

Natural Gas: Today's Abundant, American Energy Solution

US Department of Energy
January 7, 2009



THE AGE OF
Natural
Gas



CHESAPEAKE ENERGY CORPORATION



NYSE Listed : CHK

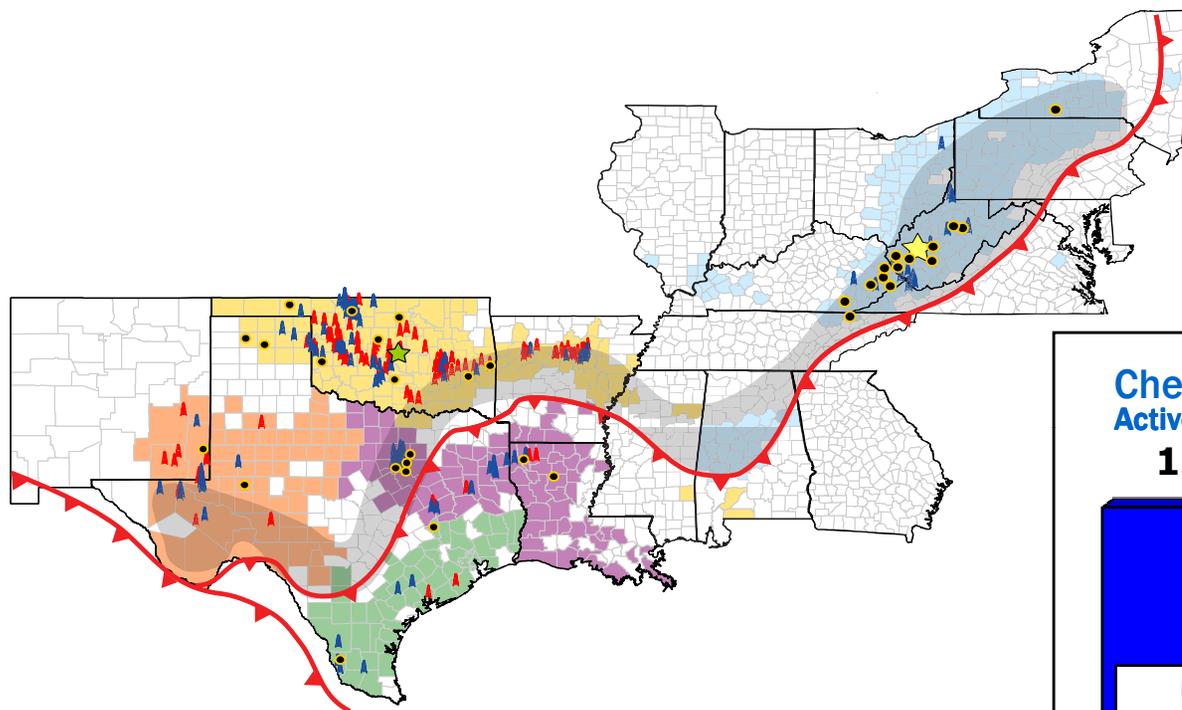
- #1 Producer of clean-burning U.S. natural gas
- #1 U.S explorer with 121 active drilling rigs
- #1 Large-cap proved reserve growth; 12 Tcfe of estimated proved reserves
- #1 Gas resource play potential; 55 Tcfe of risked unproven potential
- #1 Inventory of U.S. onshore leasehold and 3-D seismic; over 10-year drilling inventory of 35,500 net drilling locations
- 2008 Top Managed Energy Company
– Forbes' Magazine



