

**Chesapeake Energy  
Corporation Announces \$220  
Million of Mid-Continent  
Natural Gas Acquisitions,  
Increased 2003 Production  
Forecast, Initial 2004  
Production Forecast and  
Additions to Hedging  
Positions**

**Transactions With Oxley Petroleum and Others Further Strengthen  
Chesapeake's Positions in the Anadarko and Arkoma Basins of the Mid-  
Continent Region**

PRNewswire-FirstCall  
OKLAHOMA CITY

Chesapeake Energy Corporation today announced the acquisition of \$220 million of Mid-Continent gas assets through its recent acquisition of privately-owned Oxley Petroleum Company and several other recently completed and pending smaller acquisitions. In these transactions, Chesapeake has acquired or agreed to acquire an internally estimated 135 billion cubic feet of gas equivalent proved reserves (bcfe) for \$220 million. After allocating \$40 million of this purchase price to gas plants, gas gathering systems and unevaluated leasehold, Chesapeake's acquisition cost per mcfe of proved reserves is \$1.33.

Current production from the acquired properties is approximately 35 million cubic feet of natural gas equivalent production (mmcfe) per day and the proved reserves have a reserves-to-production index of 10.6 years, are 99% natural gas and are 75% proved developed. Initial lease operating expenses on the acquired properties are expected to average \$0.45 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 company's peer group during 2002.

The Oxley acquisition closed on May 30, 2003 and the other transactions have closed in recent months or will close before July 31, 2003. The company intends to finance the acquisitions using cash on hand and short-term borrowings from its \$350 million bank credit facility.

**Background Information on Oxley Petroleum Company**

Oxley Petroleum was founded in Tulsa in 1962 by John C. Oxley and has been managed in recent years by Stephen M. "Mike" Oxley. Over the past 41 years, the Oxley family built one of the premier privately-owned natural gas companies in Oklahoma. Oxley's primary focus was the Arkoma Basin, a prolific gas-producing region located in eastern Oklahoma and western Arkansas where Chesapeake already owns approximately 250 bcfe of estimated proved reserves and produces approximately 50 mmcfe per day. Of

the properties being acquired, 82% are located in townships in which Chesapeake owns existing interests. Chesapeake believes its consolidation of assets in these townships will create numerous operational efficiencies and enhanced drilling opportunities.

The majority of the other acquired assets are located in the Greater Mayfield area of Beckham County in western Oklahoma, where Chesapeake is very active. In Greater Mayfield, Chesapeake is currently drilling seven deep Springer wells to an average depth of 20,000 feet. Greater Mayfield is Chesapeake's most important exploratory area and in 2003 the company expects to spend approximately 10% of its projected \$600 million capital expenditure budget further exploring and developing this area.

#### Chesapeake Benefits from Increasing Mid-Continent Scale

Chesapeake remains focused on continuing to build an unprecedented scale of operations in the prolific natural gas fields of the Anadarko and Arkoma basins in the Mid-Continent. During the past five years, the company has actively consolidated ownership in key Mid-Continent gas fields through acquisitions of long-lived gas reserves owned by AnSon, Hugoton, DLB, Enervest, OXY, Barrett, Apache, Gothic, Staghorn, Questar, Sapient, Ram, Canaan, Focus, EnCana, Priam, Williams, OG&E, ONEOK, Vintage, El Paso and now Oxley. Through these and other acquisitions since 1998, Chesapeake has acquired 2.5 trillion cubic feet of gas equivalent proved reserves (tcfe) at an average cost of \$1.14 per mcfe.

Through this consolidation effort, Chesapeake has emerged as Oklahoma's largest natural gas producer, with an estimated 2003 gas production market share of 16%. In addition, the company is the operator of or a participant in approximately 50% of the 125 wells currently being drilled in Oklahoma, providing the company with unequalled access to current geological information across the state. Chesapeake believes this knowledge provides it with unique competitive advantages in executing its business strategy.

#### Chesapeake Increases 2003 Production Guidance, Provides Initial 2004 Production Guidance and Announces Significant Increases in its Natural Gas and Oil Hedging Positions

Chesapeake is increasing its 2003 production forecast by 6% from a range of 240-245 bcfe to a range of 255-260 bcfe to reflect the transactions announced today and the success of the company's exploration drilling program. In April 2003, Chesapeake estimated that its daily production during the second quarter of 2003 would average 675 mmcfe per day. The company now estimates that its second quarter production will average more than 710 mmcfe per day. Of the 35 mmcfe per day estimated increase, 20% is attributable to the Oxley transaction (which contributed 20 mmcfe per day to the last month of the quarter, for an average for the quarter of 7 mmcfe per day) and 80% is attributable to better than forecasted drilling results.

