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, 2022

☐ **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. 1-13726

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 May 3, 2022, there were 127,262,019 shares of our $0.01 par value common stock outstanding.

CHESAPEAKE ENERGY CORPORATION AND SUBSIDIARIES
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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:

“ASC” means Accounting Standards Codification.

“Backstop Commitment Agreement” means that certain Backstop Commitment Agreement, dated as of June 28, 2020, by and between Chesapeake and the Backstop Parties, as may be further amended, modified, or supplemented from time to time, in accordance with its terms.

“Backstop Parties” means the members of the FLLO Ad Hoc Group that are signatories to the Backstop Commitment Agreement and Franklin Advisers, Inc., as investment manager on behalf of certain funds and accounts.

“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.

“Boe” means barrel of oil equivalent. Natural gas proved reserves and production are converted to Boe, at the pressure and temperature base standard of each respective state in which the natural gas is produced, at the rate of six Mcf of gas per Bbl of oil, based upon the approximate relative energy content of natural gas and oil. NGL proved reserves and production are converted to Boe on a one-to-one basis with oil.

“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.

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

“DIP Facility” means that certain debtor-in-possession financing facility documented pursuant to the DIP Documents and DIP Order.

“Effective Date” means February 9, 2021.

“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.

“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.

“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.

“MBoe” means thousand Boe.

“MMBoe” means million Boe.

“Mcf” means thousand cubic feet.

“MMcf” means million cubic feet.

“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 oil and natural gas 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%.

“Put Option Premium” means a nonrefundable aggregate fee of $60 million, which represents 10 percent of the Rights Offering Amount, payable to the Backstop Parties in accordance with, and subject to the terms of the

Backstop Commitment Agreement based on their respective backstop commitment percentages at the time such payment is made.

“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.

“Tranche A Loans” means the fully revolving loans made under and on the terms set forth under the Exit Credit Facility which will be partially funded on the Effective Date, will have a scheduled maturity of 3 years from the Effective Date, and shall at all times be repaid prior to the repayment of the Tranche B Loans.

“Tranche B Loans” means term loans made under and on the terms set forth under the Exit Credit Facility which will be fully funded on the Effective Date, will have a scheduled maturity of 4 years from the Effective Date, will be repaid or prepaid only after there are no Tranche A Loans outstanding, and once so prepaid or repaid, may not be reborrowed.

“Vine” means Vine Energy Inc.

“Vine Acquisition” means Chesapeake’s acquisition of Vine, which closed on November 1, 2021.

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

“WTI” means West Texas Intermediate.

“/Bbl” means per barrel.

“/Boe” means per Boe.

“/Mcf” means per Mcf.

“2021 Predecessor Period” means the period of January 1, 2021 through February 9, 2021.

“2021 Successor Period” means the period of February 10, 2021 through March 31, 2021.

“2022 Successor Period” means the quarter ended March 31, 2022.

PART I. FINANCIAL INFORMATION

ITEM 1. Condensed Consolidated Financial Statements

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

	Successor	
	March 31, 2022	December 31, 2021
Assets		
Current assets:		
Cash and cash equivalents	$ 19	$ 905
Restricted cash	9	9
Accounts receivable, net	1,383	1,115
Short-term derivative assets	1	5
Other current assets	75	69
Total current assets	1,487	2,103
Property and equipment:		
Oil and natural gas properties, successful efforts method		
Proved oil and natural gas properties	10,259	7,682
Unproved properties	2,263	1,530
Other property and equipment	495	495
Total property and equipment	13,017	9,707
Less: accumulated depreciation, depletion and amortization	(1,300)	(908)
Property and equipment held for sale, net	3	3
Total property and equipment, net	11,720	8,802
Long-term derivative assets	8	—
Other long-term assets	78	104
Total assets	$ 13,293	$ 11,009

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

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

	Successor	
	March 31, 2022	December 31, 2021
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	$ 374	$ 308
Accrued interest	39	38
Short-term derivative liabilities	2,638	899
Other current liabilities	1,341	1,202
Total current liabilities	4,392	2,447
Long-term debt, net	2,774	2,278
Long-term derivative liabilities	393	249
Asset retirement obligations, net of current portion	334	349
Other long-term liabilities	17	15
Total liabilities	7,910	5,338
Contingencies and commitments (Note 7)		
Stockholders' equity:		
Successor common stock, $0.01 par value, 450,000,000 shares authorized: 127,052,372 and 117,917,349 shares issued	1	1
Successor additional paid-in capital	5,615	4,845
Retained earnings (accumulated deficit)	(233)	825
Total stockholders' equity	5,383	5,671
Total liabilities and stockholders' equity	$ 13,293	$ 11,009

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

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

	Successor		Predecessor
	Three Months Ended March 31, 2022	Period from February 10, 2021 through March 31, 2021	Period from January 1, 2021 through February 9, 2021
Revenues and other:			
Oil, natural gas and NGL	$ 1,914	$ 553	$ 398
Marketing	867	277	239
Oil and natural gas derivatives	(2,125)	46	(382)
Gains on sales of assets	279	4	5
Total revenues and other	935	880	260
Operating expenses:			
Production	110	40	32
Gathering, processing and transportation	242	111	102
Severance and ad valorem taxes	63	24	18
Exploration	5	1	2
Marketing	851	280	237
General and administrative	26	15	21
Separation and other termination costs	—	—	22
Depreciation, depletion and amortization	409	122	72
Other operating expense (income), net	23	2	(12)
Total operating expenses	1,729	595	494
Income (loss) from operations	(794)	285	(234)
Other income (expense):			
Interest expense	(32)	(12)	(11)
Other income	16	22	2
Reorganization items, net	—	—	5,569
Total other income (expense)	(16)	10	5,560
Income (loss) before income taxes	(810)	295	5,326
Income tax benefit	(46)	—	(57)
Net income (loss) available to common stockholders	$ (764)	$ 295	$ 5,383
Earnings (loss) per common share:			
Basic	$ (6.32)	$ 3.01	$ 550.35
Diluted	$ (6.32)	$ 2.75	$ 534.51
Weighted average common shares outstanding (in thousands):			
Basic	120,805	97,907	9,781
Diluted	120,805	107,159	10,071

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

CHESAPEAKE ENERGY CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(Unaudited)

	Successor		Predecessor
	Three Months Ended March 31, 2022	Period from February 10, 2021 through March 31, 2021	Period from January 1, 2021 through February 9, 2021
Net income (loss)	$ (764)	$ 295	$ 5,383
Other comprehensive income, net of income tax:			
Reclassification of losses on settled derivative instruments	—	—	3
Other comprehensive income	—	—	3
Comprehensive income (loss)	$ (764)	$ 295	$ 5,386

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)

	Successor		Predecessor
	Three Months Ended March 31, 2022	Period from February 10, 2021 through March 31, 2021	Period from January 1, 2021 through February 9, 2021
Cash flows from operating activities:			
Net income (loss)	$ (764)	$ 295	$ 5,383
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:			
Depreciation, depletion and amortization	409	122	72
Deferred income tax benefit	—	—	(57)
Derivative (gains) losses, net	2,125	(46)	382
Cash payments on derivative settlements, net	(568)	(32)	(17)
Share-based compensation	4	—	3
Gains on sales of assets	(279)	(4)	(5)
Non-cash reorganization items, net	—	—	(6,680)
Exploration	4	—	2
Other	(8)	4	45
Changes in assets and liabilities	(70)	70	851
Net cash provided by (used in) operating activities	853	409	(21)
Cash flows from investing activities:			
Capital expenditures	(344)	(77)	(66)
Business combination, net	(2,006)	—	—
Proceeds from divestitures of property and equipment	403	4	—
Net cash used in investing activities	(1,947)	(73)	(66)
Cash flows from financing activities:			
Proceeds from Exit Credit Facility - Tranche A Loans	1,565	30	—
Payments on Exit Credit Facility - Tranche A Loans	(1,065)	(80)	(479)
Payments on DIP Facility borrowings	—	—	(1,179)
Proceeds from issuance of senior notes, net	—	—	1,000
Proceeds from issuance of common stock	—	—	600
Proceeds from warrant exercise	1	—	—
Debt issuance and other financing costs	—	(3)	(8)
Cash paid to repurchase and retire common stock	(83)	—	—
Cash paid for common stock dividends	(210)	—	—
Other	—	(1)	—
Net cash provided by (used in) financing activities	208	(54)	(66)
Net increase (decrease) in cash, cash equivalents and restricted cash	(886)	282	(153)
Cash, cash equivalents and restricted cash, beginning of period	914	126	279
Cash, cash equivalents and restricted cash, end of period	$ 28	$ 408	$ 126
Cash and cash equivalents	$ 19	$ 340	$ 40
Restricted cash	9	68	86
Total cash, cash equivalents and restricted cash	$ 28	$ 408	$ 126

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:

	Successor		Predecessor
	Three Months Ended March 31, 2022	Period from February 10, 2021 through March 31, 2021	Period from January 1, 2021 through February 9, 2021
Supplemental cash flow information:			
Cash paid for reorganization items, net	$ —	$ 18	$ 66
Interest paid, net of capitalized interest	$ 31	$ —	$ 13
Income taxes paid, net of refunds received	$ (5)	$ (3)	$ —
Supplemental disclosure of significant non-cash investing and financing activities:			
Change in accrued drilling and completion costs	$ 6	$ (12)	$ (5)
Put option premium on equity backstop agreement	$ —	$ —	$ 60
Common stock issued for business combination	$ 764	$ —	$ —

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)

	Preferred Stock		Common Stock		Additional Paid-in Capital	Retained Earnings (Accumulated Deficit)	Accumulated Other Comprehensive Income	Total Stockholders' Equity
	Shares	Amount	Shares	Amount				
Balance as of December 31, 2021 (Successor)	—	$ —	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 (Successor)	—	$ —	127,052,372	$ 1	$ 5,615	$ (233)	$ —	$ 5,383

	Preferred Stock		Common Stock		Additional Paid-in Capital	Retained Earnings (Accumulated Deficit)	Accumulated Other Comprehensive Income	Total Stockholders' Equity (Deficit)
	Shares	Amount	Shares	Amount				
Balance as of December 31, 2020 (Predecessor)	5,563,358	$ 1,631	9,780,547	$ —	$ 16,937	$ (23,954)	$ 45	$ (5,341)
Share-based compensation	—	—	67	—	3	—	—	3
Hedging activity	—	—	—	—	—	—	3	3
Net income	—	—	—	—	—	5,383	—	5,383
Cancellation of Predecessor equity	(5,563,358)	(1,631)	(9,780,614)	—	(16,940)	18,571	(48)	(48)
Issuance of Successor common stock	—	—	97,907,081	1	3,330	—	—	3,331
Issuance of Successor Class A warrants	—	—	—	—	93	—	—	93
Issuance of Successor Class B warrants	—	—	—	—	94	—	—	94
Issuance of Successor Class C warrants	—	—	—	—	68	—	—	68
Balance as of February 9, 2021 (Predecessor)	—	$ —	97,907,081	$ 1	$ 3,585	$ —	$ —	$ 3,586
Balance as of February 10, 2021 (Successor)	—	$ —	97,907,081	$ 1	$ 3,585	$ —	$ —	$ 3,586
Net income	—	—	—	—	—	295	—	295
Balance as of March 31, 2021 (Successor)	—	$ —	97,907,081	$ 1	$ 3,585	$ 295	$ —	$ 3,881

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 an oil and natural gas exploration and production company engaged in the acquisition, exploration and development of properties for the production of oil, natural gas and NGL from underground reservoirs. Our operations are located onshore in the United States. As discussed in Note 2 below, we filed the Chapter 11 Cases on the Petition Date and subsequently operated as a debtor-in-possession, in accordance with applicable provisions of the Bankruptcy Code, until emergence on February 9, 2021. To facilitate our financial statement presentations, we refer to the post-emergence reorganized Company in these condensed consolidated financial statements and footnotes as the "Successor" for periods subsequent to February 9, 2021, and to the pre-emergence Company as "Predecessor" for periods on or prior to February 9, 2021.

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, 2022 and December 31, 2021, the three months ended March 31, 2022 ("2022 Successor Period") and the periods of February 10, 2021 through March 31, 2021 ("2021 Successor Period"), and January 1, 2021 through February 9, 2021 ("2021 Predecessor Period"). Our annual report on Form 10-K for the year ended December 31, 2021 ("2021 Form 10-K") should be read in conjunction with this Form 10-Q. There has been no material change in the information disclosed in the notes to the consolidated financial statements included in the 2021 Form 10-K. 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. The accompanying condensed consolidated financial statements have been prepared assuming the Company will continue as a going concern.

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, 2022, we had restricted cash of $9 million. The restricted funds are maintained primarily to pay certain convenience class unsecured claims following our emergence from bankruptcy.

Voluntary Filing under Chapter 11 Bankruptcy

On the Petition Date, the Debtors filed the Chapter 11 Cases under the Bankruptcy Code in the Bankruptcy Court. On June 29, 2020, the Bankruptcy Court entered an order authorizing the joint administration of the Chapter 11 Cases under the caption *In re Chesapeake Energy Corporation*, Case No. 20-33233. Subsidiaries with noncontrolling interests, consolidated variable interest entities and certain de minimis subsidiaries (collectively, the "Non-Filing Entities") were not part of the bankruptcy filing. The Non-Filing Entities continued to operate in the ordinary course of business.