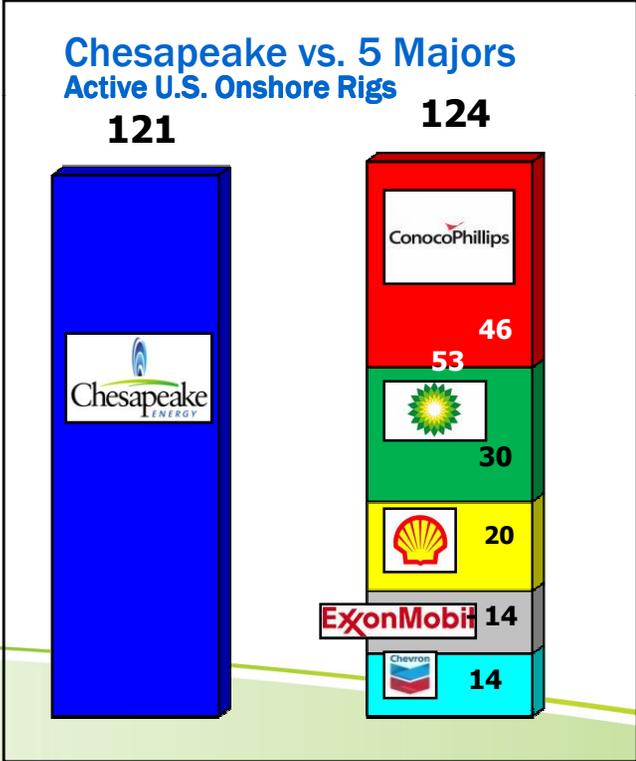
FORTUNE
100 BEST
COMPANIES
TO WORK FOR 2008



Chesapeake Leading US Explorer for Clean-Burning Natural Gas



**Chesapeake operates in ~ 12 states
100% onshore & 100% domestic U.S.**



Smith Bits 1.05.09

Natural Gas – Today's Answer for America's Energy Needs



With a focus on the need for economic stimulus, national security, and a cleaner environment;

Increased Domestic Natural Gas Production and Consumption Provides:

- High-Quality American Jobs
- Greater American Capital Investment
- A Cleaner, Abundant American Energy
- Enhanced Energy Independence



The Answer to Clean Transportation Fuel Needs



- **When used directly as CNG, natural gas provides**

- Up to 30% fewer CO₂ emissions
- Up to 70% fewer smog-forming pollutants
- An answer to a carbon regulated world
 - Transportation sector emissions represent 40-70% of all pollution