Furthermore, Chesapeake now expects its second half of 2003 production to exceed 740 mmcfe per day, an increase of 65 mmcfe per day over April's forecast of 675 mmcfe per day. Of this increase, 50% is attributable to the transactions announced today and 50% is attributable to better than forecasted drilling results. In addition, Chesapeake's initial production forecast for 2004 is 275-280 bcfe, or 760 mmcfe per day at the mid-point of this range.

During the past six weeks, Chesapeake has added substantial natural gas and oil hedges to the hedging positions it had previously announced in April 2003. Currently, the company has hedged the following amounts of its estimated 2003 - 2007 oil and natural gas production:

Quarter or Year	Oil		Natural Gas	
	% Hedged	\$ NYMEX	% Hedged	\$ NYMEX
2Q 2003	71%	\$28.12	40%	\$5.10
3Q 2003	83%	\$28.07	53%	\$5.49
4Q 2003	83%	\$28.07	49%	\$5.73
Remaining 2003	79%	\$28.08	47%	\$5.47
2004	9%	\$27.30	12%	\$5.87
2005	---	---	3%	\$4.99
2006	---	---	3%	\$4.84
2007	---	---	3%	\$4.84

Depending on changes in oil and natural gas futures markets and underlying supply and demand trends, the company may either increase or decrease its hedging positions in the future.

### Management Comments

Aubrey K. McClendon, Chesapeake's Chief Executive Officer, commented, "Today's announcements provide further evidence of our ongoing commitment to creating industry-leading shareholder value through a sharp strategic focus on further consolidation of high-quality Mid-Continent gas assets, timely hedging decisions and successful Mid-Continent deep gas exploration. Today's announced acquisitions fit perfectly with our existing Mid-Continent assets and with Chesapeake's business strategy of creating value by delivering profitable organic growth from our unique deep gas exploration program and by acquiring and developing low-cost, long-lived, under-exploited natural gas assets in the Mid-Continent region.

"Today's announced transactions and Chesapeake's highly successful drilling results during the second quarter should increase our company's estimated proved reserves at June 30, 2003 to approximately 3.0 tcf. Based on the results achieved from our previous acquisitions in the Mid-Continent, we expect to substantially increase the value of these newly acquired properties through additional drilling and by reducing administrative and operating costs. We are especially excited about enhancing our Arkoma Basin position and increasing our already strong position in the Greater Mayfield area of the Anadarko Basin, where our recent drillbit performance has been exceptional.

"In addition, our increased oil and natural gas hedging positions should further strengthen the company's financial performance in the quarters ahead. For some time now, our company had been predicting that natural gas prices would sharply increase this summer. We have already successfully taken advantage of higher gas prices early this summer to lock-in very attractive financial returns for our shareholders on a significant portion of our production. We will be on the lookout for additional attractive hedging opportunities later this summer and fall."

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.

Chesapeake Energy Corporation is one of the eight 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](http://www.chkenergy.com).

SCHEDULE "A"  
CHESAPEAKE'S OUTLOOK  
As of June 24, 2003

Quarter Ending June 30, 2003; Year Ending December 31, 2003; Year Ending December 31, 2004.

We have adopted a policy of periodically providing investors with guidance on certain factors that affect our future financial performance. As of June 24, 2003, we are using the following key operating assumptions in our projections for the second quarter of 2003, full year 2003, and full year 2004.

The primary changes from our April 28, 2003 guidance are explained as follows:

- 1) We have updated the projected effects from changes in our hedging positions.
- 2) We have included our expectations for future NYMEX oil and gas prices to illustrate hedging effects only, they are not a forecast of our expectations for 2003 oil and natural gas prices.
- 3) We have increased our projected oil and natural gas production for the second quarter 2003 and full year 2003.
- 4) We have included 2004 projections for the first time.

