

CHESAPEAKE ENERGY CORP

Form 424B5

February 13, 2012

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This prospectus supplement relates to an effective registration statement under the Securities Act of 1933, but is not complete and may be changed. This prospectus supplement is not an offer to sell these securities in any state where the offer or sale is not permitted.

Filed pursuant to Rule 424(b)(5)

Registration No. 333-168509

SUBJECT TO COMPLETION, DATED FEBRUARY 13, 2012

PROSPECTUS SUPPLEMENT

TO PROSPECTUS DATED AUGUST 3, 2010

\$1,000,000,000 % Senior Notes due 2019

We are offering \$1.0 billion of our % Senior Notes due 2019. We will pay interest on the notes semiannually in arrears on each September 15 and March 15, beginning on September 15, 2012, to the holders of record at the close of business on the preceding September 1 and March 1, respectively. The notes will mature on March 15, 2019.

The notes will be guaranteed on a senior unsecured basis by each of our existing subsidiaries (other than the Chesapeake Midstream Companies, the Chesapeake Oilfield Services Companies and CHK Utica, which are more fully described herein, and certain *de minimis* subsidiaries) and certain of our future subsidiaries, subject to our right, more fully described herein, to obtain the release of such guarantees under certain circumstances. The notes will be senior unsecured obligations of Chesapeake and will rank equally in right of payment with all of Chesapeake's existing and future senior debt and senior to any subordinated debt that it may incur. The notes will be effectively subordinated to the existing and future secured debt and other secured obligations of Chesapeake and the subsidiary guarantors, including debt under our corporate revolving bank credit facility and our obligations under our multi-counterparty secured hedging facility, to the extent of the value of the assets securing obligations under such facilities. The notes will also be effectively subordinated to the rights of creditors and preferred security holders of the Chesapeake Midstream Companies, the Chesapeake Oilfield Services Companies and CHK Utica.

At any time from and including November 15, 2012 to and including March 15, 2013, we may redeem some or all of the notes at a redemption price equal to 100% of the principal amount of the notes plus accrued and unpaid interest, if any, to the redemption date; provided that after any redemption of the notes in part (and not in whole) pursuant to this redemption provision, at least \$250 million aggregate principal amount of the notes remains outstanding. See Description of Notes Redemption Special Early Redemption.

At any time after March 15, 2013, we may redeem some or all of the notes at a redemption price equal to 100% of the principal amount of the notes plus a make-whole premium, plus accrued and unpaid interest, if any, to the date of redemption, described in this prospectus supplement under Description of Notes Redemption Optional Redemption. If we or certain of our subsidiaries enter into certain sale-leaseback transactions and do not reinvest the proceeds or repay certain senior debt, we must offer to repurchase the notes.

Investing in the notes involves risks. For a discussion of certain of these risks, please read the discussion of material risks described in Risk Factors beginning on page S-14.

PRICE % AND ACCRUED INTEREST, IF ANY

	Price to Public (1)	Underwriting Discount	Proceeds to Chesapeake Energy (1)
Per Note	%	%	%
Total	\$	\$	\$

(1) Before expenses and plus any accrued interest from February , 2012. The underwriters expect to deliver the notes to investors on or about February , 2012, in book-entry form through the facilities of The Depository Trust Company.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement or the attached prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

Joint Book-Running Managers

BofA Merrill Lynch

Morgan Stanley

The date of this prospectus supplement is February , 2012.

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You should rely only on the information contained in or incorporated by reference in this prospectus supplement, the accompanying prospectus or any free writing prospectus that we may provide to you. We have not authorized anyone to provide you with different or additional information. Further, you should not assume that the information contained in or incorporated by reference in this prospectus supplement or the accompanying prospectus is accurate as of any date other than the dates of this prospectus supplement or the accompanying prospectus or that any information we have incorporated by reference is accurate as of any date other than the date of the document incorporated by reference.

This document is in two parts. The first part is this prospectus supplement, which describes the terms of this offering of notes and certain terms of the notes and the guarantees. The second part is the accompanying prospectus, which gives more general information. If the information varies between this prospectus supplement and the accompanying prospectus, you should rely on the information in this prospectus supplement.

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NOTICE TO INVESTORS

This prospectus supplement and the accompanying prospectus do not offer to sell or ask for offers to buy any of the securities in any jurisdiction where it is unlawful, where the person making the offer is not qualified to do so, or to any person who can not legally be offered the securities.

In making an investment decision, prospective investors must rely on their own examination of the company and the terms of the offering, including the merits and risks involved. Prospective investors should not construe anything in this prospectus supplement and the accompanying prospectus as legal, business or tax advice. Each prospective investor should consult its own advisors as needed to make its investment decision and to determine whether it is legally permitted to purchase the securities under applicable legal investment, or similar laws or regulations.

This prospectus supplement and the accompanying prospectus contain summaries believed to be accurate with respect to certain documents, but reference is made to the actual documents for complete information. All such summaries are qualified in their entirety by such reference. Copies of documents referred to herein will be made available to prospective investors upon request to us.

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SUMMARY

*This summary highlights selected information from this prospectus supplement and the accompanying prospectus but may not contain all information that may be important to you and is qualified in its entirety by the more detailed information included in or incorporated by reference into this prospectus supplement or the accompanying prospectus. This prospectus supplement and the accompanying prospectus include specific terms of this offering, information about our business and financial data. We encourage you to read this prospectus supplement, the accompanying prospectus and the documents incorporated by reference herein and therein in their entirety, including the information set forth under the heading **Risk Factors** in this prospectus supplement, before making an investment decision. In addition, certain statements include forward-looking information that involves risks and uncertainties. See **Forward-Looking Statements**.*

Chesapeake

We are the second-largest producer of natural gas, a top 15 producer of oil and natural gas liquids and the most active driller of new wells in the U.S. We own interests in approximately 45,600 producing natural gas and oil wells that are currently producing approximately 3.5 billion cubic feet equivalent, or bcf, per day, net to our interest. Our strategy is focused on discovering and developing unconventional natural gas and oil fields onshore in the U.S. We have a large resource base of onshore U.S. natural gas assets in the Barnett Shale in the Fort Worth Basin of north-central Texas; the Haynesville and Bossier Shales in northwestern Louisiana and East Texas; the Marcellus Shale in the northern Appalachian Basin of West Virginia and Pennsylvania; and the Pearsall Shale in South Texas. In the past few years, we have also built a substantial resource base of onshore U.S. liquids-rich assets in the Eagle Ford Shale in South Texas; the Granite Wash, Cleveland, Tonkawa and Mississippi Lime plays in the Anadarko Basin in western Oklahoma and the Texas Panhandle; the Niobrara Shale, Frontier and Codell plays in the Powder River and DJ Basins of Wyoming and Colorado; the Avalon, Bone Spring, Wolfcamp and Wolfberry plays in the Permian and Delaware Basins of West Texas and southern New Mexico; the Bakken/Three Forks in the Williston Basin; and the Utica Shale in Ohio and Pennsylvania. Additionally, we have vertically integrated our operations and own substantial midstream, compression and oilfield service assets.

We began 2011 with estimated proved reserves of 17.096 trillion cubic feet equivalent, or tcf, and ended the third quarter of 2011 with 17.677 tcf, net of production, sales, extensions and revisions, including the disposition in March 2011 of 2.4 tcf of estimated proved reserves associated with our Fayetteville Shale assets, for an increase of 581 bcf, or 3%.

During the nine months ended September 30, 2011, we invested \$4.276 billion in operated wells (using an average of 165 operated rigs) and \$1.136 billion in non-operated wells (using an average of 103 non-operated rigs) for total drilling and completing costs on proved and unproved properties of \$5.412 billion, net of drilling and completion carries of \$1.868 billion.

Our total net production for the nine months ended September 30, 2011 was 863.3 bcf, comprised of 731.9 billion cubic feet, or bcf, of natural gas (85% on a natural gas equivalent basis) and 21.9 million barrels, or mmbbls, of oil and natural gas liquids (15% on a natural gas equivalent basis). Daily production during the nine months ended September 30, 2011 averaged 3.162 bcf, an increase of 354 million cubic feet equivalent, or mmcf, or 13%, over the 2.808 bcf produced per day during the nine months ended September 30, 2010.

We recently announced preliminary operational information related to the 2011 full year. See **Recent Developments** **Operational Results**.

Since 2000, we have built the largest combined inventories of onshore leasehold (15.0 million net acres as of September 30, 2011) and 3-D seismic (30.1 million acres as of September 30, 2011) in the U.S. and the largest inventory of U.S. natural gas shale play leasehold (2.5 million net acres as of September 30, 2011). We

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now own leading positions in 12 of what we believe are the top 15 unconventional liquids-rich plays in the U.S. We are currently using 164 operated drilling rigs to further develop our inventory of approximately 38,700 net drill sites.

We recently announced that we are curtailing dry gas drilling and production activities, redirecting capital to our liquids-rich plays and further reducing our undeveloped leasehold expenditures. See [Recent Developments](#).

We are an Oklahoma corporation. Our principal offices are located at 6100 North Western Avenue, Oklahoma City, Oklahoma 73118, and our telephone number is 405-848-8000.

Recent Developments

Update to Our Operating and Strategic and Financial Plans for 2012

Update to Operating Plan in Response to Low Natural Gas Prices

In response to the lowest natural gas prices the U.S. has experienced in the past ten years, we have adopted a series of steps outlined below.

First, we plan to further reduce our operated dry gas drilling activity by 50% to approximately 24 rigs by the second quarter of 2012 from 47 dry gas rigs currently in use and by 67% from an average of approximately 75 dry gas rigs used during 2011. Our operated dry gas drilling capital expenditures in 2012, net of drilling carries, are expected to decrease to \$900 million, or approximately 70% from similar expenditures of \$3.1 billion in 2011.

Second, we are curtailing approximately 0.5 bcf per day, or 8%, of our operated gross gas production of 6.3 bcf per day as of January 23, 2012, and we will increase such curtailment up to approximately 1.0 bcf per day if conditions warrant. In addition, wherever possible, we are deferring completions of dry gas wells that have been drilled but not yet completed, and we are also deferring pipeline connections to dry gas wells that have already been completed.

Third, we intend to reallocate the capital savings from reduced dry gas drilling, well completion and pipeline connection activities to our liquids-rich plays that offer superior returns in the current strong liquids price environment. This reallocation will result in increased expenditures in certain of our liquids-rich plays, including the Eagle Ford Shale, Utica Shale, Mississippi Lime, Granite Wash, Cleveland, Tonkawa, Niobrara, Bone Spring, Avalon, Wolfcamp and Wolfberry plays. We estimate that approximately 85% of our 2012 total net operated drilling capital expenditures will be invested in our liquids-rich plays.

Fourth, we plan to further reduce our undeveloped leasehold expenditures, the majority of which have been focused on liquids-rich plays during the past three years. We are now targeting to invest approximately \$1.4 billion in undeveloped leasehold expenditures in 2012 (net of joint venture partner reimbursements), of which approximately 90% will target liquids-rich plays and 100% will be in plays where we are already active. This compares to undeveloped leasehold expenditures, net of joint venture partner reimbursements, of approximately \$3.4 billion and \$5.8 billion in 2011 and 2010, respectively.

