NEWS RELEASE

Chesapeake Energy Corporation Announces an Agreement to Acquire $500 Million Of Mid-Continent Natural Gas Reserves From El Paso Corporation

Chesapeake Also Reaches Agreement to Acquire $30 Million of Mid-Continent Natural Gas Reserves From Vintage Petroleum, Inc.

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OKLAHOMA CITY

Chesapeake Energy Corporation today announced that it has agreed to acquire $530 million of Mid-Continent natural gas assets in two transactions. From El Paso Corporation , Chesapeake is acquiring an internally estimated 328 billion cubic feet of gas equivalent (bcfe) of proved gas reserves, 70 bcfe of probable and possible gas reserves, 293,000 leasehold acres and current production of 67 million cubic feet of gas equivalent (mmcfe) per day for $500 million. The El Paso proved reserves have a reserves-to-production index of 13 years, are 96% natural gas (or natural gas liquids) and are 71% proved developed.

From Vintage Petroleum. Inc. , Chesapeake is acquiring an internally estimated 22 bcfe of proved gas reserves, 8 bcfe of probable and possible gas reserves and current gas production of 3.5 mmcfe per day for $30 million. The Vintage proved reserves have a reserves-to-production index of 17 years, are 97% natural gas and are 56% proved developed.

The transactions will increase Chesapeake's currently estimated proved reserves (pro forma for the ONEOK closing that occurred in January 2003) to 2.75 tcfe (an increase of 15%) and Chesapeake's projected April 2003 production rate to approximately 640 mmcfe per day (an increase of 13%). The company intends to finance the acquisitions by issuing a combination of equity and long-term debt.

After allocating $50 million of the El Paso purchase price to unevaluated leasehold for El Paso's probable and possible reserves, Chesapeake's acquisition cost for the proved reserves will be $1.37 per mcfe. The acquisition is expected to close before March 31, 2003, will have an effective date of April 1, 2003 and is subject only to satisfaction of customary closing conditions.

After allocating $3 million of the Vintage purchase price to unevaluated leasehold for Vintage's probable and possible reserves, Chesapeake's acquisition cost for the proved reserves will be $1.23 per mcfe. The acquisition is expected to close before March 31, 2003 and the cash consideration will be paid at closing. The transaction's effective date will be February 1, 2003 and is subject only to satisfaction of customary closing conditions.

The El Paso and Vintage properties have many favorable attributes. Lease operating expenses average $0.25 per thousand cubic feet of gas equivalent (mcfe), compared to $0.54 per mcfe for Chesapeake during 2002 and approximately $0.70 per mcfe for the industry. In addition, because of Chesapeake's existing operating and administrative scale in Oklahoma, the company expects a decline in its general and administrative costs as overhead recovery from operated wells (almost 700 will be added to Chesapeake's existing operated well count of 5,100) will exceed any marginal increase in administrative costs. Furthermore, the concentration of the reserves in southern and western Oklahoma and the abundant developmental and exploratory drilling opportunities are a perfect fit for Chesapeake's deep gas operating and exploration skills. Finally, the properties are located in areas with excess pipeline capacity and consequently, gas price differentials to NYMEX have traditionally averaged less than $0.25 per million British thermal units (mmbtu).

Comparison to ONEOK Transaction

In November 2002, Chesapeake reached an agreement to acquire $300 million of Mid-Continent natural gas assets from ONEOK, Inc. In that transaction, which closed as scheduled on January 31, 2003, Chesapeake acquired an internally estimated 200 bcfe of proved gas reserves, an estimated 60 bcfe of probable and possible gas reserves and initial gas production of 47 mmcfe per day. After allocating $25 million of the ONEOK purchase price to unevaluated leasehold for probable and possible reserves, Chesapeake's acquisition cost for proved reserves in the ONEOK transaction was $1.38 per mcfe. For the ONEOK properties in 2002, lease operating expenses averaged $0.45 per mcfe and basis differentials averaged $0.25 per mmbtu.

Chesapeake Benefits from Increasing Mid-Continent Scale

During the past several years, Chesapeake has continued building an unprecedented scale of operations in the prolific natural gas fields of western Oklahoma, consolidating interests in these key fields through its transactions with Gothic, Sapient, Ram, Canaan, Focus, Williams, Enogex/OG&E, ONEOK and now El Paso. Of the properties being acquired from El Paso, 96% are located within townships in which Chesapeake already owns assets. Chesapeake believes that the further consolidation of ownership in these fields will result in considerable drilling and operational efficiencies and greatly reduced administrative costs.

The company believes the acquisition of these under-exploited assets from El Paso and Vintage in combination with Chesapeake's 2.2 million net acre leasehold inventory and 9,000 square mile 3-D seismic database provides the company with over 1,500 prospective drillsites. Chesapeake believes that it has built one of the premier onshore gas producing franchises in the U.S. and believes that it is prospect-rich in a prospect-poor industry.

When combined with Chesapeake's existing 11.6% market share as Oklahoma's largest natural gas producer, the El Paso properties will increase Chesapeake's gas production market share in Oklahoma to 14%. In addition, the company is an operator of or a participant in more than 50 wells currently being drilled in Oklahoma, approximately 50% of the state's drilling activity. Chesapeake enjoys substantial competitive advantages as a result of this unparalleled operational scale in the Mid-Continent.

Chesapeake Updates Full Year 2003 Forecasts And Cap-Ex Budget

The following forecasts and estimates revise and replace in their entirety previous projections last updated January 9, 2003. The company's forecasts and estimates are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Actual results may differ materially due to the risks and uncertainties described in the Company's filings with the Securities and Exchange

Commission. Furthermore, these projections do not reflect the potential impact of unforeseen events that may occur subsequent to the issuance of this release.