OR

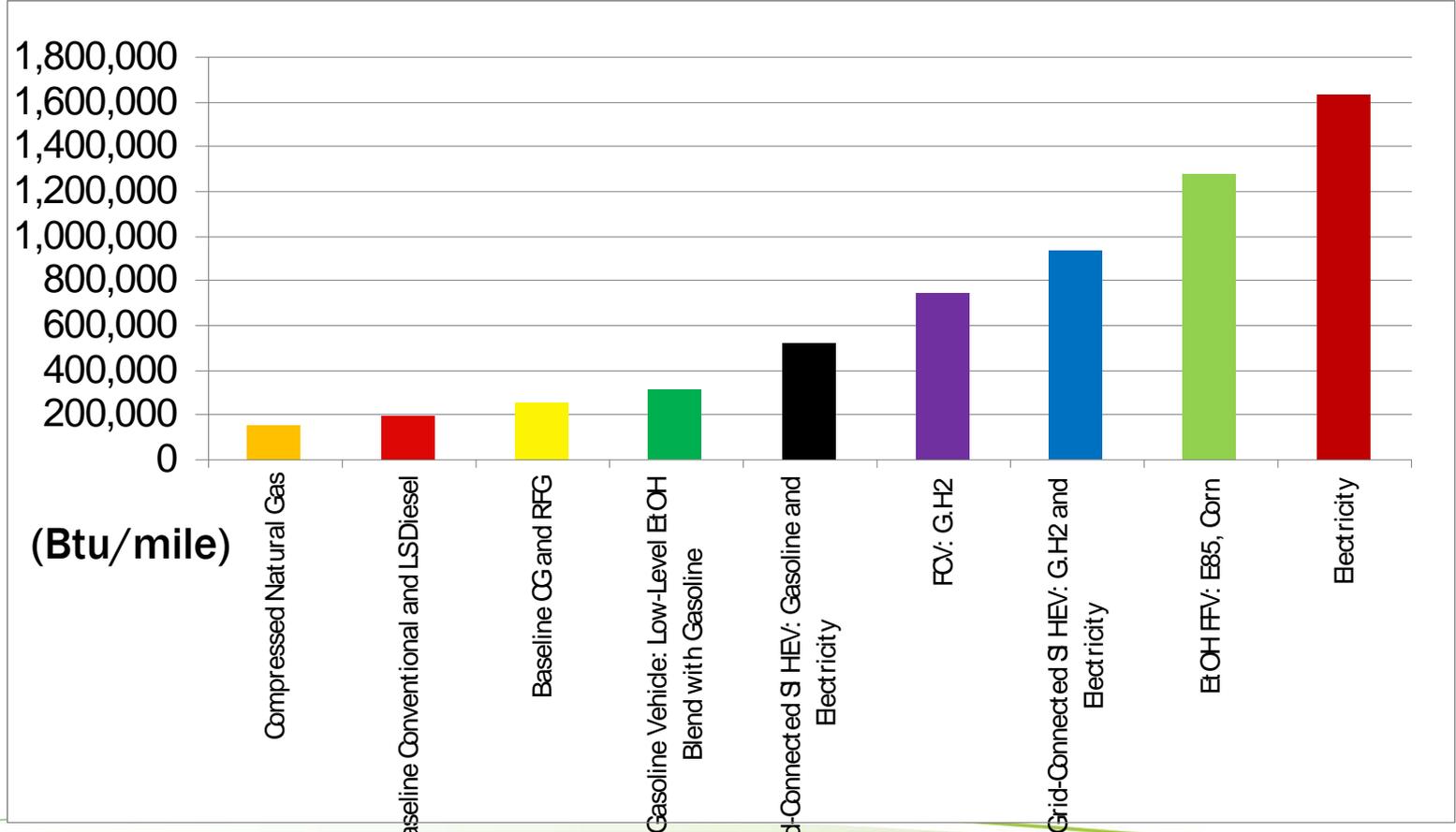
- **Natural gas can be used indirectly as the power behind the “plug”**

