Gaining MOMENTUM

Multiwell padsites are fueling cost and environmental efficiencies.
Welcome! From targeted asset sales to organizational changes, 2013 was a year of transformation for the company. This year, we are embracing a new day at Chesapeake — one focused on competitiveness, efficiency and performance.

In this issue, we’ll discuss our performance goals, which will drive our efforts throughout the year as we continue to streamline processes, increase proficiency and cut value leakage out of our organization. We’ll also show how we are unlocking greater potential in our existing acreage, reducing capital expenditures with multiwell locations, strengthening our relationships with our business partners and much more.

Now more than ever, our employees are harnessing their skills, strength and determination to work toward a common goal — achieving top-quartile performance. Coupled with a desire to always improve, we are excited about unlocking new momentum as we grow together in 2014.

CRACKING THE ROCK LIKE NEVER BEFORE
Chesapeake scientists give the company a competitive advantage by taking a second, more concentrated look at their core inventory.

PAVING THE WAY TO GROWTH AND PROFIT
Chesapeake’s 2014 strategies and goals drive its focus on top-quartile performance.

ON THE COVER
Production Superintendent Donald Torres and his team are setting the standard for multiwell pads in Chesapeake’s Northern Business Unit with locations such as this one in the Marcellus Shale.

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Designers
Ginny Bourke and Amy Neal

PLAY
The active leasing and exploration for oil or natural gas in an area; wildcating in or on a geological trend.

The PLAY is designed and published twice a year by the Chesapeake’s Communications Department and can be viewed online at chk.com under Media Resources.

This publication includes “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 are statements other than those of historical fact that give our current expectations or forecasts of future events. They include estimated natural gas and liquids proved reserves, production forecasts, estimated operating costs, assumptions regarding future natural gas and liquids prices, effects of anticipated asset sales, planned drilling activity and drilling and completion capital expenditures (including the use of joint venture drilling carries), and other anticipated cash outflows, as well as projected cash flow and liquidity, effects of planned debt reduction, business strategy and other plans and objectives for future operations.

ALTERNATIVE FUELS POWERING UP SAVINGS
Advanced fueling methods reduce Chesapeake’s impact on the environment and enhance drilling operations.

PARTNERING FOR SUCCESS
From the woods of West Virginia to the Wyoming plains, the company’s Owner Relations team focuses on building healthy, long-term partnerships with owners.

EXECUTIVE SPOTLIGHT
New and long-time Chesapeake leaders are generating operational improvements.

INSIDE CHESAPEAKE
New ideas fuel innovation as employees continue to build a great business and place to work.
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With more than 60,000 feet of core analyzed at the company’s on-site Reservoir Technology Center (RTC), the team is going back to the grindstone to reinterpret reservoir characteristics and analyze the potential for greater economic return. These characteristics can include understanding the area’s fluid properties and mobility, as well as fracture properties. Don Harville, Manager – Reservoir R&D and the RTC, says this will give Chesapeake the potential to be a more successful, profitable company.

“In certain assets, two or three more reservoirs can be identified by looking at the core and drill cuttings for a second time,” said Harville. “If we can identify more reservoirs in plays we are already in and additionally extract more hydrocarbons per acre by using different completion methods or tapping into additional pockets of reserves then we can increase the company’s rate of return without additional lease expense.”

In the past, Chesapeake worked on an asset acquisition basis, drilling to the deepest depths first. Now, geologists and reservoir engineers can move vertically up toward the surface, to identify additional production opportunities. Harville is excited about the opportunity his team has to take an even more focused look at areas above the previously targeted zones.

“We’re eager to help Chesapeake focus on competitive, long-term growth,” said Harville. “We’ve moved from asset acquisition to asset development as we work closely with not only geology, but also with drilling, reservoir engineering, completions and field operations to make smarter exploration, production and financial decisions.”

The core analysis facility is home to the company’s technological pioneers including scientists, petrophysicists and geologists. Thanks to a recent expansion, the group has an additional 80,000-square-foot facility, which allows them to work together like never before.

