

Chesapeake

Fayetteville Shale Facts

Quick Facts about Chesapeake's Fayetteville Shale Operations

Initial Entry: Following extensive scientific and technical evaluation, Chesapeake entered the Fayetteville Shale in 2005.

Acreage: Chesapeake is the largest leasehold owner in the play with 1.1 million acres with 585,000 net acres located in the most commercially productive core area.

Drilling: Chesapeake is currently using 12 operated drilling rigs to develop its leasehold, most of these rigs are presently located in White County. Projections call for 20 rigs by the end of 2008.

Number of Wells: We have drilled approximately 130 producing wells on our acreage since 2005, with more than 6,000 potential future drill sites identified.

Current Production: 2008 production has increased to 125 million cubic feet per day net to Chesapeake. This number increases weekly as we connect new wells to sales pipelines.

Reserves: Chesapeake's estimated proved reserves for the Fayetteville Shale exceed 335 billion cubic feet equivalent and we have more than 25 times as much in unproved reserves waiting to be drilled.

The Fayetteville Shale, located across north-central Arkansas, became economically feasible for development in the early 2000s when advanced horizontal drilling and completion techniques were developed.

Today, Chesapeake and other operators in the Fayetteville Shale are providing a multi-billion dollar boost to the Arkansas economy. Advancements in drilling and completion technologies, 3-D seismic for clearer images of the subsurface and increasing demand for clean-burning natural gas combine to contribute to the economic growth in this emerging industry in Arkansas.

Chesapeake's goals in the Fayetteville Shale:

- **Developing natural gas reserves:** A primary area of investment focus is reserve replacement and production growth.
- **Building presence:** Arkansas will remain a foundation of the company's growth for many years to come.
- **Creating wealth:** A single well creates more than 40 jobs and pays more than \$1.5 million in wages annually. In addition, we have paid more than \$33 million to Arkansas royalty owners and more than \$5 million in taxes since 2003.
- **Corporate citizenship:** Chesapeake takes its role as a community partner seriously and will continue to support programs that improve the communities in which it operates.

Corporate Headquarters

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