- PHEV's will require “clean” power for optimal environmental benefit

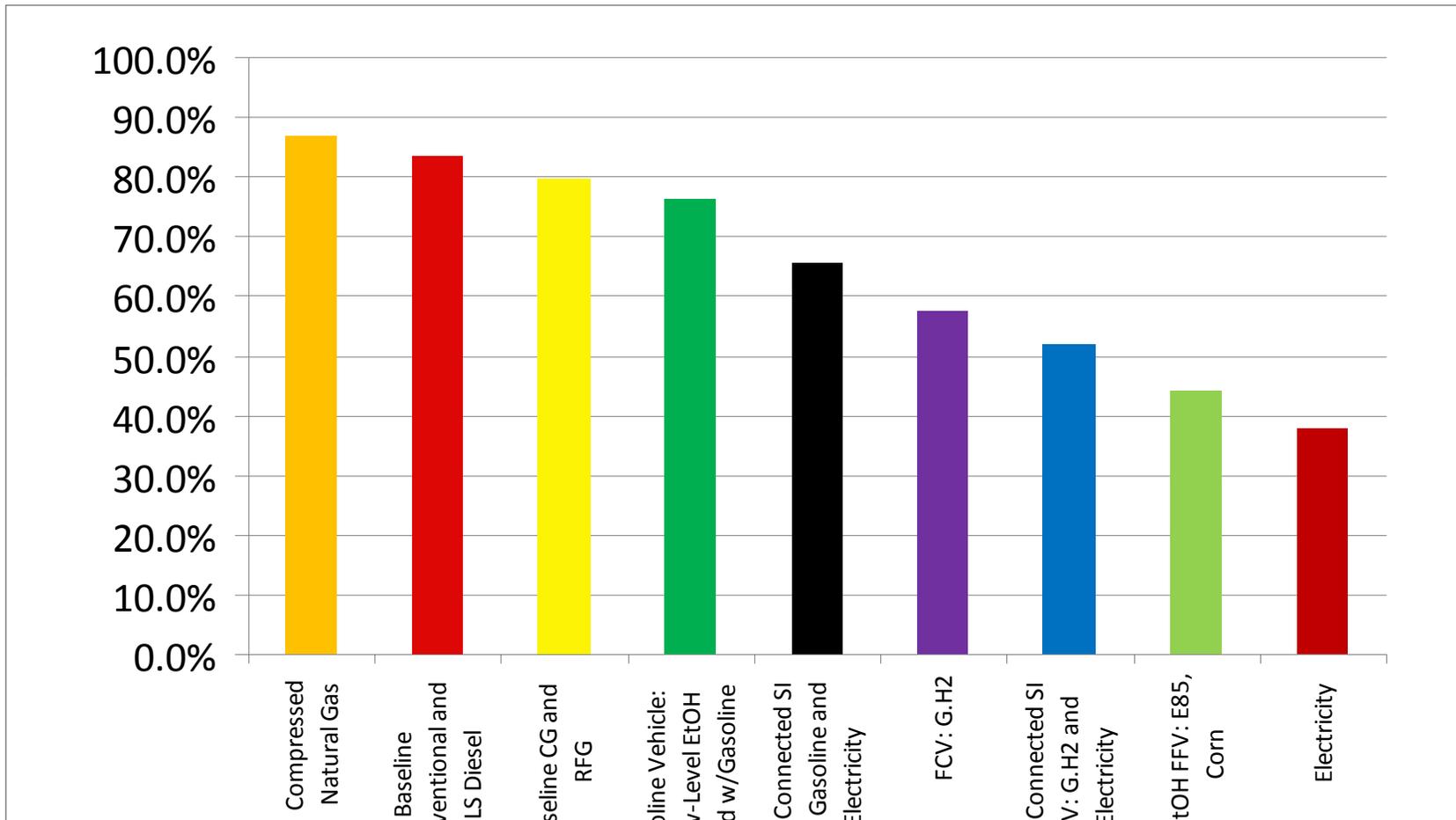
Let's Use Energy that is Most Efficient



“Well to Wheels” Total Energy Consumption of Select Alternative Fuel Choices



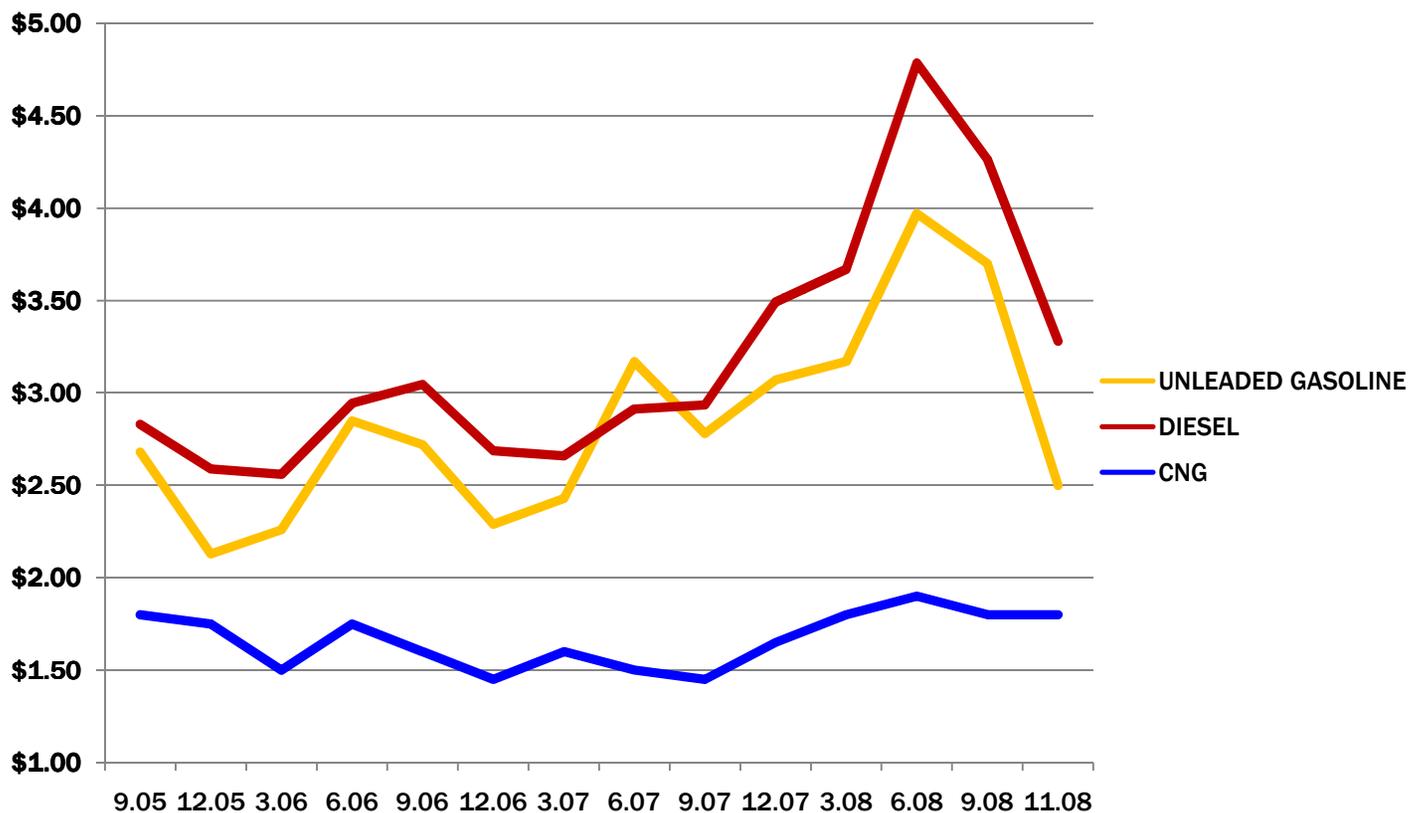
“Well to Pump” Efficiency of Various Alternative Fuel Choices



CNG Reduces Fuel Price Volatility



Average Fuel Prices 2005-2008



Bloomberg 2008

Regardless of the Use, Natural Gas is the Answer!



Power Generation Alternatives

- **Coal?** - not economical or clean in a carbon regulated environment
- **Wind?** - clean but not yet scalable and lacks efficient transmission; not yet ready
- **Nuclear?** - not yet a viable source
- **Solar?** - not yet scalable and economical source
- **Natural Gas?** - clean, scalable, and economical

Regardless of the Use, Natural Gas is the Answer!



Transportation Alternatives

- **Gasoline** – supplied by foreign energy and not clean
- **Plug-In Electric Hybrids** – cleaner but will require more power generation
- **Bio-fuels** – improving but create market issues with other commodities and not an efficient total energy process
- **Natural Gas Vehicles/CNG** – clean, affordable and will need more backing for production growth

**BOTTOM LINE – IN ORDER FOR AMERICA TO HAVE A
CLEAN AND INDEPENDENT ENERGY FUTURE, THE U.S.
MUST CONTINUE TO HAVE CONSISTENT NATURAL GAS
PRODUCTION**

With Natural Gas As a Transportation Fuel, We Can Get Off the Roller Coaster of Energy Prices!



