidated financial position, results of operations or cash flows. The final resolution of such matters could exceed amounts accrued, however, and actual results could differ materially from management's estimates.

ITEM 1A. *Risk Factors*

Our business has many risks. Factors that could materially adversely affect our business, financial condition, operating results or liquidity and the trading price of our common stock are described under “Risk Factors” in Item 1A of our 2022 Form 10-K. This information should be considered carefully, together with other information in this report and other reports and materials we file with the SEC.

ITEM 2. *Unregistered Sales of Equity Securities and Use of Proceeds*

Repurchases of Equity Securities

On December 2, 2021, we announced that our Board of Directors authorized the repurchase of up to $1.0 billion in aggregate value of our common stock and/or warrants from time to time. In June 2022, our Board of Directors authorized an increase in the size of the share repurchase program from $1.0 billion to $2.0 billion in aggregate value of our common stock and/or warrants. The repurchase authorization permits repurchases on a discretionary basis as determined by management, subject to market conditions, applicable legal requirements, available liquidity, compliance with the Company’s debt agreements and other appropriate factors. The share repurchase program expires on December 31, 2023. The following table provides information regarding purchases of our common stock made by us during the quarter ended March 31, 2023.

Period	Total Number of Shares Purchased	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs (in millions)
January 1 - January 31	—	$ —	—	$ 927
February 1 - February 28	—	$ —	—	$ 927
March 1 - March 31	792,543	$ 74.95	792,543	$ 867
Total	792,543	$ 74.95	792,543	

ITEM 3. *Defaults Upon Senior Securities*

None.

ITEM 4. *Mine Safety Disclosures*

The information concerning mine safety violations and other regulatory matters required by Section 1503(a) of the Dodd-Frank Wall Street Reform and Consumer Protection Act and Item 104 of Regulation S-K (17 CFR 229.104) is included in Exhibit 95.1 to this Form 10-Q. On March 20, 2023, we divested our mining assets to WildFire Energy I LLC.

ITEM 5. *Other Information*

Not applicable.

ITEM 6. *Exhibits*

The exhibits listed below in the Index of Exhibits are filed, furnished or incorporated by reference pursuant to the requirements of Item 601 of Regulation S-K.

INDEX OF EXHIBITS

		Incorporated by Reference				
Exhibit Number	**Exhibit Description**	**Form**	**SEC File Number**	**Exhibit**	**Filing Date**	**Filed or Furnished Herewith**
2.1	Fifth Amended Joint Plan of Reorganization of Chesapeake Energy Corporation and its Debtor Affiliates Pursuant to Chapter 11 of the Bankruptcy Code (Exhibit A of the Confirmation Order).	8-K	001-13726	2.1	1/19/2021	
2.2	Agreement and Plan of Merger, dated as of August 10, 2021, by and among Chesapeake Energy Corporation, Hannibal Merger Sub, Inc., Hannibal Merger Sub, LLC, Vine Energy Inc. and Vine Energy Holdings LLC.	8-K	001-13726	2.1	8/11/2021	
2.3	Partnership Interest Purchase Agreement by and among The Jan & Trevor Rees-Jones Revocable Trust, Rees-Jones Family Holdings, LP, Chief E&D Participants, LP, and Chief E&D (GP) LLC (collectively, as Sellers) and Chesapeake Energy Corporation and its affiliates, dated as of January 24, 2022.	10-K	001-13726	10.36	2/24/2022	
2.4	Membership Interest Purchase Agreement by and among Radler 2000 Limited Partnership and Tug Hill, Inc., together as Sellers, and Chesapeake Energy Corporation and its affiliates, dated as of January 24, 2022.	10-K	001-13726	10.37	2/24/2022	
2.5	Membership Interest Purchase Agreement by and among Radler 2000 Limited Partnership and Tug Hill, Inc., together as Sellers, and Chesapeake Energy Corporation and its affiliates, dated as of January 24, 2022.	10-K	001-13726	10.38	2/24/2022	
3.1	Second Amended and Restated Certificate of Incorporation of Chesapeake Energy Corporation.	8-K	001-13726	3.1	2/9/2021	
3.2	Second Amended and Restated Bylaws of Chesapeake Energy Corporation.	8-K	001-13726	3.2	2/9/2021	
31.1	Domenic J. Dell'Osso, Jr., President and Chief Executive Officer, Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.					X
31.2	Mohit Singh, Executive Vice President and Chief Financial Officer, Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.					X
32.1	Domenic J. Dell'Osso Jr., President and Chief Executive Officer, Certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.					X
32.2	Mohit Singh, Executive Vice President and Chief Financial Officer, Certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.					X
95.1	Mine Safety Disclosure.					X
101 INS	Inline XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.					X