“Previously we were divided in multiple buildings across campus. This new facility allows us to be under one roof — working hand in hand with one another and having essential resources at our fingertips,” said Harville.

In addition to encouraging knowledge sharing and more effective communication, the facility is also enabling hands-on training on the rock itself.

EXCELLENCE FUNDS RESEARCH

Prior to 2007 Chesapeake, like most E&P companies, sent its core samples to a third-party lab to characterize reservoir rock and fluid properties. The company opened its own facility to generate
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Now employees across the company have a place to meet and view more than 6,000 feet of core at a time, which is six times as much offered by the original space.

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quicker, more accurate analysis, which led to success in areas such as the Barnett, Marcellus, Eagle Ford and Utica shales — some of America’s top producing plays.

“Our lab is unique within the industry,” said Harville. “We know of no other company that is doing this kind of in-house rock analysis with our speed and accuracy.”

The accurate data provided by the RTC tells a story, giving the information needed to see the big picture. These in-depth results are generated by highly sophisticated equipment, which analyses core samples and uses the data to develop complete geophysical and petrophysical models that help determine the amount of reserves that can be captured from a formation.

Coupling the impressive functionality of the center with employee’s innovative thinking, pioneering technology and quick turnaround time — 500 feet of core can be analyzed in less than three weeks — the facility is a proven success.

So much so, it recently opened its doors to outside business as part of a plan to reduce operational costs and fund future development projects. The facility is currently partnering with some of the nation’s largest E&P companies.

“Seven companies have given us projects, and each one has come back for repeat business saying that the turnaround and quality is unmatched,” said Harville.

Although the goal is not to be a profit center, the facility is striving to obtain enough third-party work to help reduce the operating costs for the entire lab.

“We are not going to compete for all the work commercial labs are after. Instead, we are looking for a few preferred customers to establish business partnerships that can provide a predictable, long-lived flow into the lab,” he added.

As Chesapeake continues to unlock energy reserves, the RTC is delivering valuable, accurate results for internal decision makers to help them increase company production and overall value.

“No,” Morgan explained. “If we can identify more reservoirs in plays we are already in and additionally extract more hydrocarbons per acre by using different completion methods or tapping in to additional pockets of reserves then we can increase the company’s rate of return without additional lease expense.”

SUCCESS BY NUMBERS

Chesapeake’s success in unconventional reservoirs starts with accurate, dependable and fast core analysis.

80,000 square feet of lab space
32,000 square feet of core and cuttings storage
220 total years of experience among 28 staff members
500 feet of high-density core analyzed in less than three weeks
27,000 tight rock analyses performed
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Evan Morgan, Scientist – RTC Rock Mechanics Lab, prepares for a compressive strength measurement test, which applies pressure to a core plug to determine various mechanical properties.
Despite a nearly 50% decrease in capital expenditures and more than $4 billion in asset sales, Chesapeake’s production climbed in 2013.

Chesapeake’s 2014 Outlook and capital program was announced February 6, 2014, and included:

- **5 – 9% annually**
- Reducing by 10% and 25%, respectively, in 2014
- **8 – 10%** adjusted for asset sales
- **$5.2 – $5.6 billion**

The company expects to save more than $200 million in 2014 capital expenditures across five categories alone — coil tubing, cementing, pressure pumping, completion, and drilling fluids.

As part of Chesapeake’s capital allocation process, projects compete for funding and operational teams continually evaluate the company’s assets and allocate capital to the most promising plays.

“...the challenge,” said Chris Doyle, Senior Vice President – Operations, Northern Division. “We will still where we have the best economics and where we know we can increase shareholder value.”

As part of the company’s path to a strong future, senior leadership focuses on four key metrics — capital expenditures, absolute production growth, long-term production growth, and production and general and administrative expenses — to achieve top-quartile operational, financial, and shareholder return performance.