	Quarter Ending June 30, 2003	Year Ending Dec. 31, 2003	Year Ending Dec. 31, 2004
Estimated Production			
Oil - Mbo	1,150	4,500	4,500
Gas - Bcf	57 - 58	228 - 233	248 - 253
Gas Equivalent - Bcfe	64 - 65	255 - 260	275 - 280
Daily gas equivalent midpoint - in Mmcfe	710	705	760
NYMEX Prices (for calculation of hedging effects only)			
Oil - \$/Bo	\$27.40	\$27.82	\$24.00
Gas - \$/Mcf	\$5.40	\$5.81	\$4.50

Estimated Corporate  
Differentials to NYMEX

Prices

Oil - \$/Bo	-\$2.00	-\$1.92	-\$2.00
Gas - \$/Mcf	-\$0.50 - \$0.60	-\$0.50 - \$0.60	-\$0.50 - \$0.60

Estimated Hedging  
Effects (based on  
expected NYMEX  
prices above)

Oil - \$/Bo	+\$0.50	+\$0.03	+\$0.29
Gas - \$/Mcf	+\$0.06	-\$0.25	+\$0.18

Operating Costs  
per Mcfe

Production expense	\$0.53 - 0.57	\$0.53 - 0.57	\$0.57 - \$0.60
Production taxes (generally 7% of O&G revenues)	\$0.31 - 0.33	\$0.31 - 0.33	\$0.27 - \$0.30
General and administrative	\$0.09 - 0.10	\$0.09 - 0.10	\$0.09 - \$0.10
DD&A - oil and gas	\$1.32 - 1.37	\$1.32 - 1.37	\$1.37 - \$1.42
Depreciation of other assets	\$0.08 - 0.10	\$0.08 - 0.10	\$0.08 - \$0.10
Interest expense	\$0.60 - 0.65	\$0.60 - 0.65	\$0.55 - \$0.60

Other Income and Expense  
per Mcfe (A)

Marketing and Other income	\$0.02 - 0.04	\$0.02 - 0.04	\$0.02 - \$0.04
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Book Tax Rate -

All Deferred	38%	38%	38%
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Equivalent Shares  
Outstanding

Basic	215,000 m	212,000 m	216,000
Diluted	262,000 m	255,000 m	264,000

Capital Expenditures:

Drilling, Land and Seismic	\$150 - \$155 mm	\$600 - \$650 mm	\$600 mm
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(A) Does not include non-cash risk management income or loss (SFAS 133) or the cumulative effect of the adoption of SFAS 143.

Commodity Hedging Activities

Periodically the Company utilizes hedging strategies to hedge the price of a portion of its future oil and gas production. These strategies include:

- (i) swap arrangements that establish an index-related price above which the Company pays the counterparty and below which the Company is paid by the counterparty,
- (ii) the purchase of index-related puts that provide for a "floor" price below which the counterparty pays the Company the amount by which the price of the commodity is below the contracted floor,
- (iii) the sale of index-related calls that provide for a "ceiling" price above which the Company pays the counterparty the amount by which the price of the commodity is above the contracted ceiling,

- (iv) basis protection swaps, which are arrangements that guarantee the price differential of oil or gas from a specified delivery point or points, and
- (v) collar arrangements that establish an index-related price below which the counterparty pays the Company and a separate index-related price above which the Company pays the counterparty.

Commodity markets are volatile, and as a result, Chesapeake's hedging activity is dynamic. As market conditions warrant, the Company may elect to settle a hedging transaction prior to its scheduled maturity date and, as a result, realize a gain or loss on the transaction.

Results from commodity hedging transactions are reflected in oil and gas sales to the extent related to the Company's oil and gas production. The Company only enters into commodity hedging transactions related to the Company's oil and gas production volumes or Chesapeake Energy Marketing, Inc.'s physical purchase or sale commitments. Gains or losses on crude oil and natural gas hedging transactions are recognized as price adjustments in the months of related production.

The Company has entered into the following natural gas hedging arrangements:

	% Hedged					
	Avg. NYMEX Strike	Avg. NYMEX Price	Avg. NYMEX Price	Open Swap Positions	Open Swap Positions	Open Swap Positions
	Open Swaps in Bcf's	Price Of Open Swaps	Gain from Closed Swaps	Including Open and Closed Positions	Assuming Gas Production in Bcf's of:	as a % of Estimated Total Gas Production
2003:						
2nd Qtr	23.0	\$4.92	\$0.18	\$5.10	57.5	40%
3rd Qtr	32.2	\$5.46	\$0.03	\$5.49	61.0	53%
4th Qtr	30.1	\$5.67	\$0.06	\$5.73	61.6	49%
Remaining 2003	85.3	\$5.39	\$0.08	\$5.47	180.1	47%