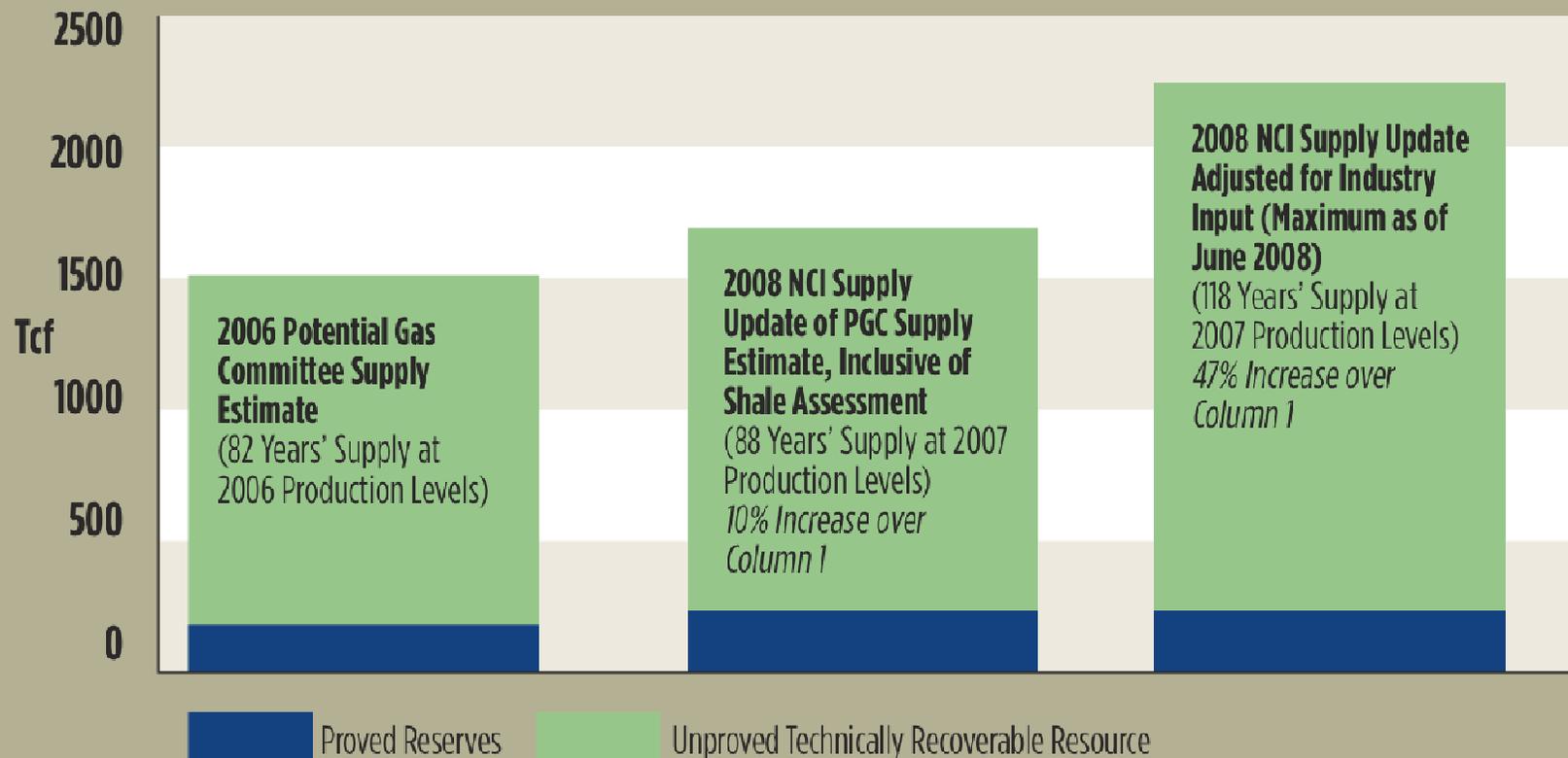
- The U.S. has experienced unprecedented production growth by utilization of new technology and drilling techniques
- Reduced demand has impaired the natural gas industry's ability to produce this superior American energy source and reduced drilling activity can unnecessarily elongate the economic recovery period
- Lack of stable consumption of natural gas continues to create a volatile pricing environment
- If the US is to reduce foreign energy imports, we must reduce the demand for foreign, dirtier fuels and increase the demand for cleaner, premium domestic fuels.
- Natural gas usage in the transportation sector is the most reliable and scalable opportunity

With your support we can develop energy policy that puts a premium on clean burning, affordable, domestic energy sources and stimulates a more stable and predictable cost structure.