For a discussion of the risks associated with lower natural gas and oil prices, please read [Risk Factors](#) [Risks Related to our Business](#) [Natural gas and oil prices fluctuate widely, and lower prices for an extended period of time are likely to have a material adverse effect on our business](#) and [Declines in the prices of natural gas and oil could result in a write-down of our asset carrying values](#).

Update to Capital Expenditure Plan

Our business strategy is to continue our reserves and production growth and transition to increased liquids production. As a result of this strategy, we plan to make capital expenditures in 2012 that will exceed our cash flow from operations. We plan to obtain funds for these capital expenditures from asset monetization transactions, such as joint ventures, volumetric production payments, royalty trusts and property dispositions.

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We recently announced that we are pursuing a volumetric production payment transaction in our Texas Granite Wash play and a strategic investment transaction in our Cleveland and Tonkawa plays, and we are targeting to close each of these transactions in the next 60 days. Additionally, we are pursuing a joint venture transaction involving some or all of our approximately 1.8 million net acres in the Mississippi Lime play in northern Oklahoma and southern Kansas. We also plan to seek a joint venture involving some or all of our approximately 1.5 million net acres in the Permian Basin in West Texas or, potentially, a sale of all of our interests in the Permian Basin. We are targeting completion of the Mississippi Lime and Permian Basin transactions by the end of the third quarter of 2012. Finally, we plan to continue to seek monetizations of a portion of our midstream assets, our oilfield service assets and other miscellaneous investments. While we expect that the proceeds from these transactions will be sufficient to fund our planned capital expenditures, we do not have binding agreements for any of these transactions, and our ability to consummate each of these transactions is subject to changes in market conditions and other factors. As a result, there can be no assurance that we will complete any of these transactions on a timely basis or at all. To the extent that proceeds from these potential transactions are inadequate to fund our planned spending, we would be required to reduce our capital spending, seek to monetize different or additional assets or pursue other funding alternatives. Please read **Risk Factors** **Risks Related to Our Business** Significant capital expenditures are required to replace our reserves and conduct our business.

Update to 30/25 Plan

Our 30/25 Plan calls for our long-term debt (net of cash) to be approximately \$9.5 billion as of December 31, 2012 and for us to increase our production by 30% during the two-year period ended December 31, 2012, net of property divestitures. Our long-term debt (net of cash) as of December 31, 2011 was approximately \$10.3 billion, a reduction of \$2.2 billion from the year-end 2010 level of \$12.5 billion. We will need to further reduce our long-term debt in order to achieve our 30/25 Plan goal. We may elect to do so by repaying our senior indebtedness, which may include exercising the special early redemption feature under the notes offered hereby. See **Description of Notes** **Redemption** **Special Early Redemption**. We plan to reduce our indebtedness through the asset monetization transactions described above. Such monetization transactions are subject to changes in market conditions and other factors, and there can be no assurance that we will complete any of these transactions on a timely basis or at all. Please read **Risk Factors** **Risks Related to Our Business** Significant capital expenditures are required to replace our reserves and conduct our business.

During 2011, we increased our annual production by 15% to an average of approximately 3.27 bcfe per day. Our decision to curtail natural gas production by 0.5 gross bcf per day could cause us to reduce our previously stated production growth goal of 30%.

Chesapeake Oilfield Operating Notes Offering

In 2011, we formed Chesapeake Oilfield Services, L.L.C. (**COS**) and its subsidiary, Chesapeake Oilfield Operating, L.L.C. (**COO**), and reorganized our oilfield services subsidiaries and operations as subsidiaries of COO. We refer to COS and its subsidiaries as the **Chesapeake Oilfield Services Companies**. In October 2011, COO issued \$650 million of 6.625% senior notes due 2019 (the **COO 2019 Senior Notes**) in a private placement. The COO 2019 Senior Notes are guaranteed by COO's subsidiaries (other than Chesapeake Oilfield Finance, Inc., the co-issuer of the COO 2019 Senior Notes). In connection with this issuance, COO and its subsidiaries were released from their guarantees and other credit support obligations that existed for the benefit of us and our other subsidiaries, including their guarantees of our senior notes, contingent convertible senior notes and corporate revolving bank credit facility, and none of the Chesapeake Oilfield Services Companies will guarantee the notes offered by this prospectus. The total assets of the Chesapeake Oilfield Services Companies were approximately \$1.364 billion as of September 30, 2011. For the nine-month period ended September 30, 2011, the Chesapeake Oilfield Services Companies generated approximately \$376 million of revenue and a net loss of \$10 million.

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Chesapeake Granite Wash Trust Initial Public Offering

In November 2011, Chesapeake Granite Wash Trust (the Trust) issued 23,000,000 common units representing beneficial interests in the Trust (the Common Units) at a price of \$19.00 per Common Unit in its initial public offering. The Common Units are listed on the New York Stock Exchange and trade under the symbol CHKR. We own an approximate 51% beneficial interest in the Trust, including 12,062,500 Common Units and 11,687,500 subordinated units representing beneficial interests in the Trust. The Trust has a total of 46,750,000 units outstanding.

In connection with the initial public offering of the Trust, we conveyed royalty interests to the Trust that entitle the Trust to receive a percentage of the proceeds (exclusive of any production or development costs but after deducting post-production expenses and any applicable taxes) that we receive from the production of hydrocarbons from 69 producing wells and 118 development wells to be drilled on approximately 45,400 gross acres (28,700 net acres) in the Colony Granite Wash play in Washita County in the Anadarko Basin of western Oklahoma. We are obligated to drill, or cause to be drilled, the development wells at our own expense prior to June 30, 2016, and the Trust will not be responsible for any costs related to the drilling of the development wells or any other operating or capital costs of the Trust properties. In addition, we granted to the Trust a lien on our remaining royalty interests in the development wells in order to secure our drilling obligation to the Trust, although the maximum amount that may be recovered by the Trust under such lien could not exceed \$263 million initially and is proportionately reduced as we fulfill our drilling obligation over time. As of February 3, 2012, we had drilled 20 development wells and the maximum amount recoverable under the drilling support lien was approximately \$218 million.

Utica Financial Transaction

During November and December 2011, we sold to certain investors (the Utica Investors), in a private placement, perpetual preferred shares (the Preferred Shares) of our wholly owned, unrestricted subsidiary, CHK Utica, L.L.C. (CHK Utica) and a 3% overriding royalty interest (ORRI) in up to 1,500 net wells drilled on certain of our Utica Shale leasehold for total proceeds of \$1.25 billion. Of the total proceeds, \$300 million was allocated to the ORRI and recorded as a liability pending the conveyance of the ORRI to the Utica Investors at which time the associated costs will be transferred to oil and gas properties. CHK Utica owns approximately 700,000 net leasehold acres within an area of mutual interest in the Utica Shale play covering 13 counties located primarily in eastern Ohio. We own all the common shares in CHK Utica and, subject to customary minority interest protections afforded the Utica Investors and the terms of the CHK Utica limited liability company operating agreement (the LLC Agreement), we control CHK Utica.

Dividends on the Preferred Shares are payable on a quarterly basis at a rate of 7% per annum. This dividend rate is subject to increase in limited circumstances in the event that, and only for so long as, revenues from the assets owned by CHK Utica are insufficient to fund the dividend in full in any quarter whether as a result of capital expenditures, drilling results or otherwise. We have retained an option to repurchase the Preferred Shares for cash, in whole or in part, in accordance with the LLC Agreement at a valuation expected to equal the greater of a 10% internal rate of return or a return on investment of 1.4x. In the event that such repurchase does not occur on or prior to October 31, 2018, we would expect the repurchase to be effected at a higher valuation. In connection with the formation of CHK Utica, we committed to drill a minimum of 50 net wells per year through 2016 in the CHK Utica area of mutual interest, up to a minimum cumulative total of 250 net wells, for the benefit of CHK Utica. If we fail to meet the then-current drilling commitment in any year, then we must pay to CHK Utica \$5 million for each well we are short of the then-current drilling commitment.

In connection with their equity investment in CHK Utica, the Utica Investors will also proportionately receive a 3% overriding royalty interest in the first 1,500 net wells drilled on our Utica Shale leasehold, which is the equivalent of an approximate 0.45% overriding royalty interest across our projected 10,000 net well

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inventory in the Utica Shale. Our average net revenue interest on our Utica Shale leasehold is approximately 83%. The overriding royalty interest received by the Utica Investors in such net wells is subject to increase from 3% to 4% in any year in which we do not meet our drilling commitment in connection with the royalty-related portion of the joint venture. Our drilling commitment in connection with the royalty-related portion of the investment expires in 2023.

Disposition of Appalachia Midstream Services, L.L.C.

In December 2011, we sold our wholly owned subsidiary, Appalachia Midstream Services, L.L.C. (AMS), to our affiliate, Chesapeake Midstream Partners, L.P. (CHKM), for total consideration of \$879 million, consisting of \$600 million in cash and 9,791,605 common units of CHKM valued at \$279 million, which increased our interest in CHKM from 42.3% to 46.1%. AMS owns an approximate 47% interest in 200 miles of gas gathering pipeline in the Marcellus Shale with gross throughput of 1.0 bcf per day. In connection with this transaction, we committed to pay CHKM quarterly any shortfall between the actual EBITDA from these assets and specified quarterly targets, which targets total \$100 million in 2012 and \$150 million in 2013.

Utica Joint Venture

In December 2011, we completed a joint venture transaction with Total E&P USA, Inc., a wholly owned subsidiary of Total, S.A. (Total), whereby Total acquired an undivided 25% interest in approximately 619,000 net acres in the Utica Shale (the JV Acreage). Of the JV Acreage, we contributed approximately 542,000 net acres and Houston-based EnerVest, Ltd. and its affiliates (EnerVest) contributed approximately 77,000 net acres. The JV Acreage covers all or a portion of 10 counties located in eastern Ohio.

We received consideration of \$2.03 billion in the transaction, consisting of \$610 million in cash at closing and approximately \$1.42 billion which will be paid in the form of a drilling and completion cost carry. Based on current drilling expectations, we anticipate the drilling and completion cost carry will be funded in full by Total by year-end 2014.

As part of the joint venture transaction, we, Total and EnerVest formed a jointly owned entity to design, acquire, construct, maintain and operate a gathering system that will serve to transport hydrocarbons produced from the JV Acreage pursuant to applicable gas gathering agreements.

Operational Results

On January 4, 2012, we announced the following preliminary operational information related to the 2011 full year:

average daily production for the 2011 full year of 3.27 bcfe, an increase of 15% over the 2.836 bcfe of daily production for the 2010 full year; and

year-end 2011 estimated proved reserves of approximately 18.8 tcf, an increase of approximately 1.7 tcf, or 10%, over year-end 2010 estimated proved reserves of 17.1 tcf, which growth occurred despite net divestitures of approximately 2.8 tcf of proved reserves during 2011.

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The summary below describes the principal terms of the notes. Some of the terms and conditions described below are subject to important limitations and exceptions. The *Description of Notes* section of this prospectus supplement contains a more detailed description of the terms and conditions of the notes.