The Bankruptcy Court confirmed the Plan and entered the Confirmation Order on January 16, 2021. The Debtors emerged from the Chapter 11 Cases on the Effective Date. The Company's bankruptcy proceedings and related matters have been summarized below.

During the pendency of the Chapter 11 Cases, we operated our business as debtors-in-possession in accordance with the applicable provisions of the Bankruptcy Code. The Bankruptcy Court granted the first day relief we requested that was designed primarily to mitigate the impact of the Chapter 11 Cases on our operations, vendors, suppliers, customers and employees. As a result, we were able to conduct normal business activities and pay all associated obligations for the period following the Petition Date and were also authorized to pay mineral interest owner royalties, employee wages and benefits, and certain vendors and suppliers in the ordinary course for goods and services provided prior to the Petition Date. During the pendency of the Chapter 11 Cases, all transactions outside the ordinary course of business required the prior approval of the Bankruptcy Court.

Subject to certain specific exceptions under the Bankruptcy Code, the filing of the Chapter 11 Cases automatically stayed all judicial or administrative actions against us and efforts by creditors to collect on or otherwise exercise rights or remedies with respect to pre-petition claims. Absent an order from the Bankruptcy Court, substantially all of the Debtors' pre-petition liabilities were subject to compromise and discharge under the Bankruptcy Code. The automatic stay was lifted on the Effective Date.

We have applied ASC 852, *Reorganizations,* in preparing the unaudited condensed consolidated financial statements for the period ended February 9, 2021. ASC 852 requires that the financial statements, for periods subsequent to the Chapter 11 Cases, distinguish transactions and events that are directly associated with the reorganization from the ongoing operations of the business. Accordingly, certain revenues, expenses, realized gains and losses and provisions for losses that were realized or incurred during the bankruptcy proceedings, including gain on settlement of liabilities subject to compromise, losses related to executory contracts that have been approved for rejection by the Bankruptcy Court, and unamortized debt issuance costs, premiums and discounts associated with debt classified as liabilities subject to compromise, were recorded as reorganization items, net. See Note 3 for more information regarding reorganization items.

2. Chapter 11 Emergence

As described in Note 1, on the Petition Date, the Debtors filed the Chapter 11 Cases and on September 11, 2020, the Debtors filed the Plan, which was subsequently amended, and entered the Confirmation Order on January 16, 2021. The Debtors then emerged from bankruptcy upon effectiveness of the Plan on the Effective Date. Capitalized terms used but not defined herein shall have the meanings ascribed to them in the Plan.

Plan of Reorganization

In accordance with the Plan confirmed by the Bankruptcy Court, the following significant transactions occurred upon the Company's emergence from bankruptcy on February 9, 2021:

- On the Effective Date, we issued 97,907,081 shares of New Common Stock, reserved 2,092,918 shares of New Common Stock for future issuance to eligible holders of Allowed Unsecured Notes Claims and Allowed General Unsecured Claims and reserved 37,174,210 shares of New Common Stock for issuance upon exercise of the Warrants, which were the result of the transactions described below. We also entered into a registration rights agreement, warrant agreements and amended our articles of incorporation and bylaws for the authorization of the New Common Stock and to provide registration rights thereunder, among other corporate governance actions. See Note 11 for further discussion of our post-emergence equity.

- Each holder of an equity interest in the Predecessor, including Predecessor's common and preferred stock, had such interest canceled, released, and extinguished without any distribution.

- Each holder of obligations under the pre-petition revolving credit facility received, at such holder's prior determined allocation, its pro rata share of either Tranche A Loans or Tranche B Loans, on a dollar for dollar basis.

- Each holder of obligations under the FLLO Term Loan Facility received its pro rata share of 23,022,420 shares of New Common Stock.

- Each holder of an Allowed Second Lien Notes Claim received its pro rata share of 3,635,118 shares of New Common Stock, 11,111,111 Class A Warrants to purchase 11,111,111 shares of New Common Stock, 12,345,679 Class B Warrants to purchase 12,345,679 shares of New Common Stock, and 6,858,710 Class C Warrants to purchase 6,858,710 shares of New Common Stock.

- Each holder of an Allowed Unsecured Notes Claim received its pro rata share of 1,311,089 shares of New Common Stock and 2,473,757 Class C Warrants to purchase 2,473,757 shares of New Common Stock.

- Each holder of an Allowed General Unsecured Claim received its pro rata share of 231,112 shares of New Common Stock and 436,060 Class C Warrants to purchase 436,060 shares of New Common Stock; provided that to the extent such Allowed General Unsecured Claim is a Convenience Claim, such holder instead received its pro rata share of $10 million, which pro rata share shall not exceed five percent of such Convenience Claim.

- Participants in the Rights Offering extending to the applicable classes under the Plan received 62,927,320 shares of New Common Stock.

- In connection with the Rights Offering described above, the Backstop Parties under the Backstop Commitment Agreement received 6,337,031 shares of New Common Stock in respect to the Put Option Premium, and 442,991 shares of New Common Stock were issued in connection with the backstop obligation thereunder to purchase unsubscribed shares of the New Common Stock.

- 2,092,918 shares of New Common Stock and 3,948,893 Class C Warrants were reserved for future issuance to eligible holders of Allowed Unsecured Notes Claims and Allowed General Unsecured Claims. The reserved New Common Stock and Class C Warrants will be issued on a pro rata basis upon the determination of the allowed portion of all disputed General Unsecured Claims and Unsecured Notes Claims.

- The 2021 Long Term Incentive Plan (the “LTIP”) was approved with a share reserve equal to 6,800,000 shares of New Common Stock.

- Each holder of an Allowed Other Secured Claim will receive, at the Company's option and in consultation with the Required Consenting Stakeholders (as defined in the Plan): (a) payment in full in cash; (b) the collateral securing its secured claim; (c) reinstatement of its secured claim; or (d) such other treatment that renders its secured claim unimpaired in accordance with Section 1124 of the Bankruptcy Code.

- Each holder of an Allowed Other Priority Claim will receive cash up to the allowed amount of its claim.

Additionally, pursuant to the Plan confirmed by the Bankruptcy Court, the Company’s post-emergence Board of Directors is comprised of seven directors, including the Company’s Chief Executive Officer, Domenic J. Dell’Osso Jr., the Company’s Executive Chairman, Michael Wichterich, and five non-employee directors, Timothy S. Duncan, Benjamin C. Duster, IV, Sarah Emerson, Matthew M. Gallagher and Brian Steck.

3. Fresh Start Accounting

Fresh Start Accounting

In connection with our emergence from bankruptcy and in accordance with ASC 852, we qualified for and applied fresh start accounting on the Effective Date. We were required to apply fresh start accounting because (i) the holders of existing voting shares of the Company prior to its emergence received less than 50% of the voting shares of the Company outstanding following its emergence from bankruptcy and (ii) the reorganization value of our assets immediately prior to confirmation of the Plan of approximately $6.8 billion was less than the post-petition liabilities and allowed claims of $13.2 billion.

In accordance with ASC 852, with the application of fresh start accounting, the Company allocated its reorganization value to its individual assets based on their estimated fair value in conformity with FASB ASC Topic 820 - *Fair Value Measurements* and FASB ASC Topic 805 - *Business Combinations*. Accordingly, the consolidated financial statements after February 9, 2021 are not comparable with the consolidated financial statements as of or prior to that date. The Effective Date fair values of the Successor's assets and liabilities differ materially from their recorded values as reflected on the historical balance sheet of the Predecessor.

Reorganization Value

Reorganization value is derived from an estimate of enterprise value, or fair value of the Company's interest-bearing debt and stockholders' equity. Under ASC 852, reorganization value generally approximates fair value of the entity before considering liabilities and is intended to approximate the amount a willing buyer would pay for the assets immediately after the effects of a restructuring. As set forth in the disclosure statement, amended for updated pricing, and approved by the Bankruptcy Court, the enterprise value of the Successor was estimated to be between $3.5 billion and $4.9 billion. With the assistance of third-party valuation advisors, we determined the enterprise value and corresponding implied equity value of the Successor using various valuation approaches and methods, including: (i) income approach using a calculation of present value of future cash flows based on our financial projections, (ii) the market approach using selling prices of similar assets and (iii) the cost approach. For GAAP purposes, the Company valued the Successor's individual assets, liabilities and equity instruments and determined an estimate of the enterprise value within the estimated range. Management concluded that the best estimate of enterprise value was $4.85 billion. Specific valuation approaches and key assumptions used to arrive at reorganization value, and the value of discrete assets and liabilities resulting from the application of fresh start accounting, are described below in greater detail within the valuation process.

The enterprise value and corresponding implied equity value are dependent upon achieving the future financial results set forth in our valuation using an asset-based methodology of estimated proved reserves, undeveloped properties, and other financial information, considerations and projections, applying a combination of the income, cost and market approaches as of the fresh start reporting date of February 9, 2021. All estimates, assumptions, valuations and financial projections, including the fair value adjustments, the financial projections, the enterprise value and equity value projections, are inherently subject to significant uncertainties and the resolution of contingencies beyond our control. Accordingly, there is no assurance that the estimates, assumptions, valuations or financial projections will be realized, and actual results could vary materially.

The following table reconciles the enterprise value to the implied fair value of the Successor's equity as of the Effective Date:

	February 9, 2021
Enterprise Value	$ 4,851
Plus: Cash and cash equivalents[(a)]	48
Less: Fair value of debt	(1,313)
Successor equity value	$ 3,586

(a) Cash and cash equivalents includes $8 million that was initially classified as restricted cash as of the Effective Date but subsequently released from escrow and returned to the Successor. Restricted cash exclusive of the $8 million is not included in the table above.

The following table reconciles the enterprise value to the reorganization value as of the Effective Date:

	February 9, 2021
Enterprise Value	$ 4,851
Plus: Cash and cash equivalents[a]	48
Plus: Current liabilities	1,582
Plus: Asset retirement obligations (non-current portion)	236
Plus: Other non-current liabilities	97
Reorganization value of Successor assets	$ 6,814

(a) Cash and cash equivalents includes $8 million that was initially classified as restricted cash as of the Effective Date but subsequently released from escrow and returned to the Successor. Restricted cash exclusive of the $8 million is not included in the table above.

Valuation Process

The fair values of our oil and natural gas properties, other property and equipment, other long-term assets, long-term debt, asset retirement obligations and warrants were estimated as of the Effective Date.

Oil and natural gas properties. The Company's principal assets are its oil and natural gas properties, which are accounted for under the successful efforts accounting method. The Company determined the fair value of its oil and natural gas properties based on the discounted future net cash flows expected to be generated from these assets. Discounted cash flow models by operating area were prepared using the estimated future revenues and operating costs for all proved developed properties and undeveloped properties comprising the proved and unproved reserves. Significant inputs associated with the calculation of discounted future net cash flows include estimates of (i) recoverable reserves, (ii) production rates, (iii) future operating and development costs, (iv) future commodity prices escalated by an inflationary rate after five years, adjusted for differentials, and (v) a market-based weighted average cost of capital by operating area. The Company utilized NYMEX strip pricing, adjusted for differentials, to value the reserves. The NYMEX strip pricing inputs used are classified as Level 1 fair value assumptions and all other inputs are classified as Level 3 fair value assumptions. The discount rates utilized were derived using a weighted average cost of capital computation, which included an estimated cost of debt and equity for market participants with similar geographies and asset development type by operating area.

Other property and equipment. The fair value of other property and equipment such as buildings, land, computer equipment, and other equipment was determined using replacement cost method under the cost approach which considers historical acquisition costs for the assets adjusted for inflation, as well as factors in any potential obsolescence based on the current condition of the assets and the ability of those assets to generate cash flow.

Long-term debt. A market approach, based upon quotes from major financial institutions, was used to measure the fair value of the $500 million aggregate principal amount of 5.50% Senior Notes due 2026 (the "2026 Notes") and $500 million aggregate principal amount of 5.875% Senior Notes due 2029 (the "2029 Notes" and, together with the 2026 Notes, the "Notes"). The carrying value of borrowings under our Exit Credit Facility approximated fair value as the terms and interest rates are based on prevailing market rates.

Asset retirement obligations. The fair value of the Company's asset retirement obligations was revalued based upon estimated current reclamation costs for our assets with reclamation obligations, an appropriate long-term inflation adjustment, and our revised credit adjusted risk-free rate. The credit adjusted risk-free rate was based on an evaluation of an interest rate that equates to a risk-free interest rate adjusted for the effect of our credit standing.

Warrants. The fair values of the Warrants issued upon the Effective Date were estimated using a Black-Scholes model, a commonly used option-pricing model. The Black-Scholes model was used to estimate the fair value of the warrants with an implied stock price of $20.52; initial exercise price per share of $27.63, $32.13 and $36.18 for Class A, Class B and Class C Warrants, respectively; expected volatility of 58% estimated using volatilities of similar entities; risk-free rate using a 5-year Treasury bond rate; and an expected annual dividend yield which was estimated to be zero.