“...the past few years,” said Gary Clark, Vice President – Investor Relations and Communications. “As our new initiatives begin generating the results we know they can deliver, we’ll see our key metrics move closer and closer to top-quartile performance among our peers.”

Tangible progress is already being made across several areas, including new policies that consolidate purchases in drilling, completions and production equipment. The company expects to save more than $200 million in 2014 capital expenditures across five categories alone — coil tubing, cementing, pressure pumping, completion, and drilling fluids.

“...costs dropped substantially,” said Clark. “The Haynesville Shale’s Completions team began testing wells using reduced volumes of specific hydraulic fracturing additives. Costs dropped an average of $37,300 per stage, or nearly $500,000 for a well’s 12-stage completion, from the third to fourth quarter of 2013. The team is also testing adjustments to other fracturing elements to further drive value.”

Focused on growing the company and quickly adapting best practices, Chesapeake leaders are also aiming to make 2014 a year of top performance. A 40% year-over-year reduction in 2013 has already increased the efficiency of the drilling program, which will continue to improve this year. The average time between initial drilling and first sales is on track to shorten by 30 – 45%, and the company expects to grow oil, natural gas and natural gas liquids production by 2 – 4% from 2013.

These accomplishments and ongoing initiatives are as a solid base for the company’s commitment to value appreciation and growth. As a result, senior leaders keep three tenants top of mind as they work to continue earning trust and confidence.

“When investors think about Chesapeake, we want them to think transparency, predictability and execution,” said Clark. “Investors will know our plan and be able to accurately model us. They will see our progress quarter over quarter as we’ve laid it out. As we continue executing on our strategy and generating the greatest returns from our assets, we will deliver the greatest possible value to our shareholders.”
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- **$5.2 – 5.6 billion,** down 2013 year over year

### Key Changes

Chesapeake’s new business unit structure drives collaboration and information sharing. Two groups — Exploration and Subsurface Technology, and Operations and Technical Services — support Northern and Southern operating divisions, while the Services teams provide general, administrative and support resources to the entire company.

Under Chesapeake’s new capital allocation process, projects compete for funding and operational teams continually evaluate the company’s assets and allocate capital to the most promising plays.

“When we reduce rigs in an area, that team has an opportunity to do all they can to improve their returns and stay competitive with our other operating areas,” said Chris Doyle, Senior Vice President – Operations, Northern Division. “We will still where we have the best economics and where we know we can increase shareholder value.”

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“Aggressively comparing and post-appraising our performance against our peers is critical for creating a differentiated investment opportunity and increasing value for investors,” said Gary Clark, Vice President – Investor Relations and Communications. “As our new initiatives begin generating the results we know they can deliver, we’ll see our key metrics move closer and closer to top-quartile performance among our peers.”

Tangible progress is already on track in several areas. Working with groups across the company, Chesapeake’s Supply Chain Management team is securing supplier agreements that consolidate purchases in drilling, completions and production equipment. The company expects to save more than $200 million in 2014 capital expenditures across five categories alone — coil tubing, cementing, pressure pumping, cased hole services and drilling fluids.

“While we certainly focused on cost, we must total value in mind when evaluating suppliers, taking into account operational performance and safety,” said Dale Wildman, Vice President – Supply Chain. “Not only are we leveraging our full purchasing power, we’re gaining substantial operating value — we’ll be enhancing the performance measurements in our agreements and continually improve how we work with these strategic partners.”

Other areas are also delivering significant savings. In 2013 the Haynesville Shale’s Completions team began testing wells using reduced volumes of specific hydraulic fracturing additives. Costs dropped on average of $175,000 per stage, or nearly $100,000 for a well’s 12-stage completion, from the third to fourth quarter of 2013. The team is also testing adjustments to other fracturing elements to further drive value.