Issuer	Chesapeake Energy Corporation.
Notes Offered	\$1.0 billion of our % Senior Notes due 2019.
Maturity Date	March 15, 2019.
Interest	Interest on the notes will accrue at an annual rate of %. Interest will be paid semi-annually in arrears on March 15 and September 15 of each year, commencing September 15, 2012.
Guarantees	<p>The notes will be unconditionally guaranteed, jointly and severally, by (i) each of our existing subsidiaries, excluding Chesapeake Midstream Development, L.P. and its subsidiaries and its general partner (the Chesapeake Midstream Companies), the Chesapeake Oilfield Services Companies, CHK Utica, and certain <i>de minimis</i> subsidiaries, and (ii) each of our future subsidiaries that guarantees any other indebtedness of us or a subsidiary guarantor in excess of \$25 million. The guarantee of any subsidiary guarantor will be released automatically if we dispose of the subsidiary guarantor or it ceases to guarantee certain other indebtedness of us or any other subsidiary guarantor. See <i>Description of Notes</i> Guarantees.</p> <p>At September 30, 2011, the total assets and total liabilities of our non-guarantor subsidiaries were approximately \$3.992 billion and \$2.323 billion, respectively, and, for the nine-month period ended September 30, 2011, our non-guarantor subsidiaries generated \$554 million and \$21 million of our revenues and net income attributable to Chesapeake, respectively, in each case, on a <i>pro forma</i> as adjusted basis after giving effect to the release of the Chesapeake Oilfield Services Companies from their guarantee as described under <i>Recent Developments</i> Chesapeake Oilfield Operating Notes Offering.</p>
Ranking	<p>The notes will be unsecured and will rank equally in right of payment to all of our existing and future senior indebtedness. The notes will rank senior in right of payment to all of our future subordinated indebtedness. The notes will be effectively subordinated to our and our guarantor subsidiaries existing and future secured debt and other secured obligations, including under our corporate revolving bank credit facility and our multi-counterparty secured hedging facility, to the extent of the value of the assets securing amounts outstanding under such facilities. The notes will also be effectively subordinated to the rights of creditors and preferred security holders of the Chesapeake Midstream Companies, the Chesapeake Oilfield Services Companies and CHK Utica. See <i>Description of Notes</i> Ranking.</p>

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As of September 30, 2011, we had an aggregate of approximately \$12.268 billion in principal amount of long-term indebtedness outstanding, consisting of (1) approximately \$8.705 billion of senior notes issued by Chesapeake Energy Corporation that will be pari passu with the notes offered hereby, (2) approximately \$3.236 billion in secured borrowings outstanding under Chesapeake's corporate revolving bank credit facility and (3) approximately \$327 million in borrowings outstanding under the midstream revolving bank credit facility, the borrowers and guarantors under which are not guarantors of Chesapeake's senior notes or the notes offered hereby. After giving effect to the transactions described in Capitalization, including the completion of this offering and the application of the net proceeds therefrom as described under Use of Proceeds, we would have had, on a pro forma as adjusted basis, as of September 30, 2011, an aggregate of approximately \$11.039 billion in principal amount of long-term indebtedness outstanding, consisting of (1) approximately \$9.705 billion of senior notes issued by Chesapeake Energy Corporation, which includes the principal amount of the notes offered hereby, (2) \$357 million in secured borrowings outstanding under Chesapeake's corporate revolving bank credit facility, and (3) \$977 million in borrowings outstanding under the midstream revolving bank credit facility and the outstanding COO 2019 Senior Notes, the borrowers, issuers and guarantors under which are not guarantors of Chesapeake's existing senior notes or the notes offered hereby. In addition to the long-term indebtedness described above, CHK Utica, which is not a guarantor of Chesapeake's existing senior notes or the notes offered hereby, is the issuer of a series of preferred stock having an aggregate liquidation preference of \$1.75 billion as of December 31, 2011.

Special Early Redemption

At any time from and including November 15, 2012 to and including March 15, 2013, we may redeem some or all of the notes at a redemption price equal to 100% of the principal amount of the notes plus accrued and unpaid interest, if any, to the date of redemption, described under Description of Notes Redemption Special Early Redemption; provided that after any redemption of the notes in part (and not in whole) pursuant to this redemption provision, at least \$250 million aggregate principal amount of the notes remains outstanding. We may redeem the notes pursuant to the special early redemption provisions so long as the notice of redemption is given during the Early Redemption Period.

Optional Redemption

At any time after March 15, 2013, we may redeem some or all of the notes prior to maturity at a price equal to 100% of the principal amount of the notes plus a make-whole premium, plus accrued and unpaid interest, if any, to the date of redemption, described under Description of Notes Redemption Optional Redemption.

Restrictive Covenants

The indenture governing the notes contains covenants that limit our ability and certain of our subsidiaries' ability to:

create liens securing certain indebtedness;

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enter into certain sale-leaseback transactions; and

consolidate, merge or transfer assets.

The covenants are subject to a number of exceptions and qualifications. See Description of Chesapeake Debt Securities Certain Covenants in the accompanying prospectus.

Use of Proceeds

We expect the net proceeds to us from this offering, after deducting the underwriting discount and estimated expenses, to be approximately \$982 million. We intend to use the net proceeds from this offering for general corporate purposes. Pending such use, we plan to use the net proceeds of this offering to repay amounts outstanding under our corporate revolving bank credit facility. See Use of Proceeds.

Book-Entry, Delivery and Form

Initially, the notes will be represented by one or more permanent global certificates in definitive, fully registered form deposited with a custodian for, and registered in the name of, a nominee of The Depository Trust Company.

Conflicts of Interest

Because affiliates of Merrill Lynch, Pierce, Fenner & Smith Incorporated will receive 5% of the net proceeds of this offering, this offering is being made in compliance with Rule 5121 of the rules of the Financial Industry Regulatory Authority, Inc. (FINRA). Accordingly, Morgan Stanley & Co. LLC is assuming the responsibilities of acting as the qualified independent underwriter in pricing the offering and conducting due diligence. No underwriter having a conflict of interest under FINRA Rule 5121 will confirm sales to any account over which the underwriter exercises discretionary authority without the specific written approval of the accountholder.

Risk Factors

You should carefully consider all information in this prospectus supplement, the accompanying prospectus and the documents incorporated by reference herein as set out in the section entitled Where You Can Find More Information. In particular, you should evaluate the specific risk factors set forth in the section entitled Risk Factors in this prospectus supplement for a discussion of risks relating to an investment in the notes.

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The following tables set forth summary consolidated financial data as of and for each of the three years ended December 31, 2010, 2009 and 2008 and the nine months ended September 30, 2011 and 2010. This data (other than balance sheet data for 2008, which was derived from previously filed audited financial statements) was derived from our audited consolidated financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2010 and from our unaudited condensed consolidated financial statements included in our Quarterly Report on Form 10-Q for the nine months ended September 30, 2011, each of which is incorporated by reference herein. Operating results for interim periods are not necessarily indicative of the results that may be expected for a full year period. The historical financial information may not be indicative of our future performance. The financial data below should be read together with, and is qualified in its entirety by reference to, our historical consolidated financial statements and the accompanying notes and Management's Discussion and Analysis of Financial Condition and Results of Operations appearing in such Annual Report on Form 10-K and Quarterly Report on Form 10-Q.

	Years Ended December 31,			Nine Months Ended	
	2010	2009	2008	2011	2010
	(\$ in millions, except per share data)				
Statement of Operations Data:					
Revenues:					
Natural gas and oil sales	\$ 5,647	\$ 5,049	\$ 7,858	\$ 4,688	\$ 4,698
Marketing, gathering and compression sales	3,479	2,463	3,598	3,844	2,520
Oilfield services revenue	240	190	173	376	173
Total Revenues	9,366	7,702	11,629	8,908	7,391
Operating Costs:					
Production expenses	893	876	889	782	652
Production taxes	157	107	284	140	119
General and administrative expenses	453	349	377	410	340
Marketing, gathering and compression expenses	3,352	2,316	3,505	3,744	2,429
Oilfield services expense	208	182	143	287	154
Natural gas and oil depreciation, depletion and amortization	1,394	1,371	1,970	1,147	1,025
Depreciation and amortization of other assets	220	244	174	206	159
Impairment of natural gas and oil properties		11,000	2,800		
(Gains) or losses on sales of other property and equipment	(137)	38		3	17
Other impairments	21	130	30	4	20
Restructuring costs		34			
Total Operating Costs	6,561	16,647	10,172	6,723	4,915
Income (loss) from operations	2,805	(8,945)	1,457	2,185	2,476
Other Income (expense):					
Interest expense	(19)	(113)	(271)	(37)	(12)
Earnings (losses) on investments	227	(39)	(38)	100	190
Losses on purchases or exchanges of debt	(129)	(40)	(4)	(176)	(130)
Impairments of investments	(16)	(162)	(180)		(16)
Other income	16	11	27	9	12
Total Other Income (Expense)	79	(343)	(466)	(104)	44
Income (loss) before income taxes	2,884	(9,288)	991	2,081	2,520

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	Years Ended December 31,			Nine Months Ended	
	2010	2009	2008	September 30, 2011	2010
	(\$ in millions, except per share data)				
Income tax expense (benefit):					
Current income taxes		4	423	11	4
Deferred income taxes	1,110	(3,487)	(36)	801	966
Total income tax expense (benefit)	1,110	(3,483)	387	812	970
Net income (loss)	1,774	(5,805)	604	1,269	1,550
Net (income) attributable to noncontrolling interest		(25)			
Net income (loss) attributable to Chesapeake	1,774	(5,830)	604	1,269	1,550
Preferred stock dividends	(111)	(23)	(33)	(128)	(68)
Loss on conversion/exchange of preferred stock			(67)		
Net income (loss) available to Chesapeake common stockholders	\$ 1,663	\$ (5,853)	\$ 504	\$ 1,141	\$ 1,482
Earnings (loss) per common share basic	\$ 2.63	\$ (9.57)	\$ 0.94	\$ 1.79	\$ 2.35
Earnings (loss) per common share assuming dilution	\$ 2.51	\$ (9.57)	\$ 0.93	\$ 1.69	\$ 2.24
Cash dividends declared per common share	\$ 0.30	\$ 0.30	\$ 0.2925	\$ 0.25	\$ 0.225
Cash Flow Data:					
Cash provided by operating activities	\$ 5,117	\$ 4,356	\$ 5,357	\$ 3,724	\$ 3,971
Cash used in investing activities	(8,503)	(5,462)	(9,965)	(3,715)	(5,665)
Cash provided by (used in) financing activities	3,181	(336)	6,356		1,996
Other Financial Data:					
Ratio of earnings (loss) to fixed charges (1) (2)	3.5x	(9.9)x	1.6x	3.6x	4.0x
Insufficient coverage		9,726			
Ratio of total debt to EBITDA	2.8x	(1.6)x	3.9x	3.4x	3.1
EBITDA (3)	\$ 4,517	\$ (7,560)	\$ 3,406	\$ 3,471	\$ 3,716
Balance Sheet Data:					
Total assets	\$ 37,179	\$ 29,914	\$ 38,593	\$ 40,122	\$ 34,333
Long-term debt, net	12,640	12,295	13,175	11,789	11,445
Total equity	15,264	12,341	17,017	16,298	15,273

- (1) For purposes of determining the ratios of earnings (loss) to fixed charges, earnings (loss) are defined as net income (loss) before income taxes, cumulative effect of accounting changes, interest expense, pretax gain or loss on investment in equity investees in excess of distributed earnings, amortization of capitalized interest and loan cost amortization. Fixed charges consist of interest (whether expensed or capitalized and excluding the effect of unrealized gains or losses on interest rate derivatives), and loan cost amortization.
- (2) The ratio of earnings to fixed charges for the years ended December 31, 2006 and 2007 was 7.0x and 4.0x, respectively.
- (3) EBITDA represents net income (loss) before income tax expense (benefit), interest expense, natural gas and oil depreciation, depletion and amortization and depreciation and amortization of other assets. EBITDA is presented as a supplemental financial measurement in the evaluation of our business. We believe that it provides additional information regarding our ability to meet our future debt service, capital expenditures and working capital requirements. This measure is widely used by investors and rating agencies in the valuation, comparison, rating and investment recommendations of companies. EBITDA is also a financial measurement that, with certain negotiated adjustments, is used in the financial covenants in our corporate revolving bank credit facility. EBITDA is not a measure of financial performance under GAAP. Accordingly, it should not be considered as a substitute for net income, income from operations or cash flow provided by operating activities prepared in accordance with GAAP.