Condensed Consolidated Balance Sheet

The following condensed consolidated balance sheet is as of February 9, 2021. This condensed consolidated balance sheet includes adjustments that reflect the consummation of the transactions contemplated by the Plan (reflected in the column "Reorganization Adjustments") as well as fair value adjustments as a result of the adoption of fresh start accounting (reflected in the column "Fresh Start Adjustments") as of the Effective Date. The explanatory notes following the table below provide further details on the adjustments, including the assumptions and methods used to determine fair value for its assets, liabilities and warrants.

	Predecessor	Reorganization Adjustments	Fresh Start Adjustments	Successor
Assets				
Current assets:				
Cash and cash equivalents	$ 243	$ (203) (a)	$ —	$ 40
Restricted cash	—	86 (b)	—	86
Accounts receivable, net	861	(18) (c)	—	843
Short-term derivative assets	—	—	—	—
Other current assets	66	(5) (d)	—	61
Total current assets	1,170	(140)	—	1,030
Property and equipment:				
Oil and natural gas properties, successful efforts method				
Proved oil and natural gas properties	25,794	—	(21,108) (o)	4,686
Unproved properties	1,546	—	(1,063) (o)	483
Other property and equipment	1,755	—	(1,256) (o)	499
Total property and equipment	29,095	—	(23,427) (o)	5,668
Less: accumulated depreciation, depletion and amortization	(23,877)	—	23,877 (o)	—
Property and equipment held for sale, net	9	—	(7) (o)	2
Total property and equipment, net	5,227	—	443 (o)	5,670
Other long-term assets	198	—	(84) (p)	114
Total assets	$ 6,595	$ (140)	$ 359	$ 6,814

CHESAPEAKE ENERGY CORPORATION AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - (Continued)
(Unaudited)

	Predecessor	Reorganization Adjustments	Fresh Start Adjustments	Successor
Liabilities and stockholders' equity (deficit)				
Current liabilities:				
Accounts payable	$ 391	$ 24 (e)	$ —	$ 415
Current maturities of long-term debt, net	1,929	(1,929) (f)	—	—
Accrued interest	4	(4) (g)	—	—
Short-term derivative liabilities	398	—	—	398
Other current liabilities	645	124 (h)	—	769
Total current liabilities	3,367	(1,785)	—	1,582
Long-term debt, net	—	1,261 (i)	52 (q)	1,313
Long-term derivative liabilities	90	—	—	90
Asset retirement obligations, net of current portion	139	—	97 (r)	236
Other long-term liabilities	5	2 (j)	—	7
Liabilities subject to compromise	9,574	(9,574) (k)	—	—
Total liabilities	13,175	(10,096)	149	3,228
Contingencies and commitments (Note 7)				
Stockholders' equity (deficit):				
Predecessor preferred stock	1,631	(1,631) (l)	—	—
Predecessor common stock	—	—	—	—
Predecessor additional paid-in capital	16,940	(16,940) (l)	—	—
Successor common stock	—	1 (m)	—	1
Successor additional paid-in-capital	—	3,585 (m)	—	3,585
Accumulated other comprehensive income	48	—	(48) (s)	—
Accumulated deficit	(25,199)	24,941 (n)	258 (t)	—
Total stockholders' equity (deficit)	(6,580)	9,956	210	3,586
Total liabilities and stockholders' equity (deficit)	$ 6,595	$ (140)	$ 359	$ 6,814

Reorganization Adjustments

(a) The table below reflects the sources and uses of cash on the Effective Date from implementation of the Plan:

Sources:	
Proceeds from issuance of the Notes	$ 1,000
Proceeds from Rights Offering	600
Proceeds from refunds of interest deposit for the Notes	5
Total sources of cash	$ 1,605
Uses:	
Payment of roll-up of DIP Facility balance	$ (1,179)
Payment of Exit Credit Facility - Tranche A Loan	(479)
Transfers to restricted cash for professional fee reserve	(76)
Transfers to restricted cash for convenience claim distribution reserve	(10)
Payment of professional fees	(31)
Payment of DIP Facility interest and fees	(12)
Payment of FLLO alternative transaction fee	(12)
Payment of the Notes fees funded out of escrow	(8)
Payment of RBL interest and fees	(1)
Total uses of cash	$ (1,808)
Net cash used	$ (203)

(b) Represents the transfer of funds to a restricted cash account for purposes of funding the professional fee reserve and the convenience claim distribution reserve.

(c) Reflects the removal of an insurance receivable associated with a discharged legal liability.

(d) Reflects the collection of an interest deposit for the senior unsecured notes.

(e) Changes in accounts payable include the following:

Accrual of professional service provider success fees	$ 38
Accrual of convenience claim distribution reserve	10
Accrual of professional service provider fees	5
Reinstatement of accounts payable from liabilities subject to compromise	2
Payment of professional fees	(31)
Net impact to accounts payable	$ 24

(f) Reflects payment of the pre-petition credit facility for $1.179 billion and transfer of the Tranche A and Tranche B Loans to long-term debt for $750 million.

(g) Reflect payments of accrued interest and fees on the DIP Facility.

(h) Changes in other current liabilities include the following:

Reinstatement of other current liabilities from liabilities subject to compromise	$	191
Accrual of the Notes fees		2
Settlement of Put Option Premium through issuance of Successor Common Stock		(60)
Payment of DIP Facility fees		(9)
Net impact to other current liabilities	$	124

(i) Changes in long-term debt include the following:

Issuance of the Notes	$	1,000
Issuance of Tranche A and Tranche B Loans		750
Payments on Tranche A Loans		(479)
Debt issuance costs for the Notes		(10)
Net impact to long-term debt, net	$	1,261

(j) Reflects reinstatement of a long-term lease liability.

(k) On the Effective Date, liabilities subject to compromise were settled in accordance with the Plan as follows:

Liabilities subject to compromise pre-emergence	$	9,574
To be reinstated on the Effective Date:		
Accounts payable	$	(2)
Other current liabilities		(191)
Other long-term liabilities		(2)
Total liabilities reinstated	$	(195)
Consideration provided to settle amounts per the Plan or Reorganization:		
Issuance of Successor common stock associated with the Rights Offering and Backstop Commitment and settlement of the Put Option Premium	$	(2,311)
Proceeds from issuance of Successor common stock associated with the Rights Offering and Backstop Commitment		600
Issuance of Successor common stock to FLLO Term Loan holders, incremental to the Rights Offering and Backstop Commitment		(783)
Issuance of Successor common stock to Second Lien Note holders, incremental to the Rights Offering and Backstop Commitment		(124)
Issuance of Successor common stock to unsecured note holders		(45)
Issuance of Successor common stock to general unsecured claims		(8)
Fair value of Class A Warrants		(93)
Fair value of Class B Warrants		(94)
Fair value of Class C Warrants		(68)
Proceeds to holders of general unsecured claims		(10)
Total consideration provided to settle amounts per the Plan	$	(2,936)
Gain on settlement of liabilities subject to compromise	$	6,443

(l) Pursuant to the Plan, as of the Effective Date, all equity interests in Predecessor, including Predecessor’s common and preferred stock, were canceled without any distribution.

(m) Reflects the Successor equity including the issuance of 97,907,081 shares of New Common Stock, 11,111,111 shares of Class A Warrants, 12,345,679 shares of Class B Warrants and 9,768,527 shares of Class C Warrants pursuant to the Plan.

Issuance of Successor equity associated with the Rights Offering and Backstop Commitment	$	2,371
Issuance of Successor equity to holders of the FLLO Term Loan, incremental to the Rights Offering and Backstop Commitment		783
Issuance of Successor equity to holders of the Second Lien Notes, incremental to the Rights Offering and Backstop Commitment		124
Issuance of Successor equity to holders of the unsecured senior notes		45
Issuance of Successor equity to holders of allowed general unsecured claims		8
Fair value of Class A warrants		93
Fair value of Class B warrants		94
Fair value of Class C warrants		68
Total change in Successor common stock and additional paid-in capital		3,586
Less: par value of Successor common stock		(1)
Change in Successor additional paid-in capital	$	3,585

(n) Reflects the cumulative net impact of the effects on accumulated deficit as follows:

Gain on settlement of liabilities subject to compromise	$	6,443
Accrual of professional service provider success fees		(38)
Accrual of professional service provider fees		(5)
Surrender of other receivable		(18)
Payment of FLLO alternative transaction fee		(12)
Total reorganization items, net		6,370
Cancellation of predecessor equity		18,571
Net impact on accumulated deficit	$	24,941

Fresh Start Adjustments

(o) Reflects fair value adjustments to our (i) proved oil and natural gas properties, (ii) unproved properties, (iii) other property and equipment and (iv) property and equipment held for sale, and the elimination of accumulated depletion, depreciation and amortization.

(p) Reflects the fair value adjustment to record historical contracts at their fair values.

(q) Reflects the fair value adjustments to the 2026 Notes and 2029 Notes for $22 million and $30 million, respectively.

(r) Reflects the adjustment to our asset retirement obligations using assumptions as of the Effective Date, including an inflation factor of 2% and an average credit-adjusted risk-free rate of 5.18%.

(s) Reflects the fair value adjustment to eliminate the accumulated other comprehensive income of $9 million related to hedging settlements offset by the elimination of $57 million of income tax effects which has resulted in the recording of an income tax benefit of $57 million. See Note 10 for a discussion of income taxes.

(t) Reflects the net cumulative impact of the fresh start adjustments on accumulated deficit as follows:

Fresh start adjustments to property and equipment	$ 443
Fresh start adjustments to other long-term assets	(84)
Fresh start adjustments to long-term debt	(52)
Fresh start adjustments to long-term asset retirement obligations	(97)
Fresh start adjustments to accumulated other comprehensive income	(9)
Total fresh start adjustments impacting reorganizations items, net	201
Income tax effects on accumulated other comprehensive income	57
Net impact to accumulated deficit	$ 258

Reorganization Items, Net

We incurred significant expenses, gains and losses associated with the reorganization, primarily the gain on settlement of liabilities subject to compromise, write-off of unamortized debt issuance costs and related unamortized premiums and discounts, debt and equity financing fees, provision for allowed claims and legal and professional fees incurred subsequent to the Chapter 11 filings for the restructuring process. The accrual for allowed claims primarily represents damages from contract rejections and settlements attributable to the midstream savings requirement as stipulated in the Plan. While the claims reconciliation process is ongoing, we do not believe any existing unresolved claims will result in a material adjustment to the financial statements. The amount of these items, which were incurred in reorganization items, net within our accompanying unaudited condensed consolidated statements of operations, have significantly affected our statements of operations.

The following table summarizes the components in reorganization items, net included in our unaudited condensed consolidated statements of operations:

	Successor		Predecessor
	Three Months Ended March 31, 2022	Period from February 10, 2021 through March 31, 2021	Period from January 1, 2021 through February 9, 2021
Gains on the settlement of liabilities subject to compromise	$ —	$ —	$ 6,443
Accrual for allowed claims	—	—	(1,002)
Gain on fresh start adjustments	—	—	201
Gain from release of commitment liabilities	—	—	55
Professional service provider fees and other	—	—	(60)
Success fees for professional service providers	—	—	(38)
Surrender of other receivable	—	—	(18)
FLLO alternative transaction fee	—	—	(12)
Total reorganization items, net	$ —	$ —	$ 5,569

4. Oil and Natural Gas Property Transactions

Marcellus Acquisition

On March 9, 2022, we completed 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 cash and indebtedness free, effective as of January 1, 2022, 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. See Note 6 for further discussion of debt.

Preliminary 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 preliminary 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. Certain data necessary to complete the purchase price allocation is not yet available, and includes, but is not limited to, valuation of pre-acquisition contingencies and final appraisals of assets acquired and liabilities assumed. We expect to complete the purchase price allocation during the 12-month period following the acquisition date, during which time the value of the assets and liabilities may be revised as appropriate.

		Preliminary Purchase Price Allocation
Consideration:		
Cash	$	2,000
Fair value of Chesapeake's common stock issued in the merger		764
Working capital adjustments		6
Total consideration	$	2,770
Fair Value of Liabilities Assumed:		
Current liabilities	$	420
Other long-term liabilities		129
Amounts attributable to liabilities assumed	$	549
Fair Value of Assets Acquired:		
Cash and cash equivalents	$	—
Other current assets		218
Proved oil and natural gas properties		2,309
Unproved properties		788
Other property and equipment		1
Other long-term assets		3
Amounts attributable to assets acquired	$	3,319
Total identifiable net assets	$	2,770

Oil and Natural Gas 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 oil and natural gas properties as of the acquisition date was based on estimated oil and natural gas 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 oil and natural gas properties acquired. Additionally, the fair value estimate of proved and unproved oil and natural gas properties was corroborated by utilizing a market approach, which considers recent comparable transactions for similar assets.