Focused on growing the company and quickly adapting best practices, Chesapeake leaders are also aiming to make 2014 a year of top performance. A 40% year-over-year reduction in 2013 has already increased the efficiency of the drilling program, which will continue to improve this year. The average time between initial drilling and first sales is on track to shorten by 30 – 60%, and the company expects to grow oil, natural gas and natural gas liquids production by 2 – 4% from 2013.

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Paving the Way to

**GROWTH & PROFIT**

In 2013 the company’s stock performed second highest among industry peers.
Small Changes = BIG Savings

Every innovation starts with a single thought. How can I make something better? From the creation of the wheel to the iPhone, inventive thinkers are always looking for ways to improve upon the norm. The oil and gas industry is no exception.
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“Horizontal drilling unlocked a huge amount of reserves and changed the face of global oil and gas production,” said Chesapeake Vice President – Drilling, Northern Division Dave Bert. “Newer multiwell sites are helping us to more efficiently produce a greater amount of resources with minimal impact to the environment.”

As multiwell sites become more common throughout the company’s operating areas, teams are also working closely to share best practices from one area to the next.

“Our Eagle Ford Shale team is drilling a lot of multiwell sites. We’ve gained great lessons from that team about what worked and what didn’t for them, and as a result we’re making progress on reducing our cycle times,” said Glenn. “In a perfect world, we’d like to get it down from 10 to 8 months for a six-well pad, which equals big savings, not to mention it frees us up to move onto the next project that much quicker.”

Realizing advances and savings such as this is quickly propelling Chesapeake into a new era as it works to become one of the industry’s top performers — a goal that looks to be well within reach.

Multiwell sites are also reducing the company’s environmental footprint by:

- Using less acreage for a single padsite versus six separate locations
- Generating less waste by reusing on-site containment for each well
- Reducing the opportunity for spills as materials are moved less frequently
- Moving equipment only once to and from the site to reduce traffic and the need for road maintenance

For example, the Bluegrass pad in northern Pennsylvania’s Marcellus Shale is home to six Chesapeake wells. Drilled in 2011 as part of the company’s joint venture agreement, the site is a picture of efficient operations.

“Drilling six wells from a single location greatly reduces our operational expenses,” said Production Manager Scott Glenn. “The cost to build a pad and maintain the roads for a single well in this area is very expensive, averaging approximately $1 million per well pad. With multiwell sites, Chesapeake is able to split that amount between all six wells and as a result is now averaging only $160,000 for construction costs per well.”

Savings are also realized by spreading equipment moves and facility construction expenses between the six wells. As a result, the per-well cost of these functions has decreased by approximately 33% on locations similar to the Bluegrass.

“Multiwell sites encourage crews to work more closely with one another. Because they are all familiar with the site and equipment, and have been through the same safety training, they know what the expectations are,” said Torres. “Also, when you work day in and day out with someone, you develop a level of trust. Trust and knowledge are the two biggest keys to staying safe on site.”

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While this discovery was game changing on its own merit, horizontal drilling is reaching new heights with the ability to drill multiple wells from a single padsite. These advances equal huge efficiency gains and cost savings.

"Where we used to drill one well per pad, we're now able to drill multiple wells from a single location," said Bert. "We're streamlining our operations by constructing a single location, which can greatly reduce our expenditures and environmental footprint."

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These multiwell padsites are also improving operations for Chesapeake.

"When you have six wells on the same location, it allows us to simplify a number of processes and reduce waste on the production side," said Production Superintendent Donald Torres. "Pumpers spend less time driving from one location to another so they get to spend more quality time on the pad. It also allows us to find a standard configuration for production equipment. That means our employees know exactly how each piece works and fits together with the others. As a result, it's easy to duplicate if we need to."

An additional benefit, crews are enjoying safer working conditions and greater teamwork.

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Multiwell sites allow Chesapeake to share construction and facility expenses among wells. Northern Pennsylvania per-well costs have decreased from approximately $1 million to $160,000 for multiwell sites.