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EBITDA is reconciled to net income (loss) as follows:

	Years Ended December 31,			Nine Months Ended	
	2010	2009	2008	2011	2010
	(\$ in millions)				
Net income (loss)	\$ 1,774	\$ (5,805)	\$ 604	\$ 1,269	\$ 1,550
Income tax expense (benefit)	1,110	(3,483)	387	812	970
Interest expense	19	113	271	37	12
Natural gas and oil depreciation, depletion and amortization	1,394	1,371	1,970	1,147	1,025
Depreciation and amortization of other assets	220	244	174	206	159
EBITDA	\$ 4,517	\$ (7,560)	\$ 3,406	\$ 3,471	\$ 3,716

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Table of Contents**Summary Reserve Information**

The following table sets forth our estimated proved reserves and the present value of our proved reserves as of December 31, 2010. For the purpose of determining the economic producibility of our proved reserves, we used the unweighted arithmetic average of the prices on the first day of each month within the 12-month period ended December 31, 2010, which were \$4.38 per thousand cubic feet, or mcf, of natural gas and \$79.42 per barrel of oil, before price differential adjustments.

	Natural Gas (bcf)	Oil (mmbbl) (1)	Natural Gas Equivalent (bcfe) (2)	Percent of Proved Reserves	Present Value (3) (\$ in millions)
Mid-Continent	3,704	193.7	4,867	28%	\$ 6,588
Haynesville/Bossier Shale	3,583		3,583	21	2,408
Barnett Shale	2,995	11.2	3,063	18	1,299
Fayetteville Shale	2,396		2,396	14	1,457
Permian and Delaware Basins	515	43.1	774	4	1,058
Marcellus Shale	801	10.0	860	5	1,497
Eagle Ford Shale	58	8.2	108	1	245
Rockies/Williston Basin	3	0.8	7		15
Other	1,400	6.4	1,438	9	579
Total	15,455	273.4	17,096	100%	\$ 15,146

(1) Includes natural gas liquids.

(2) Natural gas equivalent based on six mcf of natural gas to one barrel of oil.

(3) Represents the present value, discounted at 10% per annum, of estimated future net revenue to be generated from the production of proved reserves, net of estimated production and future development costs, using prices and costs under existing economic conditions at December 31, 2010. The prices used in our external and internal reserve reports were calculated by using the unweighted arithmetic average of the prices on the first day of each month within the 12-month period ended December 31, 2010, and were \$4.38 per mcf of natural gas and \$79.42 per barrel of oil, before price differential adjustments. These prices should not be interpreted as a prediction of future prices, nor do they reflect the value of our commodity hedges in place at December 31, 2010. The amounts shown do not give effect to non-property related expenses, such as corporate general and administrative expenses and debt service, or to depreciation, depletion and amortization. Estimated future net revenue and the present value thereof differ from future net cash flows and the standardized measure thereof only because the former do not include the effects of estimated future income tax expenses (\$2.0 billion as of December 31, 2010). Management uses future net revenue, which is calculated without deducting estimated future income tax expenses, and the present value thereof as one measure of the value of the company's current proved reserves and to compare relative values among peer companies without regard to income taxes. We also understand that securities analysts and rating agencies use this measure in similar ways. While future net revenue and present value are based on prices, costs and discount factors which are consistent from company to company, the standardized measure of discounted future net cash flows is dependent on the unique tax situation of each individual company.

Future prices and costs may be materially higher or lower than the prices and costs as of the date of any estimate. A change in price of \$0.10 per mcf for natural gas and \$1.00 per barrel for oil would result in a change in our December 31, 2010 present value of estimated future net revenue of proved reserves of approximately \$600 million and \$90 million, respectively.

Table of Contents**Summary Production, Sales, Prices and Expenses Data**

The following table sets forth information regarding the production volumes, natural gas and oil sales, average sales prices received, other operating income and expenses for the periods indicated:

	Years Ended December 31,			Nine Months Ended September 30,	
	2010	2009	2008	2011	2010
Net Production:					
Natural gas (bcf)	924.9	834.8	775.4	731.9	689.6
Oil (mmbbl) (1)	18.4	11.8	11.2	21.9	12.8
Natural gas equivalent (bcfe)	1,035.2	905.5	842.7	863.3	766.6
Natural Gas and Oil Sales (\$ in millions):					
Natural gas sales	\$ 3,169	\$ 2,635	\$ 6,003	\$ 2,412	\$ 2,504
Natural gas derivatives realized gains (losses)	1,982	2,313	267	1,322	1,418
Natural gas derivatives unrealized gains (losses)	425	(492)	521	(693)	534
Total natural gas sales	5,576	4,456	6,791	3,041	4,456
Oil sales (1)	1,079	656	1,066	1,480	739
Oil derivatives realized gains (losses)	74	33	(275)	(82)	66
Oil derivatives unrealized gains (losses)	(1,082)	(96)	276	249	(563)
Total oil sales	71	593	1,067	1,647	242
Total natural gas and oil sales	\$ 5,647	\$ 5,049	\$ 7,858	\$ 4,688	\$ 4,698
Average Sales Price					
(excluding gains (losses) on derivatives):					
Natural gas (\$ per mcf)	\$ 3.43	\$ 3.16	\$ 7.74	\$ 3.30	\$ 3.63
Oil (\$ per bbl)	\$ 58.67	\$ 55.60	\$ 95.04	\$ 67.53	\$ 57.57
Natural gas equivalent (\$ per mcfe)	\$ 4.10	\$ 3.63	\$ 8.39	\$ 4.51	\$ 4.23
Average Sales Price					
(excluding unrealized gains (losses) on derivatives):					
Natural gas (\$ per mcf)	\$ 5.57	\$ 5.93	\$ 8.09	\$ 5.10	\$ 5.69
Oil (\$ per bbl)	\$ 62.71	\$ 58.38	\$ 70.48	\$ 63.80	\$ 62.75
Natural gas equivalent (\$ per mcfe)	\$ 6.09	\$ 6.22	\$ 8.38	\$ 5.94	\$ 6.17
Other Operating Income (2) (\$ per mcfe):					
Marketing, gathering and compression net margin	\$ 0.12	\$ 0.16	\$ 0.11	\$ 0.12	\$ 0.12
Oilfield services net margin	\$ 0.03	\$ 0.01	\$ 0.04	\$ 0.10	\$ 0.03
Expenses (\$ per mcfe):					
Production expenses	\$ 0.86	\$ 0.97	\$ 1.05	\$ 0.91	\$ 0.85
Production taxes	\$ 0.15	\$ 0.12	\$ 0.34	\$ 0.16	\$ 0.16
General and administrative expenses	\$ 0.44	\$ 0.38	\$ 0.45	\$ 0.47	\$ 0.44
Natural gas and oil depreciation, depletion and amortization	\$ 1.35	\$ 1.51	\$ 2.34	\$ 1.33	\$ 1.34
Depreciation and amortization of other assets	\$ 0.21	\$ 0.27	\$ 0.21	\$ 0.24	\$ 0.21
Interest expense (3)	\$ 0.08	\$ 0.22	\$ 0.22	\$ 0.03	\$ 0.11

(1) Includes natural gas liquids.

- (2) Includes revenue and operating costs and excludes depreciation and amortization of other assets.

- (3) Includes the effects of realized gains or losses from interest rate derivatives, but does not include the effects of unrealized gains or losses and is net of amounts capitalized.

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RISK FACTORS

In addition to the other information set forth elsewhere or incorporated by reference in this prospectus supplement and the accompanying prospectus, the following risks related to our business and the offering should be considered carefully before making an investment in the notes offered hereby.

Risks Related to Our Business

Natural gas and oil prices fluctuate widely, and lower prices for an extended period of time are likely to have a material adverse effect on our business.

Our revenues, operating results, profitability and ability to grow depend primarily upon the prices we receive for the natural gas and oil we sell. We require substantial expenditures to replace reserves, sustain production and fund our business plans. Lower natural gas or oil prices can negatively affect the amount of cash flow available for capital expenditures and our ability to borrow money or raise additional capital and, as a result, could have a material adverse effect on our financial condition, results of operations and reserves. In addition, lower prices may result in ceiling test write-downs of our natural gas and oil properties. We urge you to read the risk factors below for a more detailed description of each of these risks.

Historically, the markets for natural gas and oil have been volatile and they are likely to continue to be volatile. Wide fluctuations in natural gas and oil prices may result from relatively minor changes in the supply of and demand for natural gas and oil, market uncertainty and other factors that are beyond our control, including:

domestic and worldwide supplies of natural gas, natural gas liquids and oil, including U.S. inventories of natural gas and oil reserves;

weather conditions;

changes in the level of consumer demand;

the price and availability of alternative fuels;

the availability, proximity and capacity of pipelines, other transportation facilities and processing facilities;

the level and effect of trading in commodity futures markets, including by commodity price speculators and others;

the price and level of foreign imports;

the nature and extent of domestic and foreign governmental regulations and taxes;

the ability of the members of the Organization of Petroleum Exporting Countries to agree to and maintain oil price and production controls;

political instability or armed conflict in oil and gas producing regions; and

overall domestic and global economic conditions.

These factors and the volatility of the energy markets make it extremely difficult to predict future natural gas and oil price movements with any certainty. Record-high supplies of natural gas and weak demand during one of the mildest winters on record in the U.S. have resulted in gas prices at 10-year lows in early 2012.

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Further, the prices of natural gas and oil have not moved in tandem in recent years, creating a value gap that has caused us to shift our focus from dry gas plays to liquids-rich plays. See Summary Recent Developments. While we anticipate that more than 50% of our 2012 revenue will come from our oil and natural gas liquids production, based on current NYMEX strip prices and our current hedging positions, approximately 83% of our estimated reserves at December 31, 2011 were natural gas reserves. A substantial or extended decline in natural gas or oil prices could negatively affect the quantities of natural gas and oil reserves that may be economically produced.