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

Marcellus Acquisition Revenues and Expenses Subsequent to Acquisition

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

Vine Acquisition

On November 1, 2021, we acquired Vine, an energy company focused on the development of natural gas properties in the over-pressured stacked Haynesville and Mid-Bossier shale plays in Northwest Louisiana pursuant to a definitive agreement with Vine dated August 10, 2021, for total consideration of approximately $1.5 billion, consisting of approximately 18.7 million shares of our common stock and $90 million in cash. In conjunction with the Vine Acquisition, Vine’s Second Lien Term Loan was repaid and terminated for $163 million, inclusive of a $13 million make whole premium with cash on hand due to the agreement containing a change in control provision making the term loan callable upon closing. Vine’s reserve based loan facility, which had no borrowings as of November 1, 2021, was terminated at the time of the acquisition. Additionally, Vine’s 6.75% Senior Notes, with a principal amount of $950 million, were assumed by the Company. See Note 6 for additional discussion of the assumed debt. We funded the cash portion of the consideration with cash on hand.

Preliminary Vine Purchase Price Allocation

We have accounted for the Vine Acquisition as a business combination, using the acquisition method. The following table represents the preliminary allocation of the total purchase price of Vine to the identifiable assets acquired and the liabilities assumed based on the fair values as of the acquisition date. Certain data necessary to complete the purchase price allocation is not yet available, and includes, but is not limited to, valuation of pre-acquisition contingencies, and final appraisals of assets acquired and liabilities assumed. We expect to complete the purchase price allocation during the 12-month period following the acquisition date, during which time the value of the assets and liabilities may be revised as appropriate.

	Preliminary Purchase Price Allocation
Consideration:	
Cash	$ 253
Fair value of Chesapeake's common stock issued in the merger	1,231
Restricted stock unit replacement awards	6
Total consideration	$ 1,490
Fair Value of Liabilities Assumed:	
Current liabilities	$ 765
Long-term debt	1,021
Deferred tax liabilities	49
Other long-term liabilities	272
Amounts attributable to liabilities assumed	$ 2,107
Fair Value of Assets Acquired:	
Cash and cash equivalents	$ 59
Other current assets	206
Proved oil and natural gas properties	2,181
Unproved properties	1,118
Other property and equipment	1
Other long-term assets	32
Amounts attributable to assets acquired	$ 3,597
Total identifiable net assets	$ 1,490

Oil and Natural Gas Properties

For the Vine 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 oil and natural gas properties as of the acquisition date was based on estimated oil and natural gas 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 oil and natural gas properties acquired. Additionally, the fair value estimate of proved and unproved oil and natural gas properties was corroborated by utilizing a market approach, which considers recent comparable transactions for similar assets.

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

Financial Instruments and Other

The fair value measurements of long-term debt were estimated based on a market approach using estimates provided by an independent investment data services firm and represent Level 2 inputs.

Restricted Stock Unit Replacement Awards

Included in consideration for the Vine Acquisition is approximately $6 million related to pre-combination service recognized on Vine's restricted stock unit awards. For restricted stock units that were accelerated or transitioned at the time of the merger, we recognized expense for the portion of the award that was accelerated and included in consideration the portion of the award related to pre-combination service.

Vine Revenues and Expenses Subsequent to Acquisition

We included in our condensed consolidated statements of operations oil, natural gas and NGL revenues of $349 million, net losses on oil and natural gas derivatives of $507 million, direct operating expenses of $199 million, including depreciation, depletion and amortization, and other expense of $11 million related to the Vine business for the period from January 1, 2022 to March 31, 2022.

Combined Pro Forma Financial Information

As the Vine Acquisition closed on November 1, 2021, all activity in 2022 is included in Chesapeake's condensed consolidated statements of operations for the period ended March 31, 2022. The following unaudited pro forma financial information is based on our historical condensed consolidated financial statements adjusted to reflect as if the Marcellus Acquisition and Vine Acquisition had each occurred on February 10, 2021, the date Chesapeake emerged from bankruptcy. See Note 2 for additional information on the bankruptcy. 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.

	Successor	
	Period from January 1, 2022 through March 31, 2022	Period from February 10, 2021 through March 31, 2021
Revenues	$ 935	$ 1,076
Net income (loss) available to common stockholders	$ (868)	$ 319
Earnings per common share:		
Basic	$ (6.83)	$ 2.53
Diluted	$ (6.83)	$ 2.35

Powder River Divestiture

On January 24, 2022, Chesapeake signed an agreement to sell its Powder River Basin assets in Wyoming to Continental Resources, Inc. (NYSE: CLR) 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 $279 million based on the difference between the carrying value of the assets and the cash received.

5. Earnings Per Share

Basic earnings (loss) per common share is computed by dividing the net income (loss) attributable 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 during the Successor Period consist of issuable shares related to warrants, unvested restricted stock units, and unvested performance share units and during the Predecessor Period have historically consisted of unvested restricted stock units, contingently issuable shares related to preferred stock and convertible senior notes unless their effect was antidilutive.

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

	Successor		Predecessor
	Three Months Ended March 31, 2022	Period from February 10, 2021 through March 31, 2021	Period from January 1, 2021 through February 9, 2021
Numerator			
Net income (loss), basic and diluted	$ (764)	$ 295	$ 5,383
Denominator (in thousands)			
Weighted average common shares outstanding, basic	120,805	97,907	9,781
Effect of potentially dilutive securities			
Preferred stock	—	—	290
Warrants	—	9,250	—
Restricted stock units	—	2	—
Performance share units	—	—	—
Weighted average common shares outstanding, diluted	120,805	107,159	10,071
Earnings (loss) per common share			
Earnings (loss) per common share, basic	$ (6.32)	$ 3.01	$ 550.35
Earnings (loss) per common share, diluted	$ (6.32)	$ 2.75	$ 534.51

Successor

During the 2022 Successor Period, 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 as of the 2022 Successor Period. Additionally, as the 2022 Successor Period had a net loss, the diluted earnings (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.

During the 2021 Successor Period, the dilutive earnings per share calculation excludes the effect of 2,092,918 reserved shares of common stock and 3,948,893 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 to be considered dilutive shares as of the 2021 Successor Period.

Predecessor

We had the option to settle conversions of the 5.50% convertible senior notes due 2026 with cash, shares or common stock or any combination thereof. As the price of our common stock was below the conversion threshold level for any time during the conversion period, there was no impact to diluted earnings per share.

6. Debt

Our long-term debt consisted of the following as of March 31, 2022 and December 31, 2021:

	Successor			
	March 31, 2022		December 31, 2021	
	Carrying Amount	Fair Value[(a)]	Carrying Amount	Fair Value[(a)]
Exit Credit Facility - Tranche A Loans	$ 500	$ 500	$ —	$ —
Exit Credit Facility - Tranche B Loans	221	221	221	221
5.50% senior notes due 2026	500	510	500	526
5.875% senior notes due 2029	500	514	500	535
6.75% senior notes due 2029	950	1,008	950	1,031
Premiums on senior notes	112	—	116	—
Debt issuance costs	(9)	—	(9)	—
Total long-term debt, net	$ 2,774	$ 2,753	$ 2,278	$ 2,313

(a) The carrying value of borrowings under our Exit 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.

Successor Debt

Our post-emergence exit financing consists of the Exit Credit Facility, which includes a reserve-based revolving credit facility and a non-revolving loan facility, and the Notes and the Vine Notes (as defined below).

Exit Credit Facility. On the Effective Date, pursuant to the terms of the Plan, the Company, as borrower, entered into a reserve-based credit agreement (the "Credit Agreement") providing for a reserve-based credit facility with an initial borrowing base of $2.5 billion. The borrowing base will be redetermined semiannually on or around May 1 and November 1 of each year. Our borrowing base was reaffirmed in April 2022, and the next scheduled redetermination will be on or about October 1, 2022. The aggregate initial elected commitments of the lenders under the Exit Credit Facility were $1.75 billion of Tranche A Loans and $221 million of fully funded Tranche B Loans.

The Exit Credit Facility provides for a $200 million sublimit of the aggregate commitments that are available for the issuance of letters of credit. The Exit Credit Facility bears interest at the ABR (alternate base rate) or LIBOR, at our election, plus an applicable margin (ranging from 2.25–3.25% per annum for ABR loans and 3.25–4.25% per annum for LIBOR loans, subject to a 1.00% LIBOR floor), depending on the percentage of the borrowing base then being utilized. The Tranche A Loans mature three years after the Effective Date and the Tranche B Loans mature four years after the Effective Date. The Tranche B Loans can be repaid if no Tranche A Loans are outstanding.

The Credit Agreement contains financial covenants that require the Company and the guarantors party thereto, on a consolidated basis, to maintain (i) a first lien leverage ratio of not more than 2.75 to 1:00, (ii) a total leverage ratio of not more than 3.50 to 1:00, (iii) a current ratio of not less than 1.00 to 1:00 and (iv) at any time additional secured debt is outstanding, an asset coverage ratio of not less than 1.50 to 1:00, defined as PV-10 of proved developed producing reserves to total secured debt. The Company has no additional secured debt outstanding as of March 31, 2022.

The Credit Agreement also contains customary affirmative and negative covenants, including, among other things, as to compliance with laws (including environmental laws and anti-corruption laws), delivery of quarterly and annual financial statements, conduct of business, maintenance of property, maintenance of insurance, restrictions on the incurrence of liens, indebtedness, asset dispositions, fundamental changes, restricted payments, and other customary covenants.

The Company is required to pay a commitment fee of 0.50% per annum on the average daily unused portion of the current aggregate commitments under the Tranche A Loans. The Company is also required to pay customary letter of credit and fronting fees.

Outstanding Senior Notes. On February 2, 2021, Chesapeake Escrow Issuer LLC, then an indirect wholly owned subsidiary of the Company, issued $500 million aggregate principal amount of its 2026 Notes and $500 million aggregate principal amount of its 2029 Notes. The Notes included a $52 million premium to reflect fair value adjustments at the date of emergence.

The Notes are guaranteed on a senior unsecured basis by each of the Company's subsidiaries that guarantee the Exit Credit Facility.

The Notes were issued pursuant to an indenture, dated as of February 5, 2021, among the Issuer, the guarantors party thereto and Deutsche Bank Trust Company Americas, as trustee.

Interest on the Notes is payable semi-annually, on February 1 and August 1 of each year to holders of record on the immediately preceding January 15 and July 15.

Vine Senior Notes. As a result of the completion of the Vine Acquisition, the Company and certain of its subsidiaries entered into a supplemental indenture pursuant to which the Company assumed the obligations under Vine's $950 million aggregate principal amount of 6.75% senior notes due 2029 (the "Vine Notes") issued under the indenture dated April 7, 2021 with Wilmington Trust, National Association, as Trustee (the "Vine Indenture"). The Vine Notes included a $71 million premium to reflect fair value adjustments at the date of acquisition.

The Company and certain of its subsidiaries have agreed to guarantee such obligations under the Vine Indenture. Additionally, certain subsidiaries of Vine entered into a supplemental indenture to the Company's existing indenture, dated February 5, 2021 with Deutsche Bank Trust Company Americas as trustee (the "CHK Indenture"), pursuant to which such subsidiaries of Vine have agreed to guarantee obligations under the CHK Indenture.

Interest on the Vine Notes is payable semi-annually, on April 15 and October 15 of each year to holders of record on the immediately preceding April 1 and October 1.

The Notes and the Vine Notes are the Company's senior unsecured obligations. Accordingly, they rank (i) equal in right of payment to all existing and future senior indebtedness, including borrowings under the Exit Credit Facility, (ii) effectively subordinate in right of payment to all of existing and future secured indebtedness, including indebtedness under the Exit Credit Facility, to the extent of the value of the collateral securing such indebtedness, (iii) structurally subordinate in right of payment to all existing and future indebtedness and other liabilities of any future subsidiaries that do not guarantee the Notes and any entity that is not a subsidiary that does not guarantee the Notes and (iv) senior in right of payment to all future subordinated indebtedness. Each guarantee of the Notes by a guarantor is a general, unsecured, senior obligation of such guarantor. Accordingly, the guarantees (i) rank equally in right of payment with all existing and future senior indebtedness of such guarantor (including such guarantor's guarantee of indebtedness under the Exit Credit Facility), (ii) are subordinated to all existing and future secured indebtedness of such guarantor, including such guarantor's guarantee of indebtedness under our Exit Credit Facility, to the extent of the value of the collateral of such guarantor securing such secured indebtedness, (iii) are structurally subordinated to all indebtedness and other liabilities of any future subsidiaries of such guarantor that do not guarantee the notes and (iv) rank senior in right of payment to all future subordinated indebtedness of such guarantor.

Phase-Out of LIBOR

In March 2020, the FASB issued ASU 2020-04, *Reference Rate Reform (Topic 848)*. The purpose of ASU 2020-04 is to provide optional guidance to ease the potential effects on financial reporting of the market-wide migration away from Interbank Offered Rates such as LIBOR, which is expected to be phased out for most US dollar settings on June 30, 2023, to alternative reference rates. ASU 2020-04 applies only to contracts, hedging relationships, debt arrangements and other transactions that reference a benchmark reference rate expected to be discontinued because of reference rate reform. The amendments in ASU 2020-04 are effective for all entities as of March 12, 2020 through December 31, 2022. The adoption of this guidance will not have a material impact on our condensed consolidated financial statements and related disclosures.

7. Contingencies and Commitments

Contingencies

Chapter 11 Proceedings

Commencement of the Chapter 11 Cases automatically stayed the proceedings and actions against us that are referenced below, in addition to actions seeking to collect pre-petition indebtedness or to exercise control over the property of the Company's bankruptcy estates. 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. See Note 2 for additional information.