	% Hedged					
	Avg. NYMEX Strike	Avg. NYMEX Price	Avg. NYMEX Price	Open Swap Positions	Open Swap Positions	Open Swap Positions
	Open Swaps in Bcf's	Price Of Open Swaps	Gain from Closed Swaps	Including Open and Closed Positions	Assuming Gas Production in Bcf's of:	as a % of Estimated Total Gas Production
2004:						
1st Qtr	16.4	\$6.34	\$0.05	\$6.39	62.0	26%
2nd Qtr	7.6	\$5.22	\$0.00	\$5.22	62.3	12%
3rd Qtr	2.8	\$5.11	\$0.00	\$5.11	62.7	4%
4th Qtr	2.8	\$5.29	\$0.00	\$5.29	63.0	4%

Total 2004	29.6	\$5.84	\$0.03	\$5.87	250.0	12%
Total 2005	7.3	\$4.99	\$0.00	\$4.99	260.0	3%
Total 2006	7.3	\$4.84	\$0.00	\$4.84	270.0	3%
Total 2007	7.3	\$4.84	\$0.00	\$4.84	280.0	3%

Chesapeake has also entered into the following natural gas basis hedging arrangements:

	Annual Volume in Bcf's	Assuming Gas Production NYMEX less:	in Bcf's of:	% Hedged
2003 Remaining	120.0	\$0.188	180.1	67%
2004	157.4	0.173	250.0	63%
2005	109.5	0.156	260.0	42%
2006	47.5	0.155	270.0	18%
2007	63.9	0.166	280.0	23%
2008	64.0	0.166	290.0	22%
2009	37.0	0.160	300.0	12%
	599.3	\$0.169*	1,830.1	33%

\* weighted average

The Company has entered into the following crude oil hedging arrangements:

	% Hedged Open Swap Positions			
	Avg. Open Swaps in Mmbo's	NYMEX Strike Price	Assuming Oil Production in Mmbo's of:	as % of Total Estimated Production
Q2 - 2003*	819	\$28.12	1,150	71%
Q3 - 2003*	948	\$28.07	1,145	83%
Q4 - 2003*	948	\$28.07	1,145	83%
Remaining 2003	2,715	\$28.08	3,440	79%
Q1 - 2004*	240	\$27.30	1,125	21%
Q2 - 2004*	160	\$27.30	1,125	14%
Q3 - 2004*	0	\$0.00	1,125	0%
Q4 - 2004*	0	\$0.00	1,125	0%
Total 2004	400	\$27.30	4,500	9%

\*Swaps with a knockout provision for days in which NYMEX closes below \$21.00.

## SCHEDULE "B"

### CHESAPEAKE'S OUTLOOK

As of April 28, 2003

Quarter Ending June 30, 2003; Year Ending December 31, 2003.

We have adopted a policy of periodically providing investors with guidance on certain factors that affect our future financial performance. As of April 28, 2003, we are using the following key operating assumptions in our projections for the second quarter of 2003 and full year 2003.

The primary changes from our April 9, 2003 guidance are explained as follows:

- (1) We have updated the projected effects from changes in our hedging positions.
- (2) We have included our expectations for future NYMEX oil and gas prices to illustrate hedging effects only, they are not a forecast of our expectations for 2003 oil and natural gas prices.
- (3) We have increased our projected production for the remainder of 2003.

	Quarter Ending June 30, 2003	Year Ending December 31, 2003
Estimated Production		
Oil - Mbo	950 - 1,000	3,600 - 3,700
Gas - Bcf	55 - 56	218 - 223
Gas Equivalent - Bcfe	61 - 62	240 - 245
NYMEX Prices (for calculation of hedging effects only)		
Oil - \$/Bo	\$25.33	\$26.80
Gas - \$/Mcf	\$5.05	\$5.41
Estimated Corporate Differentials to NYMEX Prices		
Oil - \$/Bo	-\$2.00	-\$1.92
Gas - \$/Mcf	-\$0.50 - \$0.60	-\$0.50 - \$0.60
Estimated Hedging Effects (based on expected NYMEX prices above)		
Oil - \$/Bo	+\$2.39	+\$0.70
Gas - \$/Mcf	+\$0.21	-\$0.23
Operating Costs per Mcfe		
Production expense	\$0.53 - 0.57	\$0.53 - 0.57
Production taxes (generally 7% of O&G revenues)	\$0.31 - 0.33	\$0.31 - 0.33
General and administrative	\$0.09 - 0.10	\$0.09 - 0.10
DD&A - oil and gas	\$1.32 - 1.37	\$1.32 - 1.37
Depreciation of other assets	\$0.08 - 0.10	\$0.08 - 0.10
Interest expense	\$0.65 - 0.70	\$0.65 - 0.70
Other Income and Expense per Mcfe (A)		
Marketing and Other income	\$0.02 - 0.04	\$0.02 - 0.04
Book Tax Rate - All Deferred		
	38%	38%
Equivalent Shares Outstanding		