We have historically hedged significant amounts of our anticipated production in order to mitigate a portion of our exposure to adverse market changes in natural gas and oil prices. While portions of our anticipated oil production are hedged through swaps and written call options, we currently have no natural gas price swaps that cover natural gas production. Our natural gas derivatives consist of written call options and basis protection swaps and cover only a small portion of our expected 2012 and 2013 natural gas production. As a consequence, our revenues and results of operations will be more significantly exposed to changes in commodity prices than in historical periods.

Our level of indebtedness may limit our financial flexibility.

As of September 30, 2011, we had approximately \$12.268 billion in principal amount of senior indebtedness outstanding, and our net indebtedness represented 42% of our total book capitalization (total book capitalization excludes noncontrolling interests). After giving effect to the transactions described in Capitalization, including the completion of this offering and the application of the net proceeds therefrom as described under Use of Proceeds, we would have had, on a *pro forma* as adjusted basis as of September 30, 2011, approximately \$11.039 billion in principal amount of senior indebtedness outstanding, and our net indebtedness would have represented 38% of our total book capitalization (total book capitalization excludes noncontrolling interests). In addition, our subsidiary, CHK Utica, which is not a guarantor of the notes, has outstanding perpetual preferred stock having an aggregate liquidation preference of \$1.75 billion as of December 31, 2011.

Our level of indebtedness affects our operations in several ways, including the following:

a portion of our cash flows from operating activities must be used to service our indebtedness and is not available for other purposes;

we may be at a competitive disadvantage compared to similar companies that have less debt;

the covenants contained in the agreements governing our outstanding indebtedness and future indebtedness may limit our ability to borrow additional funds, pay dividends and make certain investments and may also affect our flexibility in planning for, and reacting to, changes in the economy and in our industry;

the midstream revolving bank credit facility, the oilfield services revolving bank credit facility and the indenture governing the COO 2019 Senior Notes restrict the payment of dividends or distributions to Chesapeake;

additional financing in the future for working capital, capital expenditures, acquisitions, general corporate or other purposes may have higher costs and more restrictive covenants; and

a lowering of the credit ratings of our debt may negatively affect the cost, terms, conditions and availability of future financing, and lower ratings will increase the interest rate we pay on our corporate revolving bank credit facility.

The borrowing base of our corporate revolving bank credit facility is subject to periodic redetermination and is based in part on natural gas and oil prices. A lowering of our borrowing base because of lower natural gas and oil prices or for other reasons could require us to repay indebtedness in excess of the borrowing base, or we

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might need to further secure the lenders with additional collateral. We may incur additional debt, including secured indebtedness, in order to develop our properties and make future acquisitions. A higher level of indebtedness increases the risk that we may default on our obligations. Our ability to meet our debt obligations and to reduce our level of indebtedness depends on our future performance. General economic conditions, natural gas and oil prices and financial, business and other factors affect our operations and our future performance. Many of these factors are beyond our control. Factors that will affect our ability to raise cash through an offering of our capital stock or a refinancing of our debt include financial market conditions, the value of our assets and our performance at the time we need capital. In addition, our failure to comply with the financial and other restrictive covenants relating to our indebtedness could result in a default under that indebtedness, which could adversely affect our business, financial condition and results of operations.

We recently announced an update to our operations and capital spending program in 2012, including our previously announced 30/25 Plan, pursuant to which we intend to engage in certain monetization transactions and apply a portion of the net proceeds to reduce our overall level of indebtedness. If we are unable to consummate such contemplated monetization transactions or if such transactions do not generate the proceeds we are anticipating, we would be required to seek to identify, pursue and obtain funds from other monetization transactions or other sources in order to meet our operating, capital spending and debt reduction plans. See [Summary Recent Developments](#).

Declines in the prices of natural gas and oil could result in a write-down of our asset carrying values.

We utilize the full-cost method of accounting for costs related to our natural gas and oil properties. Under this method, all such costs (for both productive and nonproductive properties) are capitalized and amortized on an aggregate basis over the estimated lives of the properties using the unit-of-production method. However, these capitalized costs are subject to a ceiling test which limits such pooled costs to the aggregate of the present value of future net revenues attributable to proved natural gas and oil reserves discounted at 10% plus the lower of cost or market value of unproved properties. The full-cost ceiling is evaluated at the end of each quarter using the unweighted arithmetic average of the prices on the first day of each month within the 12-month period ending in the quarter, adjusted for the impact of derivatives accounted for as cash flow hedges. We are required to write down the carrying value of our natural gas and oil assets if capitalized costs exceed the ceiling limit, and such write-downs can be material. For example, our financial statements for the year ended December 31, 2009 reflect an impairment of approximately \$6.9 billion, net of income tax, of our natural gas and oil properties.

The risk that we will be required to write down the carrying value of our natural gas and oil properties increases when natural gas and oil prices are low or volatile. Natural gas prices declined significantly in late 2011 and early 2012 to the lowest level in recent years and continue to trade near historic lows. Although we do not anticipate an impairment of our natural gas and oil properties as of December 31, 2011, sustained low natural gas prices and other factors could cause us to be required to write down our natural gas and oil properties or other assets in the future and incur a non-cash charge against future earnings.

Significant capital expenditures are required to replace our reserves and conduct our business.

Our exploration, development and acquisition activities and our midstream and oilfield services businesses require substantial capital expenditures. We fund our capital expenditures through a combination of cash flows from operations and borrowings under our corporate, midstream and oilfield services revolving bank credit facilities and, to the extent those sources are not sufficient, from debt and equity issuances, subsidiary-level financings and asset monetizations. Future cash flows from operations are subject to a number of risks and variables, such as the level of production from existing wells, prices of natural gas and oil, our success in developing and producing new reserves and the other risk factors discussed herein. Our ability to obtain capital from other sources, such as the capital markets, subsidiary-level financings and asset monetizations, is dependent upon many of those same factors as well as the orderly functioning of credit and capital markets. We plan to make capital expenditures in 2012 that exceed our estimated 2012 cash flows from operations, and we anticipate funding this difference with the proceeds from

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asset monetization transactions, such as joint ventures, volumetric production payments, royalty trusts and property dispositions. To the extent that proceeds from these potential transactions are inadequate to fund our planned spending, we would be required to reduce our capital spending, seek to monetize different or additional assets or pursue other funding alternatives, and we would have a reduced ability to replace our reserves.

If we are not able to replace reserves, we may not be able to sustain production.

Our future success depends largely upon our ability to find, develop or acquire additional natural gas and oil reserves that are economically recoverable. Unless we replace the reserves we produce through successful development, exploration or acquisition activities, our proved reserves and production will decline over time. In addition, approximately 47% of our total estimated proved reserves (by volume) at December 31, 2010 were undeveloped. Recovery of such reserves will require significant capital expenditures and successful drilling operations. Our reserve estimates at December 31, 2010 reflected a decline in the production rate on producing properties of approximately 30% in 2011 and 19% in 2012. Thus, our future natural gas and oil reserves and production and, therefore, our cash flow and income are highly dependent on our success in efficiently developing and exploiting our current reserves and economically finding or acquiring additional recoverable reserves.

The actual quantities and present value of our proved reserves may be different than we have estimated.

This prospectus supplement contains and incorporates by reference estimates of our proved reserves and the estimated future net revenues from our proved reserves. These estimates are based upon various assumptions, including assumptions required by the SEC relating to natural gas and oil prices, drilling and operating expenses, capital expenditures, taxes and availability of funds. The process of estimating natural gas and oil reserves is complex and involves significant decisions and assumptions associated with geological, geophysical, engineering and economic data for each well. Therefore, these estimates are subject to future revisions.

Actual future production, natural gas and oil prices, revenues, taxes, development expenditures, operating expenses and quantities of recoverable natural gas and oil reserves most likely will vary from these estimates. Such variations may be significant and could materially affect the estimated quantities and present value of our proved reserves. In addition, we may adjust estimates of proved reserves to reflect production history, results of exploration and development drilling, prevailing natural gas and oil prices and other factors, many of which are beyond our control.

At December 31, 2010, approximately 47% of our estimated proved reserves (by volume) were undeveloped. These reserve estimates reflected our plans to make significant capital expenditures to convert our proved undeveloped reserves (PUDs) into proved developed reserves, including approximately \$10.6 billion during the five years ending in 2015. You should be aware that the estimated development costs may not be accurate, development may not occur as scheduled and results may not be as estimated. If we choose not to develop PUDs, or if we are not otherwise able to successfully develop them, we will be required to remove the associated volumes from our reported proved reserves. In addition, under the SEC's reserve reporting rules, because PUDs generally may be booked only if they relate to wells scheduled to be drilled within five years of the date of booking, we may be required to write off any PUDs that are not developed within this five-year time frame.

You should not assume that the present values included or incorporated by reference in this prospectus supplement represent the current market value of our estimated natural gas and oil reserves. In accordance with SEC requirements, the estimates of our present values are based on prices and costs as of the date of the estimates. The price on the date of estimate is calculated as the average natural gas and oil price during the 12 months ending in the current reporting period, determined as the unweighted arithmetic average of prices on the first day of each month within the 12-month period. The December 31, 2010 present value is based on \$4.38 per mcf of natural gas and \$79.42 per barrel of oil before price differential adjustments. Actual future prices and costs may be materially higher or lower than the prices and costs as of the date of an estimate.

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Any changes in consumption by natural gas and oil purchasers or in governmental regulations or taxation will also affect the actual future net cash flows from our production.

The timing of both the production and the expenses from the development and production of natural gas and oil properties will affect both the timing of actual future net cash flows from our proved reserves and their present value. In addition, the 10% discount factor which is required by the SEC to be used in calculating discounted future net cash flows for reporting purposes, is not necessarily the most accurate discount factor. The effective interest rate at various times and the risks associated with our business or the natural gas and oil industry in general will affect the accuracy of the 10% discount factor.

Our development and exploratory drilling efforts and our well operations may not be profitable or achieve our targeted returns.

We acquire significant amounts of unproved property in order to further our development efforts. Development and exploratory drilling and production activities are subject to many risks, including the risk that no commercially productive reservoirs will be discovered. We acquire unproved properties and lease undeveloped acreage that we believe will enhance our growth potential and increase our earnings over time. However, we cannot assure you that all prospects will be economically viable or that we will not abandon our initial investments. Additionally, there can be no assurance that unproved property acquired by us or undeveloped acreage leased by us will be profitably developed, that new wells drilled by us in prospects that we pursue will be productive or that we will recover all or any portion of our investment in such unproved property or wells.

Drilling for natural gas and oil may involve unprofitable efforts, not only from dry wells but also from wells that are productive but do not produce sufficient commercial quantities to cover the drilling, operating and other costs. The cost of drilling, completing and operating a well is often uncertain, and many factors can adversely affect the economics of a well or property. Drilling operations may be curtailed, delayed or canceled as a result of unexpected drilling conditions, equipment failures or accidents, shortages of equipment or personnel, environmental issues, state or local bans or moratoriums on hydraulic fracturing and for other reasons. In addition, wells that are profitable may not meet our internal return targets, which are dependent upon the current and future market prices for natural gas and crude oil, costs associated with producing natural gas and oil and our ability to add reserves at an acceptable cost. We rely to a significant extent on seismic data and other advanced technologies in identifying unproved property prospects and in conducting our exploration activities. The seismic data and other technologies we use do not allow us to know conclusively, prior to acquisition of unproved property or drilling a well, whether natural gas or oil is present or may be produced economically. The use of seismic data and other technologies also requires greater pre-drilling expenditures than traditional drilling strategies. Drilling results in our newer natural gas and liquids-rich unconventional plays may be more uncertain than in unconventional plays that are more developed and have longer established production histories, and we can provide no assurance that drilling and completion techniques that have proven to be successful in other unconventional formations to maximize recoveries will be ultimately successful when used in new unconventional formations.