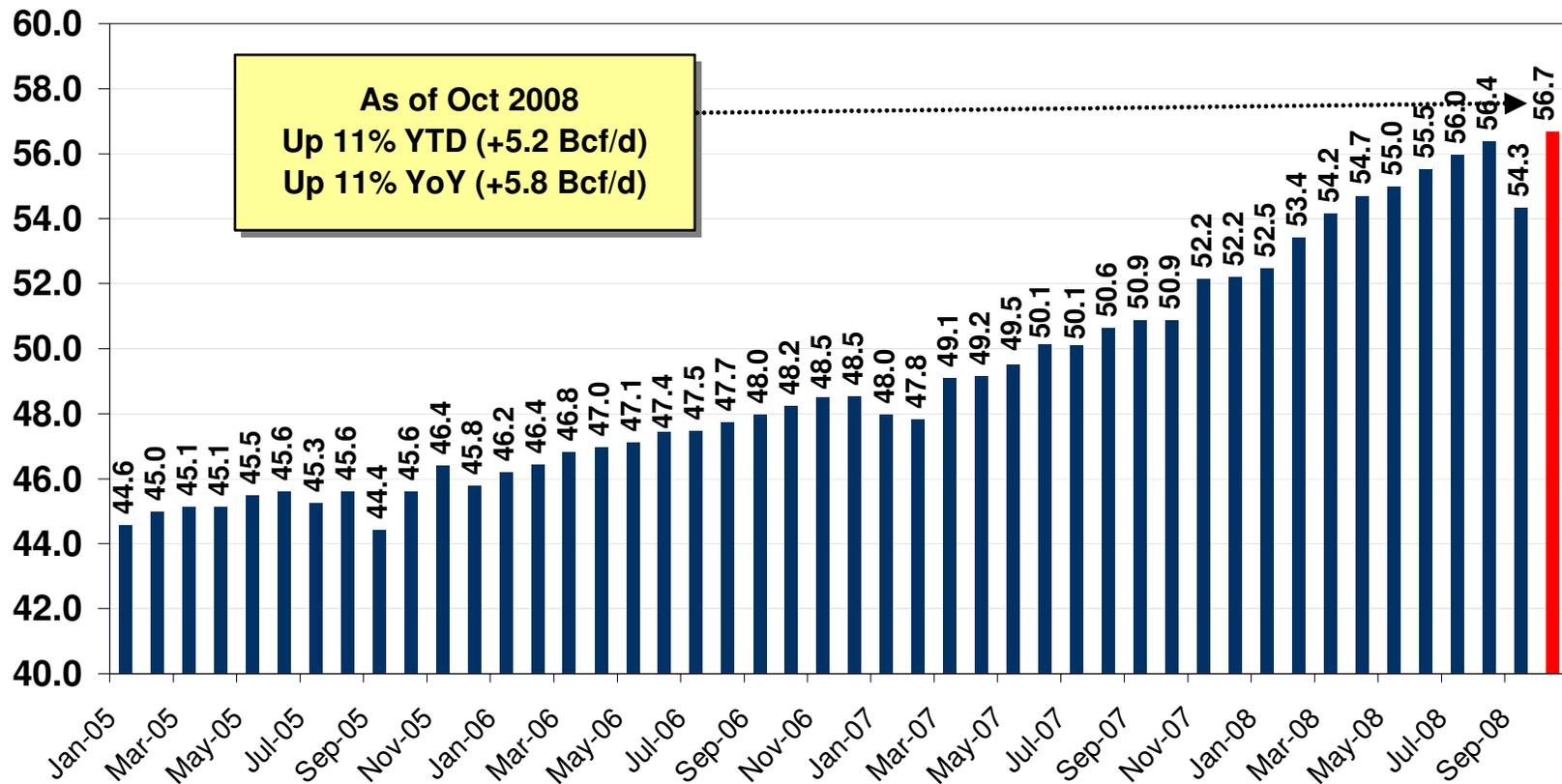
We Have Sufficient Supplies in the U.S.!