Litigation and Regulatory Proceedings

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 indeterminate. 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.

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. The majority of the 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. Any allowed claim related to such prepetition litigation will be treated in accordance with the Plan.

Environmental Contingencies

The nature of the oil and gas 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.

We were recently dismissed as a defendant from numerous lawsuits in Oklahoma alleging that we and other companies engaged in activities that have caused earthquakes. The lawsuits sought compensation for injury to real and personal property, diminution of property value, economic losses due to business interruption, interference with the use and enjoyment of property, annoyance and inconvenience, personal injury and emotional distress. In addition, they sought the reimbursement of insurance premiums and the award of punitive damages, attorneys' fees, costs, expenses and interest. Any allowed claim related to such prepetition litigation will be treated in accordance with the Plan.

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 oil, natural gas 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:

	Successor
	March 31, 2022
Remainder of 2022	$ 445
2023	536
2024	497
2025	426
2026	386
2027 – 2036	2,066
Total	$ 4,356

In addition, we have entered into 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 oil and natural gas 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.

8. Other Current Liabilities

Other current liabilities as of March 31, 2022 and December 31, 2021 are detailed below:

	Successor	
	March 31, 2022	December 31, 2021
Revenues and royalties due others	$ 733	$ 617
Accrued drilling and production costs	196	142
Accrued hedging costs	116	113
Accrued compensation and benefits	37	91
Other accrued taxes	90	86
Operating leases	29	29
Joint interest prepayments received	19	14
Other	121	110
Total other current liabilities	$ 1,341	$ 1,202

9. Revenue

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

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

	Successor			
	Period from February 10, 2021 through March 31, 2021			
	Oil	Natural Gas	NGL	Total
Marcellus	$ —	$ 163	$ —	$ 163
Haynesville	—	70	—	70
Eagle Ford	206	43	23	272
Powder River Basin	28	14	6	48
Oil, natural gas and NGL revenue	$ 234	$ 290	$ 29	$ 553
Marketing revenue	$ 162	$ 97	$ 18	$ 277

	Predecessor			
	Period from January 1, 2021 through February 9, 2021			
	Oil	Natural Gas	NGL	Total
Marcellus	$ —	$ 119	$ —	$ 119
Haynesville	—	53	—	53
Eagle Ford	159	17	17	193
Powder River Basin	20	7	6	33
Oil, natural gas and NGL revenue	$ 179	$ 196	$ 23	$ 398
Marketing revenue	$ 141	$ 78	$ 20	$ 239

Accounts Receivable

Our accounts receivable are primarily from purchasers of oil, natural gas 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, 2022 and December 31, 2021 are detailed below:

	Successor	
	March 31, 2022	December 31, 2021
Oil, natural gas and NGL sales	$ 1,082	$ 922
Joint interest	209	158
Other	95	38
Allowance for doubtful accounts	(3)	(3)
Total accounts receivable, net	$ 1,383	$ 1,115

10. 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 for the 2022 Successor Period is 5.7% as a result of projecting current federal and state income taxes and a full valuation allowance against our anticipated net deferred asset position at December 31, 2022. Although we are projecting a current federal and state tax liability, a benefit has been recorded in the 2022 Successor Period due to the application of the AETR to the 2022 Successor Period book net loss before income taxes.

Our estimated AETR for the 2021 Successor Period was 0.0% as a result of maintaining a full valuation allowance against our net deferred asset position. The income tax provision for the 2021 Predecessor Period was determined based on actual results for the period ended February 9, 2021, including those resulting from fresh start accounting. The effective tax rate for the 2021 Predecessor Period was (1.1%) which resulted from the elimination of the income tax effects associated with hedging settlements from accumulated other comprehensive income as part of fresh start accounting. We recorded an income tax benefit of $57 million in the 2021 Predecessor Period for the elimination of such income tax effects. Any changes to our deferred tax assets and liabilities for the 2021 Predecessor Period (whether resulting from Reorganization Adjustments, Fresh Start Adjustments or otherwise) were completely offset with a corresponding adjustment to our valuation allowance which resulted in the low effective tax rate. Accordingly, there are no balances shown for deferred tax assets or liabilities in the condensed consolidated balance sheet table shown in Note 3.

As of December 31, 2021, we were in a net deferred tax asset position and anticipate being in a net deferred tax asset position as of December 31, 2022. Based on all available positive and negative evidence, including projections of future taxable income, we believe it is more likely than not that our deferred tax assets will not be realized. As such, a full valuation allowance was recorded against our net deferred tax asset position for federal and state purposes as of March 31, 2022 and December 31, 2021. A significant piece of objectively verifiable negative evidence evaluated is the losses incurred in recent quarters. Should future results of operations demonstrate a trend of profitability, additional weight may be placed upon other evidence, such as forecasts of future taxable income. Additionally, future events and new evidence, such as the integration and realization of profit from recently acquired assets, could lead to increased weight being placed upon future forecasts and the conclusion that some or all of the deferred tax assets are more likely than not to be realizable. Therefore, we believe that there is a possibility that some or all of the valuation allowance could be released in the foreseeable future.

Our ability to utilize net operating loss ("NOL") carryforwards, disallowed business interest carryforwards, tax credits and possibly other tax attributes to reduce future taxable income and federal income tax is subject to various limitations under Section 382 of the Internal Revenue Code of 1986, as amended (the "Code"). The utilization of such attributes may be subject to an annual limitation under Section 382 of the Code should transactions involving our equity result in a cumulative shift of more than 50% in the beneficial ownership of our stock during any three-year testing period (an "Ownership Change").

As a result of emergence from bankruptcy on February 9, 2021, the Company did experience an Ownership Change. We did not qualify for the exception under Section 382(l)(5) of the Code, and therefore an annual limitation was determined under Section 382(l)(6) of the Code, which is based on the post-emergence value of our equity multiplied by the adjusted federal long-term rate in effect for the month in which the ownership change occurred. The amount of the annual limitation has been computed to be $54 million. The limitation applies to our NOL carryforwards, disallowed business interest carryforwards and general business credits until such attributes expire or are fully utilized. As we believe we were in an overall net unrealized built-in loss position at the Effective Date, the limitation also applies to any recognized built-in losses incurred for a period of five years but only to the extent of the overall net unrealized built-in loss. Recognized built-in losses include a portion of our tax depreciation, depletion, and amortization deductions along with a portion of our realized hedging losses. We incurred sufficient recognized built-in losses during the 2021 tax year such that we have no further restriction on the company's deductions for such items. Some states impose similar limitations on tax attribute utilization upon experiencing an ownership change.

In Chapter 11 bankruptcy cases, the cancellation of debt income ("CODI") realized upon emergence from bankruptcy is excludible from taxable income but results in a reduction of tax attributes in accordance with the attribute reduction and ordering rules of Section 108 of the Code. The amount of our CODI was $5 billion, all of which reduced our NOL carryforwards. As a result of the Section 382 limitation, $593 million of federal NOLs remaining after the CODI reduction were estimated to expire before they would become utilizable and as such were removed from our deferred tax assets. The states we operate in generally have similar rules for attribute reduction and Section 382 limitation which resulted in the reduction of certain of our state NOL carryforwards.

11. Equity

New Common Stock

As discussed in Note 2, on the Effective Date, we issued an aggregate of 97,907,081 shares of New Common Stock, par value $0.01 per share, to the holders of allowed claims, and 2,092,918 shares of New Common Stock were reserved for future distributions under the Plan. During the 2021 Successor Period, 864,090 reserved shares were issued to resolve allowed unsecured claims.

On November 1, 2021 we completed the Vine Acquisition and issued 18,709,399 shares of New Common Stock. On March 9, 2022, we completed the Marcellus Acquisition and issued 9,442,185 shares of New Common Stock. See further discussion of both acquisitions in Note 4.

Dividends

In May 2021, we initiated a new annual dividend on our shares of common stock, expected to be paid quarterly. The following table summarizes our dividend payments in the 2022 Successor Period.

Payment Date	Stockholders of Record Date	Dividend Payment	Rate Per Share
March 22, 2022	March 7, 2022	$ 210	$ 1.7675

On May 4, 2022, we declared a quarterly dividend payable of $2.34 per share, which will be paid on June 2, 2022 to stockholders of record at the close of business on May 19, 2022. The dividend consists of a base quarterly dividend in the amount of $0.50 per share and a variable quarterly dividend in the amount of $1.84 per share.

Share Repurchase Program

As of December 2, 2021 the Company was authorized to purchase up to $1 billion of the Company's common stock under a share repurchase program. In March 2022, we commenced our share repurchase program and 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.

Warrants

	Class A Warrants	Class B Warrants	Class C Warrants[(a)]
Outstanding as of December 31, 2021	10,856,852	12,313,273	11,388,371
Converted into New Common Stock[(b)]	(1,036,606)	(22,392)	(13,845)
Outstanding as of March 31, 2022	9,820,246	12,290,881	11,374,526

(a) As of March 31, 2022, we had 2,318,446 of reserved Class C Warrants.

(b) During the 2022 Successor Period, we issued 669,669 shares of common stock as a result of Warrant exercises.

As discussed in Note 2, on the Effective Date, we issued 11,111,111 Class A Warrants, 12,345,679 Class B Warrants and 9,768,527 Class C Warrants that are initially exercisable for one share of New Common Stock per Warrant at initial exercise prices of $27.63, $32.13 and $36.18 per share, respectively, subject to adjustments pursuant to the terms of the Warrants. The Warrants are exercisable from the Effective Date until February 9, 2026. The Warrants contain customary anti-dilution adjustments in the event of any stock split, reverse stock split, reclassification, stock dividend or other distributions. The exercise prices of the Warrants were adjusted to prevent the dilution of rights for the effects of the quarterly dividend distribution on March 22, 2022, and the adjusted exercise prices are $26.43, $30.73, and $34.61 per share for the Class A, Class B and Class C Warrants, respectively.

Chapter 11 Proceedings

Upon emergence from Chapter 11 on February 9, 2021, as discussed in Note 2, Predecessor common stock and preferred stock were canceled and released under the Plan without receiving any recovery on account thereof.

12. Share-Based Compensation

As discussed in Note 2, on the Effective Date, our Predecessor common stock was canceled and New Common Stock was issued. Accordingly, our then existing share-based compensation awards were also canceled, which resulted in the recognition of any previously unamortized expense related to the canceled awards on the date of cancellation. Share-based compensation for the Predecessor and Successor Periods is not comparable.

Successor Share-Based Compensation

As of 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 restricted stock units, 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. In the 2021 and 2022 Successor Periods, we granted restricted stock units to employees and non-employee directors under the LTIP, which will vest over a three-year period. The fair value of restricted stock units 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 restricted stock units is presented below:

	Unvested Restricted Stock Units		Weighted Average Grant Date Fair Value Per Share
	(in thousands)		
Unvested as of December 31, 2021	775	$	46.77
Granted	484	$	74.84
Vested	(31)	$	65.42
Forfeited	(42)	$	44.42
Unvested as of March 31, 2022	1,186	$	57.81

The aggregate intrinsic value of restricted stock units that vested during the 2022 Successor Period was approximately $2 million based on the stock price at the time of vesting.

As of March 31, 2022, there was approximately $57 million of total unrecognized compensation expense related to unvested restricted stock units. The expense is expected to be recognized over a weighted average period of approximately 2.62 years.

Performance Share Units. In the 2021 and 2022 Successor Periods, we granted performance share units ("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. For the PSUs granted in 2021, the performance criteria also include share price hurdles which could result in a total payout out between 0% - 100% 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 2022.

Assumption	**TSR, rTSR**
Risk-free interest rate	2.00 %
Volatility	70.2 %

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, 2021	183	$	66.12
Granted	133	$	109.65
Vested	—	$	—
Forfeited	(20)	$	54.03
Unvested as of March 31, 2022	296	$	86.47

As of March 31, 2022, 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 2.68 years.

Predecessor Share-Based Compensation

Our Predecessor share-based compensation program consisted of restricted stock units, stock options, PSUs and cash restricted stock units ("CRSUs") granted to employees and restricted stock units granted to non-employee directors under our long-term incentive plans. The restricted stock units and stock options were equity-classified awards and the PSUs and CRSUs were liability-classified awards.

Restricted Stock Units. We granted restricted stock units to employees and non-employee directors. A summary of the changes in unvested restricted stock units is presented below:

	Unvested Restricted Stock Units		**Weighted Average Grant Date Fair Value Per Share**
	(in thousands)		
Unvested as of December 31, 2020	1	$	616.57
Granted	—	$	—
Vested	—	$	—
Forfeited/canceled	(1)	$	611.47
Unvested as of February 9, 2021	—	$	—

Stock Options. In the year ended December 31, 2020, we granted members of management stock options that vested ratably over a three-year period. Each stock option award had an exercise price equal to the closing price of our common stock on the grant date. Outstanding options expired seven years to ten years from the date of grant.

We utilized the Black-Scholes option-pricing model to measure the fair value of stock options. The expected life of an option was determined using the simplified method. Volatility assumptions were estimated based on the average historical volatility of Chesapeake stock over the expected life of an option. The risk-free interest rate was based on the U.S. Treasury rate in effect at the time of the grant over the expected life of the option. The dividend yield was based on an annual dividend yield, taking into account our dividend policy, over the expected life of the option.