Certain of our undeveloped leasehold assets are subject to leases that will expire over the next several years unless production is established on units containing the acreage.

Leases on natural gas and oil properties typically have a term of three to five years after which they expire unless, prior to expiration, a well is drilled and production of hydrocarbons in paying quantities is established. If our leases expire and we are unable to renew the leases, we will lose our right to develop the related properties. While we seek to actively manage our leasehold inventory using our drilling rig fleet and service operations to drill sufficient wells to hold the leasehold that we believe is material to our operations, our drilling plans for these areas are subject to change based upon various factors, including drilling results, natural gas and oil prices, the availability and cost of capital, drilling and production costs, availability of drilling services and equipment, gathering system and pipeline transportation constraints and regulatory approvals.

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Our hedging activities may reduce the realized prices we receive for our natural gas and oil sales, require us to provide collateral for hedging liabilities and involve risk that our counterparties may be unable to satisfy their obligations to us.

In order to manage our exposure to price volatility in marketing our natural gas and oil, we enter into natural gas and oil price risk management arrangements for a portion of our expected production. Commodity price hedging may limit the prices we actually realize and therefore reduce natural gas and oil revenues in the future. Our commodity hedging activities impact our earnings in various ways, including recognition of certain mark-to-market gains and losses on derivative instruments. The fair value of our natural gas and oil derivative instruments can fluctuate significantly between periods. In addition, our commodity price risk management transactions may expose us to the risk of financial loss in certain circumstances, including instances in which our production is less than expected.

Hedging transactions involve the risk that counterparties, which are generally financial institutions, may be unable to satisfy their obligations to us. Although the counterparties to our multi-counterparty secured hedging facility are required to secure their hedging obligations to us under certain scenarios, if any of our counterparties were to default on its obligations to us under the hedging contracts or seek bankruptcy protection, it could have an adverse effect on our ability to fund our planned activities and could result in a larger percentage of our future production being subject to commodity price changes. The risk of counterparty default is heightened in a poor economic environment.

A substantial portion of our natural gas and oil derivative contracts are with the 18 counterparties to our multi-counterparty hedging facility. Our obligations under the facility are secured by natural gas and oil proved reserves, the value of which must cover the fair value of the transactions outstanding under the facility by at least 1.65 times. Under certain circumstances, such as a spike in volatility measures without a corresponding change in commodity prices, the collateral value could fall below the coverage designated, and we would be required to post additional reserve collateral to our hedge facility. If we did not have sufficient unencumbered natural gas and oil properties available to cover the shortfall, we would be required to post cash or letters of credit with the counterparties. Future collateral requirements are dependent to a great extent on natural gas and oil prices.

Natural gas and oil drilling and producing operations can be hazardous and may expose us to liabilities, including environmental liabilities.

Natural gas and oil operations are subject to many risks, including well blowouts, cratering and explosions, pipe failures, fires, formations with abnormal pressures, uncontrollable flows of natural gas, oil, brine or well fluids and other environmental hazards and risks. Our drilling operations involve risks from high pressures and from mechanical difficulties such as stuck pipes, collapsed casings and separated cables. Some of these risks or hazards could materially and adversely affect our revenues and expenses by reducing or shutting in production from wells or otherwise negatively impacting the projected economic performance of our prospects. If any of these risks occurs, we could sustain substantial losses as a result of:

injury or loss of life;

severe damage to or destruction of property, natural resources or equipment;

pollution or other environmental damage;

clean-up responsibilities;

regulatory investigations and administrative, civil and criminal penalties; and

injunctions resulting in limitation or suspension of operations.

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There is inherent risk of incurring significant environmental costs and liabilities in our operations due to our use, generation, handling and disposal of materials, including wastes, petroleum hydrocarbons and other chemicals. We may incur joint and several, strict liability under applicable U.S. federal and state environmental laws in connection with releases of petroleum hydrocarbons and other hazardous substances at, on, under or from our leased or owned properties resulting from current or historical operations. In some cases our properties have been used for natural gas and oil exploration and production activities for a number of years, often by third parties not under our control. We also could incur material fines, penalties and government or third-party claims as a result of violations of, or liabilities under, applicable environmental laws and regulations. For our non-operated properties, we are dependent on the operator for operational and regulatory compliance. While we maintain insurance against some, but not all, of the risks described above, our insurance may not be adequate to cover casualty losses or liabilities, and our insurance does not cover penalties or fines that may be assessed by a governmental authority. Also, in the future we may not be able to obtain insurance at premium levels that justify its purchase.

Federal and state legislative and regulatory initiatives relating to hydraulic fracturing could result in increased costs and additional operating restrictions or delays.

It is customary in our industry to recover natural gas and oil from deep shale and other formations through the use of horizontal drilling combined with hydraulic fracturing. Hydraulic fracturing is the process of creating or expanding cracks, or fractures, in formations underground where water, sand and other additives are pumped under high pressure into the formation. We use hydraulic fracturing as a means to increase the productivity of almost every well that we drill and complete.

The hydraulic fracturing process is typically regulated by state oil and natural gas commissions. Certain states, including Pennsylvania, Texas and Wyoming, have adopted, and other states are considering adopting, regulations that could impose more stringent permitting, public disclosure, and well construction requirements on hydraulic fracturing operations or otherwise seek to ban fracturing activities altogether. In addition to state laws, some local municipalities have adopted or are considering adopting land use restrictions, such as city ordinances, that may restrict or prohibit the performance of well drilling in general and/or hydraulic fracturing in particular. Additionally, the U.S. Environmental Protection Agency (the EPA) has asserted federal regulatory authority over certain hydraulic fracturing activities involving diesel fuel under the Safe Drinking Water Act and is completing the process of drafting guidance documents related to this newly asserted regulatory authority. Legislation has been introduced before Congress, called the Fracturing Responsibility and Awareness of Chemicals Act, to provide for broader federal regulation of hydraulic fracturing activities and to require disclosure of the chemicals used in the hydraulic fracturing process. There are also certain governmental reviews either underway or being proposed that focus on deep shale and other formation completion and production practices, including hydraulic fracturing. Depending on the outcome of these studies, federal and state legislatures and agencies may seek to further regulate such activities.

The EPA has published proposed New Source Performance Standards (NSPS) and National Emissions Standards for Hazardous Air Pollutants (NESHAP) that, if adopted as proposed, would amend existing NSPS and NESHAP standards for oil and gas facilities as well as create new NSPS standards for oil and gas production, transmission and distribution facilities. The EPA has also proposed regulations focused on reducing emissions of certain air pollutants by the oil and gas industry, including volatile organic compounds, sulfur dioxide and certain air toxics. These proposed rules, if adopted as proposed, would impose the first federal air emissions standards for wells that are hydraulically fractured.

We cannot predict whether additional federal, state or local laws or regulations will be enacted in the future and, if so, what actions any such laws or regulations would require or prohibit. If additional levels of regulation or permitting requirements were imposed through the adoption of new laws and regulations, our business and operations could be subject to delays, increased operating and compliance costs and process prohibitions.

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Potential legislative and regulatory actions could increase our costs, reduce our revenue and cash flow from natural gas and oil sales, reduce our liquidity or otherwise alter the way we conduct our business.

The activities of exploration and production companies operating in the United States are subject to extensive regulation at the federal, state and local levels. Changes to existing laws and regulations or new laws and regulations such as those described below could, if adopted, have an adverse effect on our business.

Federal Taxation of Independent Producers

Recent federal budget proposals would potentially increase and accelerate the payment of federal income taxes of independent producers of natural gas and oil. Proposals that would significantly affect us would repeal the expensing of intangible drilling costs, repeal the percentage depletion allowance and increase the amortization period of geological and geophysical expenses. These changes, if enacted, will make it more costly for us to explore for and develop our natural gas and oil resources.

OTC Derivatives Regulation

In July of 2010, the U.S. Congress enacted the Dodd-Frank Wall Street Reform and Consumer Protection Act (the Dodd-Frank Act), which contains measures aimed at increasing the transparency and stability of the over-the-counter (OTC) derivative markets and preventing excessive speculation. We maintain an active price and basis protection hedging program related to the natural gas and oil we produce to manage the risk of low commodity prices and to predict with greater certainty the cash flow from our hedged production. We have used the OTC market exclusively for our natural gas and oil derivative contracts. The Dodd-Frank Act and the rules and regulations promulgated thereunder could reduce trading positions and the market-making activities of our customary counterparties in the energy futures markets. Such changes could materially reduce our hedging opportunities and negatively affect our revenues and cash flow during periods of low commodity prices.

Climate Change

Various state governments and regional organizations are considering enacting new legislation and promulgating new regulations governing or restricting the emission of greenhouse gases from stationary sources such as our equipment and operations. Legislative and regulatory proposals for restricting greenhouse gas emissions or otherwise addressing climate change could require us to incur additional operating costs and could adversely affect demand for the natural gas and oil that we sell. The potential increase in our operating costs could include new or increased costs to obtain permits, operate and maintain our equipment and facilities, install new emission controls on our equipment and facilities, acquire allowances to authorize our greenhouse gas emissions, pay taxes related to our greenhouse gas emissions and administer and manage a greenhouse gas emissions program. The EPA and the National Highway Traffic Safety Administration recently announced their intention to propose coordinated rules to regulate greenhouse gas emissions from heavy-duty engines and vehicles and from light-duty vehicles. Proposed rules have not been issued. Even without federal legislation or regulation of greenhouse gas emissions, states may pursue the issue either directly or indirectly. Restrictions on emissions of methane or carbon dioxide that may be imposed in various states could adversely affect the oil and gas industry. Moreover, incentives to conserve energy or use alternative energy sources could reduce demand for natural gas and oil.

The decline in general economic, business and industry conditions since 2008 and the current economic uncertainty may have a material adverse effect on our results of operations, liquidity and financial condition.

Since 2008, concerns over sovereign debt levels, energy costs, geopolitical issues, the availability and cost of credit, the U.S. mortgage market and a declining real estate market in the United States have contributed to increased economic uncertainty and diminished expectations for the global economy.

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These factors, combined with volatile natural gas and oil prices, the decline in business and consumer confidence and high unemployment, precipitated an economic slowdown and a recession. Concerns about global economic growth have had a significant adverse impact on global financial markets and commodity prices. If the economic climate in the United States or abroad deteriorates further, demand for petroleum products could continue to decline, prices for natural gas could continue to decrease and oil and natural gas liquids could become subject to increased downward price pressure. These circumstances could adversely impact our results of operations, liquidity and financial condition.