U.S. Total Gas Supply Resource Base (Tcf)



U.S. Natural Gas Production Growth Up 11% YOY 2007-2008



Credit Suisse 1.5.09

Prolific Unconventional Shales are a “Game Changer”



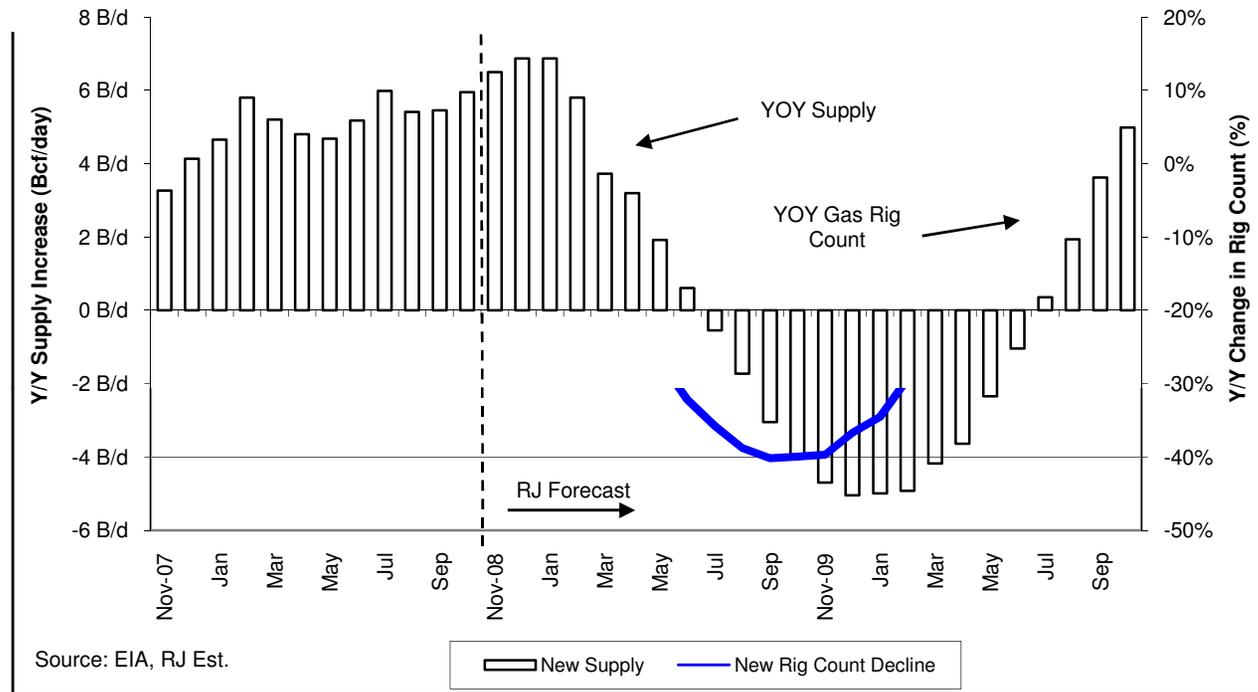
Shale Formation	Recoverable Reserves (Tcfe)	Production 2008 (mmcfepd)	Production 2012E (mmcfepd)
Barnett (TX)	30-50	4,300	5,800-6,400
Fayetteville (AR)	25-45	800	1,800-2,000
Woodford (OK)	10-12	600	1,100-1,200
Haynesville (LA/TX)	250	100	3,000-6,000
Marcellus (NY, PA, WV)	50-75	25	300-600
TOTALS	432	5,825	16,200

Barclays Capital 2008

OPEC's Policy Choice



Impact on Supply of New Rig Count Forecast



Raymond James 2009

Natural gas's price volatility can be improved dramatically with consistent demand for the strong supply. Increased diversification of demand to other sectors (transportation and power) will make natural gas consumption less seasonal

Natural Gas is Today's American Energy Answer



- As a country, we have the opportunity to use natural gas TODAY and create an environment for:
 - Cleaner air quality
 - Increased energy independence
 - Increased national security
 - Stronger economy and more high-quality jobs
 - An energy source that leads us efficiently into the future of clean, American energy