**Environmentally Friendly Operations**

Multiwell sites are also reducing the company’s environmental footprint by:

- Using less acreage for a single padsite versus six separate locations
- Generating less waste by reusing on-site containment for each well
- Reducing the opportunity for spills as materials are moved less frequently
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With advances in 3-D seismic imagery, hydraulic fracturing and horizontal drilling, oil and gas development has become one of the most scientifically advanced industries on the planet.

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As multiwell sites become more common throughout the company’s operating areas, teams are also working closely to share best practices from one area to the next.

"Our Eagle Ford Shale team is drilling a lot of multiwell sites. We've gained great lessons from that team about what worked and what didn’t for them, and as a result we’re making progress on reducing our cycle times," said Glenn. "In a perfect world, we’d like to get it down from 10 to 8 months for a six-well pad, which equals big savings, not to mention it frees us up to move onto the next project that much quicker."

Realizing advances and savings such as this is quickly propelling Chesapeake into a new era as it works to become one of the industry’s top performers — a goal that looks to be well within reach.
The Brooke County couple was surprised with the care and effort Chesapeake employees took to develop a solid working relationship with them when they installed a pipeline on their property in 2012.

“They took the time to get to know us and the history of our land. They really cared about the property and made sure we knew exactly what was happening every step of the way,” said Eaton.

Keeping owners educated about oil and gas development is an important part of the Owner Relations team’s job, especially for owners who are unfamiliar with production.

“A lot of times owners don’t understand the process or some of the terminology. It’s important they know exactly how their lease is structured and what we’re doing on their land for them to feel comfortable,” said Calan Combs, Owner Relations Representative.

Sometimes topics such as pooling can be challenging for those new to the industry. That isn’t the case anymore for Eagle Ford Shale owner Frank Wynne who has become well-versed in the subject.

“When we first realized our acreage was included in a pooling unit, I was concerned. We were only getting half the royalties. But once Calan explained it was due to spacing regulations in Texas and that we’d get a smaller interest, yes, but it would be on more wells, I was really happy. I’d much rather have 50% of two or three wells versus 100% of just one,” said Wynne.

Hopkins says understanding and strong partnerships such as these are ultimately what his team is all about.

“Whether it’s a question about payments, account changes or our operations, our team strives for a 100% satisfaction rate when it comes to supplying timely and accurate information for our owners,” said Hopkins. “If we can’t address your concerns immediately, we will work with other departments until we find the answers you need.”

Knowing that some answers can take longer than others to locate, Hopkins encourages his team to stay in touch with the owners they work with.

“We want folks to know that we’re here to help. We’re not just a call center full of third-party operators,” said Hopkins. “Our team is part of Chesapeake. We care about our owners, their impression of our company and our future success.”

To foster this relationship and encourage open communication, the company’s Owner Relations team oversees the Chesapeake Contact Center. The center serves as a central information hub for owners and fields questions or concerns about topics such as lease agreements, payments and production.

“We want owners to know they have an open line to us,” said Drew Hopkins, Manager – Land Administration. “We are here to answer any questions or concerns owners might have. Our team works with the philosophy that everyone we come into contact with is a valued partner and should be treated that way. Ultimately we want our owners to have a positive relationship that is profitable and enjoyable.”

This dedication to communication is proving successful according to West Virginia owner Donald Eaton.

“We had a situation where our check got lost in the mail and Jessi [Campbell, Owner Relations Representative II] stayed in touch with us every day for a week until the problem was fixed and we had our check in hand. She still contacts us from time to time to make sure things are going well,” said Eaton.

The contact center answered its 1 millionth call in February 2014.

Opened in 2008, its 24 operators — four of whom are bilingual — field approximately 1,600 calls a day.

877-CHE-K1GAS
MONDAY – THURSDAY, 7 A.M. – 6 P.M., CST
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Partnering for Success

Operating on the land someone calls home is a huge responsibility — one Chesapeake respects and strives to do right as it establishes long-term partnerships with owners across the country.