Exhibit Number	Exhibit Description	Incorporated by Reference				Filed or Furnished Herewith
		Form	SEC File Number	Exhibit	Filing Date	
101 SCH	Inline XBRL Taxonomy Extension Schema Document.					X
101 CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document.					X
101 DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document.					X
101 LAB	Inline XBRL Taxonomy Extension Labels Linkbase Document.					X
101 PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document.					X
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).					X

Signatures

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

		CHESAPEAKE ENERGY CORPORATION
Date: May 2, 2023	By:	/s/ DOMENIC J. DELL'OSSO, JR. Domenic J. Dell'Osso, Jr. President and Chief Executive Officer
Date: May 2, 2023	By:	/s/ MOHIT SINGH Mohit Singh Executive Vice President and Chief Financial Officer

Exhibit 31.1

CERTIFICATION

I, Domenic J. Dell’Osso, Jr., certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Chesapeake Energy Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

May 2, 2023

By: /s/ DOMENIC J DELL'OSSO, JR.
Domenic J. Dell’Osso, Jr.
President and Chief Executive Officer

Exhibit 31.2

CERTIFICATION

I, Mohit Singh, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Chesapeake Energy Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

May 2, 2023

By: /s/ MOHIT SINGH
Mohit Singh
Executive Vice President and Chief Financial Officer

Exhibit 32.1

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906
OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Chesapeake Energy Corporation (the “Company”) on Form 10-Q for the quarterly period ended March 31, 2023 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Domenic J. Dell’Osso, Jr., President and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

May 2, 2023

By: /s/ DOMENIC J. DELL'OSSO, JR.
Domenic J. Dell'Osso, Jr.
President and Chief Executive Officer

Exhibit 32.2

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906
OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Chesapeake Energy Corporation (the "Company") on Form 10-Q for the quarterly period ended March 31, 2023 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Mohit Singh, Executive Vice President and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

May 2, 2023

By: /s/ MOHIT SINGH
Mohit Singh
Executive Vice President and
Chief Financial Officer

Exhibit 95.1

Mine Safety Disclosures

Section 1503(a) of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Act") and Item 104 of Regulation S-K (17 CFR 229.104) require certain disclosures by companies required to file periodic reports under the Securities Exchange Act of 1934, as amended, that operate mines regulated under the Federal Mine Safety and Health Act of 1977 (as amended by the Mine Improvement and New Emergency Response Act of 2006, the "Mine Act").

Burleson Sand LLC ("Burleson Sand") is a wholly owned subsidiary of Brazos Valley Longhorn, L.L.C. (successor in interest to WildHorse Resource Development Corporation) ("WildHorse"), which was a wholly owned subsidiary of Chesapeake Energy Corporation. On January 4, 2018, Burleson Sand acquired surface and sand rights on approximately 727 acres in Burleson County, Texas to construct and operate an in-field sand mine to support WildHorse's exploration and development operations. Burleson Sand began operations in September 2018 and is subject to regulation by the federal Mine Safety and Health Administration ("MSHA") under the Mine Act. The MSHA inspects mining facilities on a regular basis and issues citations and orders when it believes a violation has occurred under the Mine Act.

On March 20, 2023, Chesapeake Energy Corporation sold a portion of its Eagle Ford assets to WildFire Energy I LLC, which included Burleson Sand LLC.

The MSHA, upon determination that a violation of the Mine Act has occurred, may issue a citation or an order which generally proposes civil penalties or fines upon the mine operator. Citations and orders may be appealed with the potential of reduced or dismissed penalties.

The table below reflects citations, orders, violations and proposed assessments issued to Burleson Sand by MSHA during the three-month period ended March 31, 2023. Due to timing and other factors, the data may not agree with the mine data retrieval systems maintained by MSHA at www.MSHA.gov.

	Burleson Sand Mine 41-05369
Section 104 significant and substantial citations	—
Section 104(b) orders	—
Section 104(d) citations and orders	—
Section 110(b)(2) violations	—
Section 107(a) orders	—
Total dollar value of MSHA assessments proposed	$ —
Total number of mining related fatalities	—
Received notice of pattern of violations under section 104(e)	No
Received notice of potential to have pattern under section 104(e)	No
Legal actions pending as of last day of period	—
Legal actions initiated during period	—
Legal actions resolved during period	—