Our cash flow from operations, our revolving bank credit facilities and cash on hand historically have not been sufficient to fund all of our expenditures, and we have relied on the capital markets and asset monetization transactions to provide us with additional capital. Poor economic conditions may negatively affect:

our ability to access the capital markets at a time when we would like, or need, to raise capital;

the number of participants in our proposed asset monetization transactions or the values we are able to realize in those transactions, making them uneconomic or harder or impossible to consummate;

the collectability of our trade receivables could cause our commodity hedging arrangements to be ineffective if our counterparties are unable to perform their obligations or seek bankruptcy protection; or

the ability of our joint venture partners to meet their obligations to fund a portion of our drilling costs under our joint venture arrangements.

Our operations may be adversely affected by oilfield services shortages, pipeline and gathering system capacity constraints and various transportation interruptions.

From time to time, we experience delays in drilling and completing our natural gas and oil wells. Because of the large scale of our operations, there may not be available drilling rigs of the type we require in certain areas of our operations. Additionally, there is currently a shortage of hydraulic fracturing capacity, especially in the U.S. natural gas and oil shales where hydraulic fracturing is necessary for the successful development of wells. In developing plays, the demand for equipment such as pipe and compressors can exceed the supply, and it is challenging to attract and retain qualified oilfield workers. Delays in developing our natural gas and oil assets for these and other reasons could negatively affect our revenues and cash flow.

In certain natural gas shale plays, the capacity of gathering systems and transportation pipelines is insufficient to accommodate potential production from existing and new wells. Capital constraints could limit new pipelines and gathering systems built by third parties, and we may experience delays in building intrastate gathering systems necessary to transport our natural gas to interstate pipelines. Until this new capacity is available, we may experience delays in producing and selling our natural gas. In such event, we might have to shut in our wells awaiting a pipeline connection or capacity and/or sell natural gas production at significantly lower prices than those quoted on NYMEX or than we currently project, which would adversely affect our results of operations.

A portion of our natural gas and oil production in any region may be interrupted, or shut in, from time to time for numerous reasons, including as a result of weather conditions, accidents, loss of pipeline or gathering system access, field labor issues or strikes, or we might voluntarily curtail production in response to market conditions. If a substantial amount of our production is interrupted at the same time, it could temporarily adversely affect our cash flow.

Table of Contents**Risks Related to the Notes****Holders of the notes will be effectively subordinated to all of our and our subsidiaries' secured indebtedness and obligations, and to the obligations of our non-guarantor subsidiaries.**

Holders of our secured indebtedness and other secured obligations, which is comprised primarily of the indebtedness under our corporate revolving bank credit facility and our obligations to our hedging counterparties under our multi-counterparty secured hedging facility, have claims with respect to certain assets constituting collateral for their indebtedness and obligations that are prior to your claims under the notes. In the event of a default on the notes or our bankruptcy, liquidation or reorganization, those assets would be available to satisfy obligations with respect to the indebtedness and obligations secured thereby before any payment could be made on the notes. Accordingly, our secured indebtedness and obligations would effectively be senior to the notes to the extent of the value of the collateral securing that indebtedness and those obligations. The indenture under which the notes will be issued permits us to incur secured obligations other than certain funded debt without equally and ratably securing the notes and limits, but does not prohibit, us from issuing funded debt that is secured without equally and ratably securing the notes. Holders of any such additional secured indebtedness or other obligations would also have claims with respect to our assets constituting collateral for their indebtedness and obligations that are prior to your claims under the notes. To the extent the value of the collateral is not sufficient to satisfy such indebtedness and obligations, the holders of that indebtedness and those obligations would be entitled to share with the holders of the notes and the holders of other claims against us with respect to our other assets. In addition, in certain circumstances a subsidiary may not be required to be, or may be delayed in becoming, a subsidiary guarantor.

The notes also will be structurally subordinated to any indebtedness of a subsidiary or the rights of a holder of preferred stock of a non-subsidiary guarantor. The Chesapeake Midstream Companies, the Chesapeake Oilfield Services Companies and CHK Utica do not guarantee any of our other senior indebtedness and will not guarantee the notes. Additionally, the Chesapeake Midstream Companies are parties to a \$600 million midstream revolving bank credit facility which is secured by substantially all of the assets of the Chesapeake Midstream Companies and the Chesapeake Oilfield Services Companies are parties to a \$500 million oilfield services revolving bank credit facility which is secured by substantially all of the assets of the Chesapeake Oilfield Services Companies. COO is also a co-issuer of and the Chesapeake Oilfield Services Companies subsidiaries are guarantors of \$650 million principal amount of the COO 2019 Senior Notes. Holders of the notes will be structurally subordinated to all indebtedness and obligations of the Chesapeake Midstream Companies and the Chesapeake Oilfield Services Companies, including debt incurred under the midstream revolving bank credit facility, the oilfield services revolving bank credit facility and the COO 2019 Senior Notes and to the rights of the holders of preferred stock issued by CHK Utica, which has an aggregate liquidation preference of \$1.75 billion as of December 31, 2011.

As of September 30, 2011, we had an aggregate of approximately \$12.268 billion in principal amount of long-term indebtedness outstanding, consisting of (1) approximately \$8.705 billion of senior notes issued by Chesapeake Energy Corporation that will be *pari passu* with the notes offered hereby, (2) approximately \$3.236 billion in secured borrowings outstanding under Chesapeake's corporate revolving bank credit facility and (3) approximately \$327 million in borrowings outstanding under the midstream revolving bank credit facility, the borrowers and guarantors under which are not guarantors of Chesapeake's senior notes or the notes offered hereby. After giving effect to the transactions described in

Capitalization, including the completion of this offering and the application of the net proceeds therefrom as described under Use of Proceeds, we would have had, on a *pro forma as adjusted* basis, as of September 30, 2011, an aggregate of approximately \$11.039 billion in principal amount of long-term indebtedness outstanding, consisting of (1) approximately \$9.705 billion of senior notes issued by Chesapeake Energy Corporation, which includes the principal amount of the notes offered hereby, (2) \$357 million in secured borrowings outstanding under Chesapeake's corporate revolving bank credit facility, and (3) \$977 million in borrowings outstanding under the midstream revolving bank credit facility and the outstanding COO 2019 Senior Notes, the borrowers, issuers and guarantors under which are not guarantors of

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Chesapeake's existing senior notes or the notes offered hereby. In addition, CHK Utica, which is not a guarantor of Chesapeake's existing senior notes or the notes offered hereby, is the issuer of a series of preferred stock having an aggregate liquidation preference of \$1.75 billion as of December 31, 2011.

A guarantee could be voided if the guarantor fraudulently transferred the guarantee at the time it incurred the indebtedness, which could result in the noteholders being able only to rely on us to satisfy claims.

Under U.S. bankruptcy law and comparable provisions of state fraudulent transfer laws, a guarantee can be voided, or claims under a guarantee may be subordinated to all other debts of that guarantor if, among other things, the guarantor, at the time it incurred the indebtedness evidenced by its guarantee:

intended to hinder, delay or defraud any present or future creditor or received less than reasonably equivalent value or fair consideration for the incurrence of the guarantee;

was insolvent or rendered insolvent by reason of such incurrence;

was engaged in a business or transaction for which the guarantor's remaining assets constituted unreasonably small capital; or

intended to incur, or believed that it would incur, debts beyond its ability to pay those debts as they mature.

In addition, any payment by that guarantor under a guarantee could be voided and required to be returned to the guarantor or to a fund for the benefit of the creditors of the guarantor.

The measures of insolvency for purposes of fraudulent transfer laws vary depending upon the governing law. Generally, a guarantor would be considered insolvent if:

the sum of its debts, including contingent liabilities, was greater than the fair saleable value of all of its assets;

the present fair saleable value of its assets was less than the amount that would be required to pay its probable liability on its existing debts, including contingent liabilities, as they became absolute and mature; or

it could not pay its debts as they became due.

On the basis of historical financial information, recent operating history and other factors, we believe that the subsidiary guarantees are being incurred for proper purposes and in good faith and that each subsidiary guarantor, after giving effect to its guarantee of the notes, will not be insolvent, have unreasonably small capital for the business in which it is engaged or have incurred debts beyond its ability to pay those debts as they mature. We cannot be certain, however, that a court would agree with our conclusions in this regard.

We conduct substantially all of our operations through our subsidiaries, and we rely on dividends, distributions, proceeds from intercompany transactions and the like from our subsidiaries to meet our obligations for payment of principal and interest on our outstanding debt obligations and other obligations. To the extent that a subsidiary has not guaranteed the notes or such subsidiary's guarantee is voided, holders of the notes will be effectively subordinated to all existing and future liabilities of such subsidiary. The Chesapeake Midstream Companies, the Chesapeake Oilfield Services Companies and CHK Utica will not guarantee the notes offered hereby. Additionally, the midstream revolving bank credit facility, the oilfield services revolving bank credit facility and indenture governing the COO 2019 Senior Notes contain a covenant limiting the ability of the Chesapeake Midstream Companies and the Chesapeake Oilfield Services Companies to pay dividends or make distributions to Chesapeake.

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You may find it difficult to sell your notes.

Although the underwriters have indicated that they intend to make a market in the notes, they are not obligated to do so and any of their market making activities may be terminated or limited at any time. In addition, although we have registered the offer and sale of the notes under the Securities Act of 1933, as amended (the Securities Act), and intend to apply for a listing of the notes on the New York Stock Exchange, there can be no assurance as to the liquidity of markets for the notes, the ability of noteholders to sell their notes or the prices at which notes could be sold. The notes may trade at prices that are lower than their initial purchase price depending on many factors, including prevailing interest rates and the markets for similar securities. The liquidity of trading markets for the notes may also be adversely affected by general declines or disruptions in the markets for debt securities. Those market declines or disruptions could adversely affect the liquidity of and market for the notes independent of our financial performance or prospects. An active market for the notes may not exist or develop or, if developed, may not continue. In the absence of an active trading market, you may not be able to transfer the notes within the time or at the price you desire.

The notes are not subject to a change-of-control put option and lack many of the covenants typically found in other comparably rated public debt securities.

Although we anticipate that the notes will be rated below investment grade by both Standard & Poor's and Moody's Investors Service, they lack the protection for holders that is provided by a change-of-control put option and several financial and other restrictive covenants typically associated with comparably rated public debt securities, including:

incurrence of additional indebtedness;

payment of dividends and other restricted payments;

sale of assets and the use of proceeds therefrom;

transactions with affiliates; and

dividend and other payment restrictions affecting subsidiaries.

The primary restrictive covenants contained in the indenture under which the notes will be issued will limit only our ability and certain of our subsidiaries' ability to create liens securing certain indebtedness, enter into certain sale-leaseback transactions and consolidate, merge or transfer assets.

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USE OF PROCEEDS

We expect the net proceeds from this offering to be approximately \$982 million after deducting underwriting discounts and commissions and the estimated expenses of the offering. We intend to use the net proceeds from this offering for general corporate purposes. Pending such use, we plan to use the net proceeds of this offering to repay amounts outstanding under our corporate revolving bank credit facility, which we may reborrow from time to time. Our corporate revolving bank credit facility matures in December 2015 and amounts outstanding thereunder presently bear interest at a rate of 2.04% per annum. Amounts borrowed under our corporate revolving bank credit facility have been used for general corporate purposes, including capital expenditures.