The company's new guidance for the year 2003 projects production of 230-235 bcfe (increased from 207-212 bcfe). Chesapeake's production mix should now increase to 91% gas from 90%. Also for the year, Chesapeake projects per mcfe lease operating expenses of $0.51-0.55 (reduced from $0.52-0.56), production taxes of $0.25-0.28 (increased from $0.22-0.24), interest expense of $0.65-0.70 (increased from $0.63-0.67), general and administrative costs of $0.08-0.10 (decreased from $0.09-0.10) and DD&A of oil and gas properties of $1.30-1.35. The company expects its 2003 tax rate to average 40%, of which virtually all should be deferred.

Chesapeake's drilling, land and seismic cap-ex budget for 2003 is currently projected to range between $475-525 million, compared to $403 million expended on these items in 2002. This increase is largely attributable to cap-ex that will be invested in the El Paso and Vintage properties. Chesapeake intends to fund its planned 2003 drilling, land and seismic cap-ex budget from its discretionary cash flow, which is now expected to exceed $700 million.

The company has hedged 90% of its projected oil production for 2003 at an average NYMEX price of $27.78. Chesapeake has hedged 55% of its expected 2003 gas production at an average NYMEX price of $4.70 per mmbtu. Per quarter, Chesapeake's gas hedges cover 86%, 52%, 48% and 40% of projected production at average NYMEX prices of $4.33, $4.88, $4.83 and $5.02 per mmbtu, respectively. In addition, the company has hedged 50% of its estimated 2003 gas production at a basis differential to NYMEX of minus $0.16 per mmbtu. In 2002, this basis differential averaged minus $0.31 per mmbtu while in January and February 2003, it averaged approximately minus $0.50 per mmbtu. Chesapeake has established significant basis differential hedges through 2009, which are described in detail in our revised Outlook dated today.

Management Comments

Aubrey K. McClendon, Chesapeake's Chief Executive Officer, commented, "We are very pleased to announce our most recent large acquisition of Mid- Continent gas assets at a very attractive price in a very strong gas market. The El Paso and Vintage acquisitions overlap perfectly with our existing Mid- Continent asset base and with Chesapeake's business strategy of creating long- term value for our shareholders by acquiring, developing and exploring for low-cost, long-lived natural gas reserves in the Mid-Continent region. This transaction will increase our estimated proved reserves to 2.75 tcfe and our projected April 2003 production to 640 mmcfe per day, of which 91% will be onshore U.S. natural gas. We believe these are some of the most profitable, dependable and secure natural gas assets in the world.

"Since January 1998, Chesapeake has discovered or acquired 3.3 tcfe of proved natural gas reserves at the very attractive average cost of $1.27 per mcfe. As a result, Chesapeake has become the largest producer of natural gas in the Mid-Continent, one of the eight largest independent gas producers in the U.S. and one of the most profitable companies in the industry measured by per unit of production. We believe the combination of our successful acquisition and drilling programs, high wellhead revenue realizations, low operating costs and value-added hedging strategies will enable Chesapeake to continue generating top-tier returns to our investors for years to come."

Conference Call Information

Chesapeake's management invites your participation in a conference call tomorrow morning, February 25, at 9:00 a.m. EST to discuss the contents of this release. Please call 913-981-5533 between 8:50 and 9:00 a.m. EST tomorrow, February 25 if you would like to participate in the call. For those unable to participate in the call, a replay will be available by calling 719-457-0820 between 12:00 p.m. EST Tuesday, February 25 through midnight on Monday, March 10. The passcode for the replay is 720863. The conference call will also be simulcast live on the Internet and can be accessed by visiting Chesapeake's website at www.chkenergy.com and selecting "Conference Call" under the "Investor Relations" link.

This document contains 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. Forward-looking statements include estimates and give our current expectations or forecasts of future events. They are based on our historical operating trends, our existing commodity hedging position and our current estimate of proved reserves. Although we believe our forward-looking statements are reasonable, they can be affected by inaccurate assumptions or by known or unknown risks and uncertainties. For example, statements concerning the fair values of derivative contracts and their estimated contribution to our future results of operations are based upon market information as of a specific date. These market prices are subject to significant volatility. Factors that could cause actual operating and financial results to differ materially from expected results include the volatility of oil and gas prices, our substantial indebtedness, our commodity price risk management activities, the cost and availability of drilling and production services, our ability to replace reserves, the availability of capital, uncertainties inherent in evaluating our own reserves and the reserves we acquire, drilling and operating risks and other risk factors described in the company's 2002 annual report on Form 10-K and subsequent filings with the Securities and Exchange Commission.

The Securities and Exchange Commission has generally permitted oil and gas companies, in their filings with the SEC, to disclose only proved reserves that a company has demonstrated by actual production or conclusive formation tests to be economically and legally producible under existing economic and operating conditions. We use the terms "probable" and "possible" reserves or other descriptions of volumes of reserves potentially recoverable through additional drilling or recovery techniques that the SEC's guidelines may prohibit us from including in filings with the SEC. These estimates are by their nature more speculative than estimates of proved reserves and accordingly are subject to substantially greater risk of being actually realized by the company.

Chesapeake Energy Corporation is one of the ten largest independent natural gas producers in the U.S. Headquartered in Oklahoma City, the company's operations are focused on exploratory and developmental drilling and producing property acquisitions in the Mid-Continent region of the United States. The company's Internet address is www.chkenergy.com .

SOURCE: Chesapeake Energy Corporation

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Web site: http://www.chkenergy.com/

Company News On-Call: http://www.prnewswire.com/comp/138877.html

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