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Owning a piece of land in the oil and gas industry can be a complex and nuanced experience, especially for those new to the industry. However, companies like Chesapeake Energy are committed to fostering strong relationships with their owners and ensuring that they are well-informed about their rights and the processes involved. One such company, Chesapeake Energy, has developed a contact center to handle inquiries from its owners, aiming to provide timely and accurate information. The center is part of the owner relations team, which is dedicated to building strong partnerships with owners across the country. This dedication to communication and partnership is evident in the stories of Long-time South Texas residents Frank and Glanell Wynne, who became part of the Eagle Ford Shale boom when two wells were drilled on their family’s Caldwell County land. Donald and Janice Eaton, who became Chesapeake owners in 2012 when a pipeline was installed on their West Virginia property, also benefited from the open communication and strong partnership that Chesapeake Energy strives to maintain.

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Approaching a Chesapeake drill-site in Wyoming, the only sound you might hear is a bird’s chirp or the whistle of a northern Great Plains wind. Yet righands are hard at work, drilling for oil in the Rockies region. Instead of running on diesel engines, the rig is silently powered by electricity, one of many increasingly used alternatives to expensive diesel.

Beginning in 2006 Chesapeake incorporated alternative fueling sources that include electric grid drilling (EGD), a dual-fuel blend of diesel and natural gas and soon-to-be-added natural gas turbines. All three deliver financial and environmental benefits.

**EGD and Turbines**

The absence of diesel makes EGD and turbines ideal options — less traffic, lower fuel costs and dramatically quieter operations.

“EGD and turbine drilling removes diesel from the equation, creating a much quieter rigsite — one that’s less intrusive to the surrounding area,” said Supervisor — Alternative Fuels Program Caleb Bloyd, whose team keeps the company ahead of the curve in this growing area of cleaner more efficient drilling.

“EGD-equipped rigs are powered 100% by the existing infrastructure of an electric grid and are an ideal option in populated areas with on-site grid access. At year-end 2013, Chesapeake operated EGD rigs in the Rockies, Barnett Shale and Northern Mid-Continent.

Likewise, turbine rigs provide substantial fuel-cost savings, completely displacing diesel as a fuel source. Instead, the rigs use buyback gas from nearby pipelines to spin a three-megawatt turbine that powers the rig. Chesapeake anticipates placing its first turbine-powered rig in the field during the first quarter of 2014.

“EGD and turbine rigs are interchangeable, so we are very excited to introduce turbines into our drilling program,” said Andrew McCalmont, Manager – Engineering Programs. “We lease the turbines, so they’re not a capital expenditure, and they have the potential to significantly cut our fuel costs this year.”

**Dual Fuel**

While EGD and turbine rigs offer impressive benefits, the associated technology upgrades can hamper their availability. Chesapeake has also found ways to improve traditional diesel powered rigs, developing a diesel/natural gas dual-fuel technology that has powered rigs since 2009. Today, a Chesapeake dual-fuel rig’s fuel mix is close to 60% natural gas and 40% diesel.

“To power a rig with this dual-fuel blend, the engines must have retrofit capability and be close enough to a pipeline to bring in the buyback gas. And ideally, it’s a ‘walking’ rig that sits on a multiwell pad so that generators, pipeline connections and other equipment stay in the same place while the rig moves to the next well on the pad, adding enormous value to the operation,” said Bloyd. “If all three factors exist, we have the best environment to take advantage of this option. As we drill on more multiwell padsites, these opportunities will grow and continue improving the company’s performance.”

Bloyd and McCalmont’s teams collaborate with the company’s Drilling Department, Chesapeake Energy Marketing, utility companies and vendors to develop, test and implement these alternative fuel options. An endeavor with huge long-term potential, as Platts reports that industry producers, analysts and executives believe 50% of drilling rigs will run on natural gas or another non-diesel fuel source by 2018.

“We’re very bullish on this technology and we’ve taken an aggressive approach to vetting it,” said McCalmont. “We use strict engineering methodology to truly prove the technology, economics and applicability to our drilling fleet — all with the goal to significantly cut drilling costs and add value to our operations.”

