

Thursday, November 10, 2005

Petroleum Club, Petroleum Room, 43rd floor Exxon Building, downtown Houston.
Social Hour begins at 11am, seating is at 11:30am
Space for walk-ins is expected to be limited so pre-registration is recommended.

Cost: \$30 for HGS and SPE members who pre-register
Cost: \$35 for walk-in registrations and non-members
Last day to pre-register is Tuesday Nov 8 at noon.

SPE/HGS Joint Luncheon Meeting

by **Aubrey McClendon, CEO**
Chesapeake Energy

PLEASE NOTE: REGISTRATION IS THROUGH SPE

Online registration will be handled through the SPE webpage at: <http://www.spegcs.org/en/cev/?830>
Online credit card registration is encouraged. For those that cannot register on-line, contact the SPE-GCS office at FAX number 713-779-4216 or telephone number 713-779-9595.

Chesapeake's Thoughts on the Future of the U.S. Gas Industry

Chesapeake Energy Corporation is the third largest independent producer of natural gas in the United States, owning interests in approximately 21,500 producing oil and gas wells, trailing only Devon and Anadarko. The company's estimated proved reserves were 5.9 trillion cubic feet of natural gas equivalent as of June 30, 2005. Recently, Chesapeake has been among the most active drillers of new wells in the U.S., drilling 561 operated wells and participating in another 890 wells drilled by other operators. This level of drilling activity ranks the company as the most active driller of new wells in the U.S. During the first half of 2005, Chesapeake drilled 413 operated wells and participated in another 505 wells drilled by other companies, with an overall drilling success rate of 98%.

Chesapeake is one of the independent oil and gas industry's most focused natural gas producers with 99% of the company's assets concentrated in six major onshore operating areas: the Anadarko and Arkoma basins in the Mid-Continent region; the South Texas and Texas Gulf Coast regions; the Permian Basin of West Texas and eastern New Mexico; the Barnett Shale area of north-central Texas; and the Ark-La-Tex areas of East Texas and northern Louisiana. This area, Chesapeake's "Circle of Gas", is characterized by long-lived natural gas reserves, established production profiles and an abundance of growth opportunities, both through the drill bit and through acquisitions. These are areas in which the company believes advanced 3-D seismic geological interpretations, deep exploratory drilling, and expertise in complex land transactions should provide continued opportunities for strong production growth and attractive returns on invested capital. In each of the

operating areas, properties are concentrated in locations that establish substantial economies of scale in drilling and production operations and facilitate the application of more effective drilling and reservoir management practices. The company strategy is to continue building an asset base in primary and secondary operating areas through a balance of acquisitions, exploitation, and exploration.

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Company History

Chesapeake's first drilling efforts 1991-1993 focused on the Golden Trend and Sholem Alechem fields in southern Oklahoma and on the Giddings Field in southeast Texas. Chesapeake's early successes were supported by a number of industry and financial partners, including ARCO Oil and Gas Corporation (now part of BP PLC), Amerada Hess Corporation, and others.

Chesapeake drilled a major deep gas discovery in early 1994 at Navasota River in the deep portion of the Giddings Field in Texas. During the period 1994-1996, Chesapeake and its industry partners located almost one TCF of new gas reserves using state-of-the-art horizontal drilling technology in the deep and highly pressured Austin Chalk formation in Giddings. As the company's production and reserves grew dramatically, so did the company's common stock price.

Aubrey K. McClendon and Chief Operating Officer, Tom L. Ward have been partners in the natural gas exploration business since 1983. At that time, both men were 24 years old and had recently

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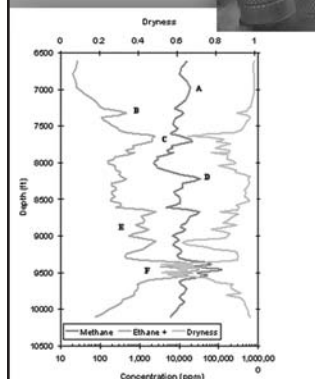
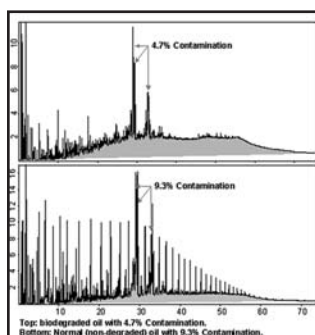
struck out on their own as independent petroleum landmen. As native Oklahomans with third generation roots in the state, the two men operated an informal partnership from 1983-1989 based solely on a handshake. This small entrepreneurial enterprise was focused on generating oil and gas prospects for sale to industry partners and on participating as non-operators in the drilling of wells by others. About the time of their 30th birthdays in 1989, the partners decided to significantly expand the scope of their business and incorporated Chesapeake with an initial \$50,000 investment.

By 1998, McClendon and Ward were faced with the need to overhaul the company's strategy and asset base and to return to company roots in Oklahoma as Mid-Continent natural gas producers. Underpinning this move were two firmly held beliefs: first, that U.S. natural gas prices would significantly increase in value in the years ahead, and second, that the Mid-Continent was a region ripe for consolidation and for the application of leading-edge deep-drilling and natural gas exploration

techniques. The success of Chesapeake's repositioning from 1998 though today is apparent in its growth to become the nation's third-largest independent natural gas producer. ■

Biographical Sketch

AUBREY K. MCCLENDON has served as Chairman of the Board, Chief Executive Officer and Director of Chesapeake Energy Corporation since he co-founded the company with Tom L. Ward in 1989. Chesapeake Energy Corporation is one of the largest independent producers of natural gas in the United States, and the most active driller of new wells. Mr. McClendon graduated from Duke University in 1981 and is now a member of the Board of Visitors of the Fuqua School of Business at Duke University.



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