The following table provides information related to stock option activity:

	Number of Shares Underlying Options	Weighted Average Exercise Price Per Share	Weighted Average Contract Life in Years	Aggregate Intrinsic Value[(a)]
	(in thousands)			
Outstanding as of December 31, 2020	20	$ 1,429.11	4.27	$ —
Granted	—	$ —		
Exercised	—	$ —		$ —
Expired	(1)	$ 741.86		
Forfeited/canceled	(19)	$ 1,452.40		
Outstanding as of February 9, 2021	—	$ —	—	$ —
Exercisable as of February 9, 2021	—	$ —	—	$ —

(a) The intrinsic value of a stock option is the amount by which the current market value or the market value upon exercise of the underlying stock exceeds the exercise price of the option.

Restricted Stock Units, Stock Option, and PSU Compensation. We recognized the following compensation costs, net of actual forfeitures, related to restricted stock units, stock options, and PSUs for the periods presented:

	Successor		Predecessor
	Three Months Ended March 31, 2022	Period from February 10, 2021 through March 31, 2021	Period from January 1, 2021 through February 9, 2021
General and administrative expenses	$ 3	$ —	$ 3
Oil and natural gas properties	1	—	—
Total restricted stock units, stock option, and PSU compensation	$ 4	$ —	$ 3

13. 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, options and swaptions. All of our oil and natural gas 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.

The estimated fair values of our oil and natural gas derivative instrument assets (liabilities) as of March 31, 2022 and December 31, 2021 are provided below:

	Successor			
	March 31, 2022		December 31, 2021	
	Notional Volume	Fair Value	Notional Volume	Fair Value
Oil (MMBbls):				
Fixed-price swaps	10	$ (469)	13	$ (356)
Collars	5	(40)	—	—
Basis protection swaps	17	(14)	9	(2)
Total oil	32	(523)	22	(358)
Natural gas (Bcf):				
Fixed-price swaps	700	(1,784)	637	(675)
Collars	572	(610)	205	(82)
Three-way collars	23	(47)	—	—
Call options	18	(46)	18	(17)
Swaptions	7	(12)	—	—
Basis protection swaps	396	—	252	(11)
Total natural gas	1,716	(2,499)	1,112	(785)
Total estimated fair value		$ (3,022)		$ (1,143)

Effect of Derivative Instruments – Condensed Consolidated Balance Sheets

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, 2022 and December 31, 2021 on a gross basis and after same-counterparty netting:

	Gross Fair Value	Amounts Netted in the Consolidated Balance Sheets	Net Fair Value Presented in the Consolidated Balance Sheets
Successor			
As of March 31, 2022			
Commodity Contracts:			
Short-term derivative asset	$ 34	$ (33)	$ 1
Long-term derivative asset	22	(14)	8
Short-term derivative liability	(2,671)	33	(2,638)
Long-term derivative liability	(407)	14	(393)
Total derivatives	$ (3,022)	$ —	$ (3,022)
As of December 31, 2021			
Commodity Contracts:			
Short-term derivative asset	$ 56	$ (51)	$ 5
Short-term derivative liability	(950)	51	(899)
Long-term derivative liability	(249)	—	(249)
Total derivatives	$ (1,143)	$ —	$ (1,143)

Effect of Derivative Instruments – Condensed Consolidated Statements of Operations

The components of oil and natural gas derivatives are presented below:

	Successor		Predecessor
	Three Months Ended March 31, 2022	Period from February 10, 2021 through March 31, 2021	Period from January 1, 2021 through February 9, 2021
Gains (losses) on undesignated oil and natural gas derivatives	$ (2,125)	$ 46	$ (379)
Losses on terminated cash flow hedges	—	—	(3)
Total oil and natural gas derivatives	$ (2,125)	$ 46	$ (382)

Effect of Derivative Instruments – Accumulated Other Comprehensive Income

A reconciliation of the changes in accumulated other comprehensive income in our condensed consolidated statements of stockholders' equity related to our terminated cash flow hedges is presented below:

	Successor				Predecessor	
	Three Months Ended March 31, 2022		Period from February 10, 2021 through March 31, 2021		Period from January 1, 2021 through February 9, 2021	
	Before Tax	After Tax	Before Tax	After Tax	Before Tax	After Tax
Balance, beginning of period	$ —	$ —	$ —	$ —	$ (12)	$ 45
Losses reclassified to income	—	—	—	—	3	3
Fresh start adjustments	—	—	—	—	9	9
Elimination of tax effects	—	—	—	—	—	(57)
Balance, end of period	$ —	$ —	$ —	$ —	$ —	$ —

Our accumulated other comprehensive loss balance represented the net deferred loss associated with commodity derivative contracts that were previously designated as cash flow hedges for which the original contract months were yet to occur. The remaining deferred gain or loss amounts were to be recognized in earnings in the month for which the original contract months were to occur. In connection with our adoption of fresh start accounting we recorded a fair value adjustment to eliminate the accumulated other comprehensive income related to hedging settlements including the elimination of tax effects. See Note 3 for a discussion of fresh start accounting adjustments.

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, 2022, our oil and natural gas derivative instruments were spread among 14 counterparties.

Hedging Arrangements

Certain of our hedging arrangements are with counterparties that are also lenders (or affiliates of lenders) under our Exit Credit Facility. The contracts entered into with these counterparties are secured by the same collateral that secures the Exit 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, 2022, we did not have any cash or letters of credit posted as collateral for our commodity derivatives.

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 oil, natural gas 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.

The following table provides information for financial assets (liabilities) measured at fair value on a recurring basis as of March 31, 2022 and December 31, 2021:

	Successor	
Significant Other Observable Inputs (Level 2)	**March 31, 2022**	**December 31, 2021**
Derivative Assets (Liabilities):		
Commodity assets	$ 56	$ 56
Commodity liabilities	(3,078)	(1,199)
Total derivatives	$ (3,022)	$ (1,143)

14. Other Operating Expense (Income), Net

In the 2022 Successor Period, 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.

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

Introduction

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 2021 Form 10-K.

We are an independent exploration and production company engaged in the acquisition, exploration and development of properties to produce oil, natural gas and NGL from underground reservoirs. We own a large and geographically diverse portfolio of onshore U.S. unconventional natural gas and liquids assets, including interests in approximately 8,200 gross oil and natural gas wells. 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 the Eagle Ford Shale in South Texas (“Eagle Ford”).

Our strategy is to create stockholder value by generating sustainable Free Cash Flow from our oil and natural gas development and production activities. We continue to focus on improving margins through operating efficiencies and financial discipline and improving our Environmental, Social, and Governance (“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 oil and natural gas producing activities. We continue to seek opportunities to reduce cash costs (production, gathering, processing and transportation and general and administrative) per barrel of oil equivalent production, through operational efficiencies by, among other things, 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 leading a responsible energy future begins with our initiative to achieve net-zero direct greenhouse gas emissions by 2035, which we announced in February 2021. To meet this challenge, we set meaningful initial goals including:

- Eliminate routine flaring from all new wells completed from 2021 forward, and enterprise-wide by 2025;
- Reduce our methane intensity to 0.09% by 2025; and
- Reduce our GHG intensity to 5.5 by 2025.

We achieved our interim goals for both intensity measures by exiting 2021 with a 0.07% methane intensity and a 4.5 GHG intensity, respectively. 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. Our Haynesville assets were certified as responsibly sourced gas at the end of 2021, and we expect our legacy Marcellus assets to receive dual certification as responsibly sourced by the end of the second quarter of 2022. The MiQ certification will provide a verified approach to tracking our commitment to reduce our methane intensity, as well as support our overall objective of achieving net-zero direct greenhouse gas emissions by 2035.

Our results of operations as reported in our condensed consolidated financial statements for the 2022 Successor Period, 2021 Successor Period and 2021 Predecessor Period are in accordance with GAAP. Although GAAP requires that we report on our results for the periods January 1, 2021 through February 9, 2021 and February 10, 2021 through March 31, 2021 separately, management views our operating results for the three months ended March 31, 2021 by combining the results of the 2021 Predecessor Period and the 2021 Successor Period because management believes such presentation provides the most meaningful comparison of our results to prior periods. We are not able to compare the 40 days from January 1, 2021 through February 9, 2021 operating results to any of the previous periods reported in the condensed consolidated financial statements and do not believe reviewing this period in isolation would be useful in identifying any trends in, or reaching any conclusions regarding, our overall operating performance. We believe the key performance indicators, such as operating revenues and expenses for the 2021 Successor Period combined with the 2021 Predecessor Period, provide more meaningful comparisons to other periods and are useful in understanding operational trends. Additionally, there were no changes in policies between the periods, and any material impacts as a result of fresh start accounting were included within the discussion of these changes. These combined results do not comply with GAAP and have not been prepared as pro forma results under applicable regulations, but are presented because we believe they provide the most meaningful comparison of our results to prior periods.

Recent Developments

Acquisitions

On March 9, 2022, we completed our Marcellus Acquisition pursuant to definitive agreements with Chief, Radler and Tug Hill, Inc. dated January 24, 2022. On November 1, 2021, we completed our Vine Acquisition pursuant to a definitive agreement with Vine dated August 10, 2021. These transactions strengthen 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.

Divestiture

On March 25, 2022, we completed 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 $279 million.

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

The global spread of COVID-19 and its variants created, and continues to create, significant volatility, uncertainty, and economic disruption during 2020, 2021 and into 2022. The ongoing pandemic has resulted in widespread adverse impacts on the global economy and on our customers and other parties with whom we have business relations. To date, we have experienced limited operational impacts as a result of COVID-19 or related governmental restrictions. While we cannot predict the full impact that COVID-19 and its variants, or the related significant disruption and volatility in the oil and natural gas markets will have on our business, cash flows, liquidity, financial condition and results of operations, we believe demand is recovering and prices will continue to be positively impacted in the near term. For additional discussion regarding risks associated with the COVID-19 pandemic, see Part II, Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations in our 2021 Form 10-K and Part I, Item 1A "Risk Factors" in our 2021 Form 10-K.

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

In late February 2022, Russia launched a military invasion against Ukraine. Sustained conflict and disruption in the region is likely in the near term, and the longer-term duration of the war is uncertain. The Russian invasion has caused, and could intensify, volatility in oil, natural gas and NGL prices, driving a sharp upward spike in the short term, and may have an impact on global growth prospects, which could in turn affect demand for natural gas and oil. The global market is also currently experiencing inflationary pressures, including rising fuel costs, a tightening steel market and labor and supply chain shortages, which could result in increases to our operating and capital costs that are not fixed. We are monitoring the situation and assessing its impact on our business, including our business partners and customers.

Liquidity and Capital Resources

Liquidity Overview

For the 2022 Successor Period, our primary sources of capital resources and liquidity have consisted of internally generated cash flows from operations and borrowings under our Exit Credit Facility, and our primary uses of cash have been for the development of our oil and natural gas properties, acquisitions of additional oil and natural gas properties and return of value to stockholders through dividends. Historically, our primary sources of capital resources and liquidity have consisted of internally generated cash flows from operations, borrowings under certain credit agreements and dispositions of non-core assets. Our ability to issue additional indebtedness, dispose of assets or access the capital markets was substantially limited during the Chapter 11 Cases and required court approval in most instances. Accordingly, our liquidity in the 2021 Predecessor Period depended mainly on cash generated from operations and available funds under certain credit agreements.

We believe we have emerged from the Chapter 11 Cases as a fundamentally stronger company, built to generate sustainable Free Cash Flow with a strengthened balance sheet, geographically diverse asset base and continuously improving ESG performance. As a result of the Chapter 11 Cases, we reduced our total indebtedness by $9.4 billion by issuing equity in a reorganized entity to the holders of our FLLO Term Loan, Second Lien Notes, unsecured notes and allowed general unsecured claimants.

We believe our cash flow from operations, cash on hand and borrowing capacity under the Exit Credit Facility, as discussed below, will provide sufficient liquidity during the next 12 months and the foreseeable future. As of March 31, 2022, we had $1.252 billion of liquidity available, including $19 million of cash on hand and $1.233 billion of aggregate unused borrowing capacity available under the Exit Credit Facility. As of March 31, 2022, we had $500 million of outstanding borrowings under our Exit Credit Facility – Tranche A Loans and $221 million in borrowings under our Exit Credit Facility – Tranche B Loans. See Note 6 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 carrying and fair value of our senior notes.

Dividend

With our strong liquidity position, we initiated a new dividend strategy in the 2021 Successor Period. We paid dividends of $210 million on our common stock in the 2022 Successor Period. 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.

On May 4, 2022, we declared a quarterly dividend payable of $2.34 per share, which will be paid on June 2, 2022 to stockholders of record at the close of business on May 19, 2022. The dividend consists of a base quarterly dividend in the amount of $0.50 per share and a variable quarterly dividend in the amount of $1.84 per share.

The declaration and payment of any future dividend, whether fixed or variable, will remain at the full discretion of the Board of Directors 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 its Credit Agreement and (iv) the terms and provisions of the indentures governing its 5.50% 2026 Notes, 5.875% 2029 Notes and 6.75% Senior Notes due 2029 assumed in the Vine Acquisition.