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**Fueled for Less in 2013**

**Electric Grid Drilling**

- 63 wells
- $1.33 million in savings
- Barnett Shale, Mid-Continent North, Haynesville Shale & Rockies

**Dual Fuel**

- 5 wells
- $150,000 in savings
- Mid-Continent North & Anadarko Basin

Chesapeake projects to use at least seven EGD, three dual-fuel and ten turbine rigs in 2014.

In 2014, electric grid drilling and dual-fuel rigs each cost an average of $1,700 less to fuel each day, a 13% improvement over 2013.
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**ALTERNATIVE FUELS**

Powering Up Savings

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**REPORT Sarah Piowaty // PHOTOGRAPHY Michelle Dodd**
EXECUTIVE SPOTLIGHT: New Management Leads the Way

neat people and great assets. It’s one of the things Chesapeake has always been known for. Today, new management is focused on becoming a top-performing E&P company, a partner of choice and a great investment. To reach these goals and make the most of all its assets, the company has become dedicated to financial discipline and realizing profitable and efficient growth from captured resources.

Chris Doyle, Senior Vice President – Operations, Northern Division, joined the company in August 2013 from Anadarko Petroleum. Doyle, who had firsthand experience working with Chesapeake prior to coming onboard, knew the company had tremendous potential. He has been impressed with what he’s seen so far. “From the outside looking in, I knew we had outstanding assets and great people,” said Doyle. “With all of the changes we have seen as a company in 2013, the fact that our employees kept our assets running and delivered phenomenal results is so impressive. It’s a privilege to be a part of this team, and this type of dedication to our company is great to see firsthand.”

It’s those efforts that have helped create the growth opportunity that drew Doyle and fellow Anadarko alum Jason Pigott to Chesapeake. “The company has built an incredible portfolio of assets, and as we focus on efficiencies and move from single-well pad drilling to a more optimized manufacturing process, we’re going to see a tremendous amount of success as we are moving at such a rapid pace. Now that we can, it’s something I find very exciting and rewarding,” said Pigott.

Laser-focused efforts such as these have employees excited about how the company will stack up in 2014 and beyond as it measures itself through key performance indicators that include production and reserve growth, capital expenditures, adjusted EBITDA per barrel of oil equivalent, total recordable incident rates and recordable spill rates. “Everything has been leading up to where we are today and now it’s go time,” said Pigott. “We’ve put a stake in the ground and our teams are energized and ready to focus on what they believe are the best projects that will help propel the company to the next level and create success for decades to come.”

To ensure employees realize their full potential, the company’s management team is also putting a heavy emphasis on professional and career development. “Our assets get a lot of attention when anyone talks about the potential of Chesapeake,” said Pigott. “But it’s the quality of our employees that make the company what it is, and we want to make sure that we provide the opportunity for personal and professional development that these outstanding folks deserve.”

Thanks to a strong commitment from the top down to cultivate all of its resources and deliver on short- and long-term business plans, Chesapeake’s future is full of promise. “At the end of the day we want to create a great business that’s worthy of its people and assets and that’s ultimately sustainable for long-term, sustainable success — something we are all extremely proud to be a part of,” said Reinhart.

A Great Place to Work Seven Years and Counting

Fortune Magazine has once again named Chesapeake to its 100 Best Companies to Work For® list. Marking the company’s seventh straight year on the list, Chesapeake ranked #51 among the nation’s top employers.

“This recognition is a direct reflection of the talent of our employees,” said CEO Doug Lawler. “To be a great place to work, Chesapeake must first be a great business. Our employees remain dedicated to achieving both.”

Sparking Improvement

PART OF BECOMING A GREAT BUSINESS IS THE ABILITY TO FIND INNOVATIVE SOLUTIONS AND IMPROVEMENTS TO OPERATIONS. Chesapeake’s Environmental, Health and Safety (EHS) team is helping to do just that.