Basic	215,000 m	212,000 m
Diluted	262,000 m	255,000 m

#### Capital Expenditures:

Drilling, Land and Seismic      \$150 - \$155 mm      \$575 - \$600 mm

(B) Does not include non-cash risk management income or loss (SFAS 133) or the cumulative effect of the adoption of SFAS 143.

#### Commodity Hedging Activities

Periodically the Company utilizes hedging strategies to hedge the price of a portion of its future oil and gas production. These strategies include:

- (i) swap arrangements that establish an index-related price above which the Company pays the counterparty and below which the Company is paid by the counterparty,
- (ii) the purchase of index-related puts that provide for a "floor" price below which the counterparty pays the Company the amount by which the price of the commodity is below the contracted floor,
- (iii) the sale of index-related calls that provide for a "ceiling" price above which the Company pays the counterparty the amount by which the price of the commodity is above the contracted ceiling,
- (iv) basis protection swaps, which are arrangements that guarantee the price differential of oil or gas from a specified delivery point or points,
- (v) collar arrangements that establish an index-related price below which the counterparty pays the Company and a separate index-related price above which the Company pays the counterparty, and

Commodity markets are volatile, and as a result, Chesapeake's hedging activity is dynamic. As market conditions warrant, the Company may elect to settle a hedging transaction prior to its scheduled maturity date and, as a result, realize a gain or loss on the transaction.

Results from commodity hedging transactions are reflected in oil and gas sales to the extent related to the Company's oil and gas production. The Company only enters into commodity hedging transactions related to the Company's oil and gas production volumes or Chesapeake Energy Marketing, Inc.'s physical purchase or sale commitments. Gains or losses on crude oil and natural gas hedging transactions are recognized as price adjustments in the months of related production.

The Company has entered into the following natural gas hedging arrangements:

		% Hedged			
Avg. NYMEX Strike	Avg. Price Of Open Swaps in Bcf's	Avg. NYMEX Price Including Closed Swaps	Open and Closed Positions	Open Swap Positions as a % of Gas Production in Bcf's of:	Total Gas Production

2003:

2nd Qtr	21.6	\$4.81	\$0.20	\$5.01	55.0	39%
3rd Qtr	16.6	\$4.68	\$0.11	\$4.79	57.0	29%
4th Qtr	14.4	\$4.85	\$0.17	\$5.02	58.0	25%
Remaining 2003	52.5	\$4.78	\$0.16	\$4.94	170.0	31%
2004:						
1st Qtr	0.6	\$5.68	\$1.33	\$7.01	59.0	1%

The Company has entered into the following natural gas basis hedging arrangements:

	Annual Volume (mmcf)	Assuming Gas NYMEX less:	Production of:	% Hedged
2003 Remaining	107.8	0.188		
2003 Total	143.3	0.182	220.0	65%
2004	157.4	0.173	223.0	71%
2005	109.5	0.156	223.0	49%
2006	47.5	0.155	223.0	21%
2007	63.9	0.166	223.0	29%
2008	64.1	0.166	223.0	29%
2009	35.5	0.160	223.0	16%
	622.0	0.169*		

\* weighted average

The Company has entered into the following crude oil hedging arrangements:

			% Hedged	
			Open Swap	
		Assuming Oil	Positions as %	
	Avg. NYMEX Strike Price	Production in Mmbo's of:	of Total Estimated Production	
Open Swaps in Mbo's				
Q2 - 2003*	819	28.12	860	95%
Q3 - 2003*	828	28.12	865	96%
Q4 - 2003*	828	28.12	865	96%
Remaining 2003	2,475	28.12	2,590	96%

\* Swaps with a knockout provision for days in which NYMEX closes below \$21.00.

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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