

Five (or 6) Questions with LNG Experts Justin Brady and Mike Franklin

In the spirit of Independence Day earlier this month, we caught up with Justin Brady, director of LNG and Commercial, and Mike Franklin, manager of Low Carbon Marketing, to discuss the importance of U.S. energy independence and the future of low carbon energy. We also learned more about their roles related to Responsibly Sourced Gas (RSG), the international LNG market and how they spend their time outside of work.

The U.S. produces more energy than it consumes, effectively meaning we are energy independent. How do you see your role at Chesapeake supporting that effort?

JB: While at Chesapeake, I've spent my career in marketing. Chesapeake produces about 6 – 7% of the U.S. gas supply, and my team manages the commercial negotiations and contracts to deliver this gas to end markets. Given where the Haynesville sits, it's very close to the international market so that gives us greater opportunity to deliver LNG outside of the U.S., on top of the great amount of gas we produce out of the Marcellus.

Traveling and experiencing the circumstances in other countries has been interesting. In the U.S., we've almost been spoiled with years and years of affordable, reliable energy, especially when you see what they're dealing with in Ukraine and Europe. I'm proud that Chesapeake is a U.S. leader in providing people with low-cost energy.

MF: Building on what Justin said, Louisiana and Pennsylvania will continue to experience low energy costs given the production in their states. This is such a huge advantage since energy costs are usually the highest costs in any kind of business. Being energy independent is a game changer — as we've learned from other countries that are experiencing the pains of their dependence on Russia.

Justin, explain how you navigate international markets and negotiate LNG contracts with Chesapeake's partners.

JB: Our company target is to have about 15 – 20% of our LNG portfolio be sold into the international market. Navigating the international market is new for me. I joke that I started out as an engineer working in Colorado, Utah and the desert, and now I get to fly to London and Greece and Singapore. It's interesting where your career can end up!

Trying to negotiate with international counterparties involves very large, complex contracts. And, moving gas (including transporting it by ship across the ocean) takes time and a strong emphasis on logistics. LNG is a rapidly growing market right now, but there are a lot of barriers to entry. Despite these challenges, Chesapeake is persistent and has the right components, such as production and portfolio location, to successfully serve this market. We travel often for business development and attend a lot of conferences to network and make potential business connections.



Justin Brady and family

Chesapeake's CEO Nick Dell'Osso talks about the need to "Be LNG Ready." What does this mean?

JB: It starts with building new pipelines to the Gulf Coast — something we're contributing to through our joint venture with Momentum Midstream, which will move 700 mmcf of gas. What we're doing in the Haynesville with these pipelines and the carbon capture projects is going to allow us to have an LNG product that is differentiated from the rest of the world. Internally, we've looked at this market for a decade, and it's really exciting to see it all come together.

MF: We couldn't Be LNG Ready if our drilling and completions teams weren't drilling efficiently and if our production teams weren't

operating safely and keeping the wells flowing. Being a best-in-class producer allows us to go make these deals. That makes me excited and thankful for those teams for putting us in a great situation.

Mike, another key differentiator for Chesapeake is our commitment to lower carbon energy production. What are some of the lower carbon solutions Chesapeake is delivering?

MF: Responsibly Sourced Gas (RSG) is a great way for us to differentiate ourselves from our peers and put our best foot forward for the U.S. and the world. To achieve this third-party certification, we go through a strict process confirming that we produce our gas in a responsible way, including demonstrating that we have low emissions, onsite monitoring systems, and best practices to prevent/monitor those systems going forward. Our field teams do a great job working to reduce emissions by not releasing gas into the atmosphere if they can avoid it. The RSG market is developing slowly and premiums are small for the moment, but we are finding companies want to do business with us because of both our commitment to doing the right thing and the RSG certification.

In addition to RSG, I'm particularly excited about our carbon capture projects. Carbon capture refers to separating emissions (CO₂) associated with natural gas and injecting them underground, helping to make natural gas an even lower carbon fuel.

Two other areas of focus are hydrogen and ammonia creation. I'm especially excited about ammonia — it can be used to create fertilizer and fuel, and you're taking the carbon out of the fuel source which lessens its overall environmental footprint. We're learning as much as we can about it and how it can be used, and it's a great source for industrial use in a controlled environment. Hydrogen is a great fuel too, but we're currently trying to overcome transportation issues. We're interested in these for their lower emissions profiles as we evolve into a lower carbon world, especially because they're both scalable.



Mike Franklin and family

How would you describe the future of energy, both for Chesapeake and the industry?

MF: There are groups of people who think we're going to transition away entirely from fossil fuels, but the fact is our global energy demand is not going down. It has to be an all-of-the-above approach. I get most excited about truly understanding all the options in front of us and what puts us in the best position for the future — we have to find solutions that are scalable and good for the environment as well as our shareholders.

JB: Again, it's been interesting seeing what's happening in Europe as they push for renewables and become a leader in that space. But it comes back to energy security. When disruption happens and energy security is threatened, that's when you start making bad decisions; globally, we're burning more coal right now than ever. If you don't address the energy security piece of it first, it makes it tougher to transition properly. Where the U.S. is sitting right now with our energy independence, we can push forward with cleaner energy.

I would also add that I think our industry doesn't get enough credit for how innovative we are. We are going to continue to surprise people with how cleanly and efficiently we can create the necessary amount of energy we need.

You both are tenured Chesapeake employees with more than 25 years of company experience between you. What do you enjoy doing outside of work?

MF: I love spending time with my family. I have two young boys, and a fantastic and supportive spouse. We are in that busy phase of life where we have sports activities almost every night of the week. When it's hot like it is now, we enjoy spending time at the pool and the lake. In addition, one of my passions is mountain biking. I love to travel to new trails, especially in Salt Lake City, Utah, and Bentonville, Arkansas.

JB: I have three young boys as well, so a lot of my free time is spent watching them play baseball, football and golf. My family and I love to travel and do outdoor activities, like wakeboarding and kayaking at the lake. My wife is from Wyoming, so we enjoy visiting her family there and skiing in Park City, Utah.