Derivative and Hedging Activities

Our results of operations and cash flows are impacted by changes in market prices for oil, natural gas 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 oil, natural gas and NGL derivative activities, when combined with our sales of oil, natural gas 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 Item 1 of 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, 2022, our material contractual obligations included repayment of senior notes, outstanding borrowings and interest payment obligations under the Exit Credit Facility, derivative obligations, asset retirement obligations, lease obligations, 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 oil, natural gas and NGL to move certain of our production to market. The estimated gross undiscounted future commitments under these agreements were approximately $4.4 billion as of March 31, 2022. As discussed above, we estimate the sources of our capital will continue to be adequate to fund our near and long-term contractual obligations. See Notes 6, 7 and 13 of the notes to our condensed consolidated financial statements included in Item 1 of Part I of this report for further discussion.

Post-Emergence Debt

On the Effective Date, pursuant to the terms of the Plan, the Company, as borrower, entered into a reserve-based credit agreement (the "Credit Agreement") providing for the Exit Credit Facility which features an initial borrowing base of $2.5 billion. The borrowing base will be redetermined semiannually on or around May 1 and November 1 of each year. Our borrowing base was reaffirmed in April 2022, and the next scheduled redetermination will be on or about October 1, 2022. The aggregate initial elected commitments of the lenders under the Exit Credit Facility is $1.75 billion of revolving Tranche A Loans and $221 million of fully funded Tranche B Loans.

The Exit Credit Facility provides for a $200 million sublimit of the aggregate commitments that are available for the issuance of letters of credit. The Exit Credit Facility bears interest at the ABR (alternate base rate) or LIBOR, at our election, plus an applicable margin (ranging from 2.25–3.25% per annum for ABR loans and 3.25–4.25% per annum for LIBOR loans, subject to a 1.00% LIBOR floor), depending on the percentage of the borrowing base then being utilized. The Tranche A Loans mature 3 years after the Effective Date and the Tranche B Loans mature 4 years after the Effective Date. The Tranche B Loans can be repaid if no Tranche A Loans are outstanding.

On February 2, 2021, the Company issued $500 million aggregate principal amount of its 2026 Notes and $500 million aggregate principal amount of its 2029 Notes. The offering of the Notes was part of a series of exit financing transactions undertaken in connection with the Debtors' Chapter 11 Cases and meant to provide the exit financing originally intended to be provided by the Exit Term Loan Facility pursuant to the Commitment Letter.

Assumption and Repayment of Vine Debt

In conjunction with the Vine Acquisition, Vine's Second Lien Term Loan was repaid and terminated for $163 million inclusive of a $13 million make whole premium with cash on hand due to the agreement containing a change in control provision making the term loan callable upon closing. Vine's reserve based loan facility, which had no borrowings as of November 1, 2021, was terminated at the time of the acquisition. Additionally, Vine's 6.75% Senior Notes with a principal amount of $950 million were assumed by the Company.

Capital Expenditures

For the year ending December 31, 2022, we currently expect to bring or have online approximately 190 to 220 gross wells across 11 to 14 rigs and plan to invest approximately $1.5 – $1.8 billion in capital expenditures. We expect that approximately 75% of our 2022 capital expenditures will be directed toward our natural gas assets. We currently plan to fund our 2022 capital program through cash on hand, expected cash flow from our operations and borrowings under our Exit 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 of Funds

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

	Successor		Predecessor
	Three Months Ended March 31, 2022	**Period from February 10, 2021 through March 31, 2021**	**Period from January 1, 2021 through February 9, 2021**
Cash provided by (used in) operating activities	$ 853	$ 409	$ (21)
Proceeds from Exit Credit Facility - Tranche A Loans, net	500	—	—
Proceeds from issuance of senior notes	—	—	1,000
Proceeds from issuance of common stock	—	—	600
Proceeds from warrant exercise	1	—	—
Proceeds from divestitures of property and equipment	403	4	—
Total sources of cash and cash equivalents	$ 1,757	$ 413	$ 1,579

Cash Flows from Operating Activities

Cash provided by operating activities was $853 million in the 2022 Successor Period, cash provided by operating activities was $409 million in the 2021 Successor Period and cash used in operating activities was $21 million in the 2021 Predecessor Period. The increase in the 2022 Successor Period is primarily due to higher prices for the oil, natural gas and NGL we sold and increased volumes sold due to the Vine and Marcellus Acquisitions. The cash used in the 2021 Predecessor Period was primarily due to the payment of professional fees related to the Chapter 11 Cases. 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 Exit Credit Facility - Tranche A Loans, net

In the 2022 Successor Period, we borrowed a net $500 million on the Exit Credit Facility - Tranche A Loans. We funded a portion of the Marcellus Acquisition with borrowings under the Company's Exit Credit Facility. A portion of the borrowings were repaid with internally generated cash from operating activities.

Proceeds from Issuance of Senior Notes and Common Stock

In the 2021 Predecessor Period, we issued $500 million aggregate principal amount of 5.50% 2026 Notes and $500 million aggregate principal amount of 5.875% 2029 Notes for total proceeds of $1.0 billion. Additionally, upon emergence from Chapter 11, we issued 62,927,320 shares of New Common Stock in exchange for $600 million of cash as agreed upon in the Plan.

Uses of Funds

The following table presents the uses of our cash and cash equivalents for the Successor and Predecessor periods:

	Successor		Predecessor
	Three Months Ended March 31, 2022	Period from February 10, 2021 through March 31, 2021	Period from January 1, 2021 through February 9, 2021
Oil and Natural Gas Expenditures:			
Capital expenditures	$ 344	$ 77	$ 66
Other Uses of Cash and Cash Equivalents:			
Business combination, net	2,006	—	—
Payments on Exit Credit Facility - Tranche A Loans, net	—	50	479
Payments on DIP Facility borrowings	—	—	1,179
Debt issuance and other financing costs	—	3	8
Cash paid for common stock dividends	210	—	—
Cash paid to repurchase and retire common stock	83	—	—
Other	—	1	—
Total other uses of cash and cash equivalents	2,299	54	1,666
Total uses of cash and cash equivalents	$ 2,643	$ 131	$ 1,732

Capital Expenditures

Our capital expenditures significantly increased in the 2022 Successor Period compared to the combined 2021 Successor and Predecessor Periods primarily as a result of increased drilling and completion activity primarily in the Haynesville following the Vine Acquisition.

Business Combination

In the 2022 Successor Period, we completed the Marcellus Acquisition for approximately $2 billion and 9.4 million shares of our common stock. 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.

Payments on DIP Facility Borrowings

On the Effective Date, the DIP Facility was terminated, and the holders of obligations under the DIP Facility received payment in full in cash; provided that, to the extent such lender under the DIP Facility was also a lender under the Exit Credit Facility, such lender’s allowed DIP claims were first reduced dollar-for-dollar and satisfied by the amount of its Exit RBL Loans provided as of the Effective Date.

Cash Paid for Common Stock Dividends

As part of our dividend program, we paid quarterly common stock base dividends of $52 million ($0.4375 per share) and paid our first quarterly common stock variable dividend of $158 million ($1.33 per share) in the 2022 Successor Period.

Cash Paid to Repurchase and Retire Common Stock

In March 2022, we commenced our share repurchase program and repurchased 1 million shares of our 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.

Results of Operations

Oil, Natural Gas and NGL Production and Average Sales Prices

	Successor							
	Three Months Ended March 31, 2022							
	Oil		Natural Gas		NGL		Total	
	MBbl per day	$/Bbl	MMcf per day	$/Mcf	MBbl per day	$/Bbl	MBoe per day	$/Boe
Marcellus	—	—	1,452	4.66	—	—	242	27.97
Haynesville	—	—	1,625	4.46	—	—	271	26.73
Eagle Ford	52	95.00	129	4.04	16	41.09	90	68.67
Powder River Basin	8	95.18	41	5.45	3	53.96	17	63.98
Total	60	95.02	3,247	4.54	19	43.05	620	34.31

	Successor							
	Period from February 10, 2021 through March 31, 2021							
	Oil		Natural Gas		NGL		Total	
	MBbl per day	$/Bbl	MMcf per day	$/Mcf	MBbl per day	$/Bbl	MBoe per day	$/Boe
Marcellus	—	—	1,283	2.53	—	—	214	15.21
Haynesville	—	—	524	2.68	—	—	87	16.09
Eagle Ford	66	61.51	143	6.04	18	25.72	107	50.07
Powder River Basin	10	58.95	57	4.82	3	34.75	23	42.57
Total	76	61.19	2,007	2.89	21	27.20	431	25.57

	Predecessor							
	Period from January 1, 2021 through February 9, 2021							
	Oil		Natural Gas		NGL		Total	
	MBbl per day	$/Bbl	MMcf per day	$/Mcf	MBbl per day	$/Bbl	MBoe per day	$/Boe
Marcellus	—	—	1,233	2.42	—	—	206	14.49
Haynesville	—	—	543	2.44	—	—	90	14.62
Eagle Ford	74	53.37	165	2.57	18	23.94	120	40.27
Powder River Basin	10	51.96	61	2.92	4	34.31	24	34.25
Total	84	53.21	2,002	2.45	22	25.92	440	22.63

Oil, Natural Gas and NGL Sales

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

	Successor			
	Period from February 10, 2021 through March 31, 2021			
	Oil	Natural Gas	NGL	Total
Marcellus	$ —	$ 163	$ —	$ 163
Haynesville	—	70	—	70
Eagle Ford	206	43	23	272
Powder River Basin	28	14	6	48
Total oil, natural gas and NGL sales	$ 234	$ 290	$ 29	$ 553

	Predecessor			
	Period from January 1, 2021 through February 9, 2021			
	Oil	Natural Gas	NGL	Total
Marcellus	$ —	$ 119	$ —	$ 119
Haynesville	—	53	—	53
Eagle Ford	159	17	17	193
Powder River Basin	20	7	6	33
Total oil, natural gas and NGL sales	$ 179	$ 196	$ 23	$ 398

	Non-GAAP Combined			
	Three Months Ended March 31, 2021			
	Oil	Natural Gas	NGL	Total
Marcellus	$ —	$ 282	$ —	$ 282
Haynesville	—	123	—	123
Eagle Ford	365	60	40	465
Powder River Basin	48	21	12	81
Total oil, natural gas and NGL sales	$ 413	$ 486	$ 52	$ 951

Oil, natural gas and NGL sales in the 2022 Successor Period increased $963 million compared to the combined 2021 Successor and Predecessor Periods. The increase includes $569 million due to increased sales volumes, which is primarily related to the Vine Acquisition and Marcellus Acquisition in November 2021 and March 2022, respectively. The increase also includes $394 million due to higher average prices received. The higher average prices are consistent with the upward trend in index prices for all products throughout the 2022 Successor Period.

Production Expenses

	Successor				Predecessor		Non-GAAP Combined	
	Three Months Ended March 31, 2022		Period from February 10, 2021 through March 31, 2021		Period from January 1, 2021 through February 9, 2021		Three Months Ended March 31, 2021	
		$/Boe		$/Boe		$/Boe		$/Boe
Marcellus	$ 13	0.62	$ 5	0.50	$ 4	0.50	$ 9	0.50
Haynesville	32	1.32	6	1.50	4	1.12	10	1.32
Eagle Ford	55	6.87	24	4.40	21	4.24	45	4.32
Powder River Basin	10	5.63	5	4.37	3	3.37	8	3.91
Total production expenses	$ 110	1.97	$ 40	1.88	$ 32	1.80	$ 72	1.85

Production expenses in the 2022 Successor Period increased $38 million as compared to the combined 2021 Successor and Predecessor Periods. The increase was primarily due to the Vine Acquisition in November 2021, as well as additional workovers and other preventative maintenance in the Eagle Ford.

Gathering, Processing and Transportation Expenses

	Successor				Predecessor		Non-GAAP Combined	
	Three Months Ended March 31, 2022		Period from February 10, 2021 through March 31, 2021		Period from January 1, 2021 through February 9, 2021		Three Months Ended March 31, 2021	
		$/Boe		$/Boe		$/Boe		$/Boe
Marcellus	$ 71	3.27	$ 42	3.94	$ 34	4.17	$ 76	4.04
Haynesville	65	2.67	11	2.45	11	2.93	22	2.67
Eagle Ford	84	10.41	44	8.05	45	9.32	89	8.65
Powder River Basin	22	13.93	14	12.65	12	12.53	26	12.59
Total gathering, processing and transportation expenses	$ 242	4.34	$ 111	5.12	$ 102	5.78	$ 213	5.42

Gathering, processing and transportation expenses in the 2022 Successor Period increased $29 million as compared to the combined 2021 Successor and Predecessor Periods. Haynesville increased $43 million primarily due to the Vine Acquisition in November 2021. Marcellus decreased $5 million resulting from a decrease of $14 million due to contract renegotiations partially offset by an increase of $9 million due to the Marcellus Acquisition in March 2022. Eagle Ford and Powder River Basin decreased by $5 million and $4 million, respectively, primarily due to natural declines in production.