In 2013 the team worked with Worthington Industries to develop a specialized torch. Donned the Chesapeake Utility Torch, the simple device provides a safer, more efficient way to light the pilot on heater treater systems in the field, which are used to separate oil from produced water and other condensates.

“This design evolved from a standard lawn and garden torch like you would get at any hardware store. The angles and handles made it difficult to use and introduced some safety concerns, so we contacted the manufacturer and developed something to meet our needs,” said Ronnie PHS, Senior EHS Representative. “This new device is much safer than previous methods because the lease operator has a strong flame to light the pilot and knows when the torch is out.”

The Chesapeake Utility Torch has become so popular Worthington is now marketing the item to the oil and gas industry. Companies such as Marathon, Apache and Unit Petroleum have contacted Chesapeake to learn more about the torch and lighting procedure.

2013 Brings Increased Production and Shareholder Value

AS PART OF ITS 2013 AND FOURTH QUARTER FINANCIAL AND OPERATIONAL RESULTS, Chesapeake reported:

• Adjusted net income per fully diluted share increased to $1.50 in the 2013 full year from $0.61 in the 2012 full year.
• Adjusted EBITDA increased 34% year over year to $5.016 billion.
• Average daily production rose 3% year over year to 669,630 barrels of oil per day.
• Average daily production, adjusted for asset sales, increased 11% year over year.
• Combined 2013 per unit production and G&A expenses declined 15% year over year.
• 2013 year-end proved reserves increased to 2.7 trillion barrels of oil equivalent.
• 2013 asset sales totaled $4.4 billion.

View the full release on ir.cek.com.

Service with a smile — Senior leaders John Reinhart, Doug Lawler and John Kapchinske serve employees cake to celebrate the company’s seventh consecutive year on Fortune Magazine’s 100 Best Companies to Work For® list.
EXECUTIVE SPOTLIGHT: New Management Leads the Way

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“It’s those efforts that have helped create the growth opportunity that drew Doyle and fellow Anadarko alum Jason Pigott to Chesapeake. “The company has built an incredible portfolio of assets, and as we focus on efficiencies and move from single well pad drilling to a more optimized manufacturing process, we’re going to see a tremendous amount of success as we place a greater value on our employees and assets and that’s ultimately positioned for long-term, sustainable success — something we are all extremely proud to be a part of,” said Reinhart.

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In 2013 the team worked with Worthington Industries to develop a specialized torch. Donned the Chesapeake Utility Torch, the simple device provides a safer, more efficient way to light the pilot on heater treater systems in the field, which are used to separate oil from produced water and other condensates.

“This design evolved from a standard lawn and garden torch like you would get at any hardware store. The angles and handles made it difficult to use and introduced some safety concerns, so we contacted the manufacturer and developed something to meet our needs,” said Romma Pilots, Senior EHS Representative. “This new device is much safer than previous methods because the torch operator has a strong flame to light the pilot and knows when the torch is out.”

The Chesapeake Utility Torch has become so popular that Worthington is now marketing the item to the oil and gas industry. Companies such as Marathon, Apache and Unit Petroleum have contacted Chesapeake to learn more about the torch and lighting procedure.

A Great Place to Work Seven Years and Counting

Fortune Magazine has once again named Chesapeake to its 100 Best Companies to Work For® list. Marking the company’s seventh straight year on the list, Chesapeake ranked #51 among the nation’s top employers.

“This recognition is a direct reflection of the talent of our employees,” said CEO Doug Lawler. “To be a great business, Chesapeake must first be a great business. Our employees remain dedicated to achieving both.”
**WE ARE CHESAPEAKE.**

*We are strong, as a company and a team.* We are finding new momentum and new efficiencies as we build a great business and a great place to work. Disciplined and accountable in all that we do, we know the world we live in tomorrow depends on the difference we make today. We are Chesapeake, and we are leading a responsible energy future.

#WeAreChesapeake

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