Severance and Ad Valorem Taxes

	Successor				Predecessor		Non-GAAP Combined	
	Three Months Ended March 31, 2022		Period from February 10, 2021 through March 31, 2021		Period from January 1, 2021 through February 9, 2021		Three Months Ended March 31, 2021	
		$/Boe		$/Boe		$/Boe		$/Boe
Marcellus	$ 4	0.15	$ 1	0.09	$ 1	0.07	$ 2	0.08
Haynesville	12	0.54	2	0.56	2	0.54	4	0.55
Eagle Ford	36	4.49	16	3.00	13	2.69	29	2.86
Powder River Basin	11	6.52	5	3.92	2	2.88	7	3.44
Total severance and ad valorem taxes	$ 63	1.13	$ 24	1.11	$ 18	1.03	$ 42	1.08

Severance and ad valorem taxes in the 2022 Successor Period increased $21 million as compared to the combined 2021 Successor and Predecessor Periods. Improved pricing in the Successor Period drove $15 million of the increase, and the remaining $6 million is the result of the Vine Acquisition.

Gross Margin by Operating Area

The table below presents the gross margin for each of our operating areas. Gross margin by operating area is defined as oil, natural gas and NGL sales less production expenses, gathering, processing and transportation expenses, and severance and ad valorem taxes.

	Successor				Predecessor		Non-GAAP Combined	
	Three Months Ended March 31, 2022		Period from February 10, 2021 through March 31, 2021		Period from January 1, 2021 through February 9, 2021		Three Months Ended March 31, 2021	
		$/Boe		$/Boe		$/Boe		$/Boe
Marcellus	$ 521	$ 23.93	$ 115	10.68	$ 80	9.75	$ 195	10.28
Haynesville	543	22.20	51	11.58	36	10.03	87	10.88
Eagle Ford	379	46.90	188	34.62	114	24.02	302	29.63
Powder River Basin	56	37.90	24	21.63	16	15.47	40	18.81
Gross margin by operating area	$ 1,499	26.87	$ 378	17.46	$ 246	14.02	$ 624	15.90

Oil and Natural Gas Derivatives

	Successor		Predecessor
	Three Months Ended March 31, 2022	Period from February 10, 2021 through March 31, 2021	Period from January 1, 2021 through February 9, 2021
Oil derivatives – realized losses	$ (159)	$ (62)	$ (19)
Oil derivatives – unrealized losses	(166)	(6)	(190)
Total losses on oil derivatives	(325)	(68)	(209)
Natural gas derivatives – realized gains (losses)	(428)	(6)	6
Natural gas derivatives – unrealized gains (losses)	(1,372)	120	(179)
Total losses on natural gas derivatives	(1,800)	114	(173)
Total gains (losses) on oil and natural gas derivatives	$ (2,125)	$ 46	$ (382)

See Note 13 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

	Successor		Predecessor
	Three Months Ended March 31, 2022	Period from February 10, 2021 through March 31, 2021	Period from January 1, 2021 through February 9, 2021
Gross compensation and benefits	$ 70	$ 35	$ 32
Non-labor	25	12	12
Allocations and reimbursements	(69)	(32)	(23)
Total general and administrative expenses, net	$ 26	$ 15	$ 21
General and administrative expenses, net per Boe	$ 0.47	$ 0.68	$ 1.19

Gross compensation and benefits and non-labor expenses during the 2022 Successor Period were consistent with the combined 2021 Successor and Predecessor Periods. Allocations and reimbursements during the 2022 Successor Period increased $14 million compared to the combined 2021 Successor and Predecessor Periods primarily due to increased drilling and production activity due to the Vine Acquisition and Marcellus Acquisition.

Depreciation, Depletion and Amortization

	Successor		Predecessor
	Three Months Ended March 31, 2022	Period from February 10, 2021 through March 31, 2021	Period from January 1, 2021 through February 9, 2021
Depreciation, depletion and amortization	$ 409	$ 122	$ 72
Depreciation, depletion and amortization per Boe	$ 7.33	$ 5.72	$ 4.11

The absolute and per unit increase in depreciation, depletion and amortization for the 2022 Successor Period compared to the 2021 Successor Period is primarily the result of the Vine Acquisition.

Other Operating Expense (Income), Net

	Successor		Predecessor
	Three Months Ended March 31, 2022	Period from February 10, 2021 through March 31, 2021	Period from January 1, 2021 through February 9, 2021
Other operating expense (income), net	$ 23	$ 2	$ (12)

In the 2022 Successor Period, we recognized approximately $23 million of costs related to the Marcellus Acquisition, which included consulting fees, financial advisory fees, legal fees and change in control expense.

Interest Expense

	Successor		Predecessor
	Three Months Ended March 31, 2021	Period from February 10, 2021 through March 31, 2021	Period from January 1, 2021 through February 9, 2021
Interest expense on debt	$ 38	$ 12	$ 11
Amortization of premium, issuance costs and other	(1)	1	—
Capitalized interest	(5)	(1)	—
Total interest expense	$ 32	$ 12	$ 11

The increase in total interest expense in the 2022 Successor Period compared to the combined 2021 Successor and Predecessor Periods resulted from the increase in outstanding debt obligations between periods. In November 2021, we assumed Vine's $950 million of senior notes as part of the Vine Acquisition, and in March 2022 we borrowed $914 million on our Exit Credit Facility to finance, in part, the Marcellus Acquisition.

Reorganization Items, Net

	Successor		Predecessor
	Three Months Ended March 31, 2022	Period from February 10, 2021 through March 31, 2021	Period from January 1, 2021 through February 9, 2021
Gains on the settlement of liabilities subject to compromise	$ —	$ —	$ 6,443
Accrual for allowed claims	—	—	(1,002)
Gain on fresh start adjustments	—	—	201
Gain from release of commitment liabilities	—	—	55
Professional service provider fees and other	—	—	(60)
Success fees for professional service providers	—	—	(38)
Surrender of other receivable	—	—	(18)
FLLO alternative transaction fee	—	—	(12)
Total reorganization items, net	$ —	$ —	$ 5,569

In the 2021 Predecessor Period, we recorded a net gain of $5.569 billion in reorganization items, net related to the Chapter 11 Cases. See Note 2 and Note 3 of the notes to our condensed consolidated financial statements included in Item 1 of Part I of this report for a discussion of the Chapter 11 Cases and for discussion of adoption of fresh start accounting.

Income Taxes

An income tax benefit of $46 million was recorded for the 2022 Successor Period as a result of projecting current federal and state income taxes. Although we are projecting a current federal and state tax liability, a benefit has been recorded in the 2022 Successor Period due to the application of our estimated annual effective tax rate to the 2022 Successor Period book net loss before income taxes. An income tax benefit of $57 million was recorded for the 2021 Predecessor Period. Our effective income tax rate was 5.7% for the 2022 Successor Period, 0.0% for the 2021 Successor Period, and (1.1%) for the 2021 Predecessor Period. Our effective tax rate can fluctuate as a result of the impact of discrete items, state income taxes and permanent differences. See Note 10 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.

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. In this context, 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 ability to execute on our business strategy following emergence from bankruptcy;
- the impact of inflation and commodity price volatility resulting from Russia’s invasion of Ukraine, COVID-19 and related supply chain constraints, along with the effect on our business, financial condition, employees, contractors, vendors and the global demand for oil and natural gas and U.S. and world financial markets;
- risks related to the Vine Acquisition, including our ability to successfully integrate the business of Vine into the Company and achieve the expected synergies from the Vine Acquisition within the expected timeframe;
- risks related to the Marcellus Acquisition, including our ability to successfully integrate the business of Chief into the Company and achieve the expected synergies from the Marcellus Acquisition within the expected timeframe;
- our ability to comply with the covenants under our Exit Credit Facility and other indebtedness;
- our ability to realize anticipated cash cost reductions;
- the volatility of oil, natural gas 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;
- uncertainties inherent in estimating quantities of oil, natural gas 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 inability to access the capital markets on favorable terms;
- the availability of cash flows from operations and other funds to fund cash dividends, finance reserve replacement costs or satisfy our debt obligations;

- adverse developments or losses from pending or future litigation and regulatory proceedings, including royalty claims;
- legislative, regulatory and ESG initiatives, including as a result of the change in the U.S. presidential administration, 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;
- effects of purchase price adjustments and indemnity obligations; and
- other factors that are described under *Risk Factors* in Item 1A of our 2021 Form 10-K and *Risk Factors* in Item 1A of Part II of this report.

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 furnish quarterly, annual, and current reports for certain of our subsidiaries free of charge on our website at chk.com. 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 oil, natural gas, 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 oil, natural gas 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 oil, natural gas and NGL derivative activities, when combined with our sales of oil, natural gas 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 13 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.

For the 2022 Successor Period, oil, natural gas, and NGL revenue, excluding any effect of our derivative instruments, were $516 million, $1,328 million and $70 million, respectively. Based on production, oil, natural gas, and NGL revenue for the 2022 Successor Period would have increased or decreased by approximately $52 million, $133 million, and $7 million, respectively, for each 10% increase or decrease in prices. As of March 31, 2022, the fair values of our oil and natural gas derivatives were net liabilities of $523 million and $2,499 million, respectively. A 10% increase in forward oil prices would decrease the valuation of oil derivatives by approximately $133 million. A 10% decrease in forward oil prices would increase the valuation of oil derivatives by approximately $132 million. A 10% increase in forward natural gas prices would decrease the valuation of natural gas derivatives by approximately $575 million. A 10% decrease in forward natural gas prices would increase the valuation of natural gas derivatives by approximately $561 million. See Note 13 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 Exit Credit Facility for the 2022 and 2021 Successor Periods and pre-petition revolving credit facility and DIP Facility for the 2021 Predecessor Period. Interest is payable on borrowings under the Exit Credit Facility, pre-petition revolving credit facility and DIP Facility based on floating rates. See Note 6 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, 2022, we had $500 million in outstanding borrowings under our Exit Credit Facility - Tranche A Loans and $221 million under our Exit Credit Facility - Tranche B Loans. A 1.0% increase in interest rates based on the variable borrowings as of March 31, 2022 would result in an increase in our interest expense of approximately $7 million per year.

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, 2022 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*

Chapter 11 Proceedings

Commencement of the Chapter 11 Cases automatically stayed the proceedings and actions against us that are referenced below, in addition to actions seeking to collect pre-petition indebtedness or to exercise control over the property of the Company's bankruptcy estates. 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. See Note 2 of the notes to our condensed consolidated financial statements included in Item 1 of Part I of this report for additional information.

Litigation and Regulatory Proceedings

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 7 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.

Business Operations. We are 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. 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. Any allowed claim related to such prepetition litigation will be treated in accordance with the Plan.

Environmental Contingencies

The nature of the oil and gas 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.

We were recently dismissed as a defendant from numerous lawsuits in Oklahoma alleging that we and other companies engaged in activities that have caused earthquakes. The lawsuits sought compensation for injury to real and personal property, diminution of property value, economic losses due to business interruption, interference with the use and enjoyment of property, annoyance and inconvenience, personal injury and emotional distress. In addition, they sought the reimbursement of insurance premiums and the award of punitive damages, attorneys' fees, costs, expenses and interest. Any allowed claim related to such prepetition litigation will be treated in accordance with the Plan.

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 2021 Form 10-K and the additional risk factor provided below, which supplements the risk factors included in our 2021 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.

The conflict in Ukraine and related price volatility and geopolitical instability could negatively impact our business.

In late February 2022, Russia launched significant military action against Ukraine. The conflict has caused, and could intensify, volatility in oil, natural gas and NGL prices, and the extent and duration of the military action, sanctions and resulting market disruptions could be significant and could potentially have a substantial negative impact on the global economy and/or our business for an unknown period of time. Any such volatility and disruptions may also magnify the impact of other risks described under "Risk Factors" in Item 1A of our 2021 Form 10-K.

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. 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 following table provides information regarding purchases of our common stock made by us during the quarter ended March 31, 2022.

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	—	$ —	—	$ 1,000
February 1 - February 28	—	$ —	—	$ 1,000
March 1 - March 31	1,000,000	$ 82.98	1,000,000	$ 917
Total	1,000,000	$ 82.98	1,000,000	

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.

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	
10.1	Registration Rights Agreement dated March 9, 2022, by and among the Company and The Jan & Trevor Rees-Jones Revocable Trust, Rees-Jones Family Holdings, LP, Chief E&D Participants, LP, and Chief E&D (GP) LLC.	8-K	001-13726	10.1	3/9/2022	
10.2	Registration Rights Agreement dated March 9, 2022, by and among the Company and Radler 2000 Limited Partnership.	8-K	001-13726	10.2	3/9/2022	
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 302 of the Sarbanes-Oxley Act of 2002.					X

Exhibit Number	Exhibit Description	Incorporated by Reference Form	SEC File Number	Exhibit	Filing Date	Filed or Furnished Herewith
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
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 6, 2022	By:	/s/ DOMENIC J. DELL'OSSO, JR. Domenic J. Dell'Osso, Jr. President and Chief Executive Officer
Date: May 6, 2022	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 6, 2022	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 6, 2022

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, 2022 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 6, 2022	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, 2022 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 6, 2022

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 is 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.

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, 2022. 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	—