Because affiliates of Merrill Lynch, Pierce, Fenner & Smith Incorporated will receive 5% of the net proceeds of this offering, this offering is being made in compliance with Rule 5121 of the FINRA rules. Accordingly, Morgan Stanley & Co. LLC is assuming the responsibilities of acting as the qualified independent underwriter in pricing the offering and conducting due diligence. No underwriter having a conflict of interest under FINRA Rule 5121 will confirm sales to any account over which the underwriter exercises discretionary authority without the specific written approval of the accountholder.

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The following table shows our capitalization as of September 30, 2011:

on a historical basis;

on a *pro forma* basis to reflect (a) (i) the issuance by COO of the COO 2019 Senior Notes and the application of the net proceeds thereof to repay an intercompany note payable to us, (ii) the issuance of common units by Chesapeake Granite Wash Trust in its initial public offering and its use of the net proceeds thereof to purchase royalty interests from us and (iii) the issuance of preferred stock of CHK Utica and its distribution of a portion of the net proceeds thereof to us and (b) our use of all of such net proceeds to repay indebtedness under our corporate revolving bank credit facility, except to the extent that 32%, or \$400 million, of the net proceeds from the CHK Utica transaction must be retained by CHK Utica for its benefit; and

on a *pro forma* as adjusted basis to reflect the consummation of this offering and the application of approximately \$982 million in net proceeds to repay amounts outstanding under our corporate revolving bank credit facility pending our use of such proceeds for general corporate purposes.

This table should be read in conjunction with, and is qualified in its entirety by reference to, our historical financial statements and the accompanying notes included in our Annual Report on Form 10-K for the year ended December 31, 2010, and in our Quarterly Report on Form 10-Q for the nine months ended September 30, 2011, each of which is incorporated by reference herein.

	As of September 30, 2011		
	Historical	Pro Forma (in millions)	Adjusted Pro Forma As
Long-term debt:			
Corporate revolving bank credit facility (1) (2)	\$ 3,236	\$ 1,339	\$ 357
Midstream revolving bank credit facility (1) (3)	327	327	327
Oilfield services revolving bank credit facility (1) (4)			
7.625% Senior Notes due 2013	464	464	464
9.500% Senior Notes due 2015	1,265	1,265	1,265
6.250% Euro-denominated Senior Notes due 2017 (5)	463	463	463
6.500% Senior Notes due 2017	660	660	660
6.875% Senior Notes due 2018	474	474	474
7.250% Senior Notes due 2018	669	669	669
6.625% Senior Notes due 2019 (6)		650	650
% Senior Notes due 2019			1,000
6.625% Senior Notes due 2020	1,300	1,300	1,300
6.875% Senior Notes due 2020	500	500	500
6.125 % Senior Notes due 2021	1,000	1,000	1,000
2.750% Contingent Convertible Senior Notes due 2035	396	396	396
2.500% Contingent Convertible Senior Notes due 2037	1,168	1,168	1,168
2.250% Contingent Convertible Senior Notes due 2038	346	346	346
Interest rate derivatives	30	30	30
Discount on senior notes	(509)	(509)	(509)
Total long-term debt	\$ 11,789	\$ 10,542	\$ 10,560

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	As of September 30, 2011		
	Historical	Pro Forma (in millions)	Pro Forma As Adjusted
Chesapeake stockholders' equity:			
Preferred stock, \$0.01 par value, 20,000,000 authorized			
5.75% Cumulative Non-Voting Convertible Preferred Stock, 1,497,000 shares issued and outstanding, entitled in liquidation to \$1.5 billion	1,497	1,497	1,497
5.75% Cumulative Non-Voting Convertible Preferred Stock (Series A), 1,100,000 shares issued and outstanding, entitled in liquidation to \$1.1 billion	1,100	1,100	1,100
4.50% Cumulative Convertible Preferred Stock, 2,558,900 shares issued and outstanding, entitled in liquidation to \$256 million	256	256	256
5.00% Cumulative Convertible Preferred Stock (Series 2005B), 2,095,615 shares issued and outstanding, entitled in liquidation to \$209 million	209	209	209
Common stock, \$0.01 par value, 1,000,000,000 shares authorized, 660,852,092 shares issued and outstanding	7	7	7
Paid-in capital	12,128	12,128	12,128
Retained earnings	1,234	1,234	1,234
Accumulated other comprehensive income	(106)	(106)	(106)
Less: treasury stock, at cost: 1,338,448 common shares	(27)	(27)	(27)
Total Chesapeake stockholders' equity	16,298	16,298	16,298
Noncontrolling interests (7)		1,360	1,360
Total equity	16,298	17,658	17,658
Total capitalization	\$ 28,087	\$ 28,200	\$ 28,218

- (1) As of February 9, 2012, the outstanding balance under our corporate revolving bank credit facility was \$3.876 billion, the outstanding balance under our midstream revolving bank credit facility was \$141 million and the outstanding balance under our oilfield services revolving bank credit facility was \$105 million. As of the same date, we had aggregate available borrowing capacity plus cash on hand of approximately \$890 million. Our cash and revolver balances fluctuate significantly over the course of each month. During a normal month, such balances can fluctuate by up to \$2 billion. Generally, absent the impact of a non-ordinary course cash generating transaction, our cash balances are highest and our revolver balance is lowest at month end. The amount of cash on hand and our revolver balance will be different, sometimes materially, from the amount shown as of the end of the prior or current accounting period.
- (2) Borrower is Chesapeake Exploration, L.L.C.
- (3) Borrower is Chesapeake Midstream Operating, L.L.C.
- (4) Borrower is Chesapeake Oilfield Operating, L.L.C.
- (5) The principal amount shown is based on the dollar/euro exchange rate of \$1.3449 to 1.00 as of September 30, 2011.
- (6) Co-issuers are Chesapeake Oilfield Operating, L.L.C. and Chesapeake Oilfield Finance, Inc.

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- (7) Includes \$410 million in connection with third-party ownership in the Chesapeake Granite Wash Trust and \$950 million in connection with third-party ownership of the perpetual preferred shares of CHK Utica, L.L.C. Of the \$1.25 billion in proceeds received in the Utica Transaction, \$300 million was allocated to the ORRI and recorded as a liability pending the conveyance of the ORRI to the investors at which time the associated costs will be transferred to oil and gas properties. See Summary Recent Developments.

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DESCRIPTION OF NOTES

Chesapeake Energy Corporation will issue the notes offered hereby (the Notes) under an indenture dated as of August 2, 2010 (the Base Indenture), as supplemented by that certain Supplemental Indenture with respect to the Notes, to be dated the date of delivery of the Notes (which supplemental indenture we refer to as the Supplemental Indenture and, together with the Base Indenture, as the Indenture) among the Company, as issuer, the Subsidiary Guarantors, as guarantors, and The Bank of New York Mellon Trust Company, N.A., as trustee (the Trustee). The terms of the Notes include those stated in the Indenture and those made part of the Indenture by reference to the Trust Indenture Act of 1939 (the Trust Indenture Act).

The following description is only a summary of certain material provisions of the Notes and the Indenture. This summary is not a complete description of all the provisions of the Notes and is subject to, and is qualified in its entirety by reference to, the Notes and the Indenture. You should read carefully the section entitled Description of Chesapeake Debt Securities in the accompanying prospectus for a description of other material terms of the Notes and the Base Indenture. For more information, we refer you to the Notes, the Base Indenture and the Supplemental Indenture, all of which you may request copies of at our address set forth under the heading Where You Can Find More Information.

In this description, the words Company and we refer only to Chesapeake Energy Corporation and not to any of its subsidiaries.

General

The Notes will be issued as a new series of debt securities under the Indenture. The Notes will be general unsecured senior obligations of the Company and will be guaranteed by the Subsidiary Guarantors as described below under Guarantees. The Notes will rank *pari passu* in right of payment with all existing and future Senior Indebtedness of the Company and rank senior in right of payment to all future Subordinated Indebtedness of the Company.

The Company will issue the Notes initially with a maximum aggregate principal amount of \$1.0 billion. The Notes will mature on March 15, 2019. Interest on the Notes will accrue from February 1, 2012 at an annual rate of % and will be payable semi-annually in arrears on March 15 and September 15 of each year, commencing September 15, 2012. We will make each interest payment to the Holders of record of the Notes at the close of business on March 1 or September 1 preceding such interest payment date. Interest will be computed on the basis of a 360-day year consisting of twelve 30-day months. Initially, the Trustee will act as paying agent and registrar for the Notes.

Payment and Transfer

Initially, the Notes will be issued only in global form registered in the name of Cede & Co., as nominee of The Depository Trust Company (the Depository). Beneficial interests in Notes in global form will be shown on, and transfers of interests in Notes in global form will be made only through, records maintained by the Depository and its participants. Any Notes in definitive form may be presented for registration of transfer or exchange at the office or agency maintained by us for such purpose (which initially will be the corporate trust office of the Trustee).

Payment of principal, or any premium or interest on Notes in global form registered in the name of the Depository's nominee will be made in immediately available funds to the Depository's nominee, as the registered Holder of such global notes. If any of the Notes is no longer represented by a global note, payment of interest on the Notes in definitive form may, at our option, be made at the corporate trust office of the Trustee indicated above or by check mailed directly to Holders at their respective registered addresses or by wire transfer to an account designated by a Holder.

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If any interest payment date, maturity date or redemption date falls on a day that is not a business day, the payment will be made on the next business day with the same force and effect as if made on the relevant interest payment date, maturity date or redemption date. No interest will accrue for the period from and after the applicable interest payment date, maturity date or redemption date.

The Notes may be transferred or exchanged, and they may be presented for payment, at the office of the Trustee indicated in the Indenture, subject to the limitations provided in the Indenture, without the payment of any service charge, other than any applicable tax or governmental charge.

The registered Holder of a note will be treated as the owner of it for all purposes, and all references in this Description of Notes to Holders mean holders of record, unless otherwise indicated.

Further Issuances

We may from time to time, without notice or the consent of the Holders of the Notes, create and issue further Notes of the same series ranking equally and ratably with the original Notes in all respects (or in all respects except for the payment of interest accruing prior to the issue date of such further Notes, the public offering price and the issue date), so that such further Notes form a single series with the original Notes and have the same terms as to status, redemption or otherwise as the original Notes.

Redemption

Special Early Redemption. At any time from and including November 15, 2012 to and including March 15, 2013 (the Early Redemption Period), the Notes will be redeemable at our option in whole, or from time to time in part, at a price equal to 100% of the principal amount of the Notes to be redeemed, plus accrued and unpaid interest on the Notes to be redeemed to the date of redemption; provided that after any redemption of the notes in part (and not in whole) pursuant to this redemption provision, at least \$250 million aggregate principal amount of the notes remains outstanding. We may redeem the Notes pursuant to the special early redemption provisions so long as the notice of redemption is given during the Early Redemption Period. See Redemption Procedures.

Optional Redemption. At any time after March 15, 2013, the Notes will be redeemable, at our option, in whole, or from time to time in part, at a price equal to the Make-Whole Price, plus accrued and unpaid interest on the Notes to be redeemed to the date of redemption.

Make-Whole Amount with respect to a Note means an amount equal any excess of (i) the present value of the remaining principal, any premium, and any interest payments due on such Note (excluding any portion of such payments of interest accrued as of the redemption date) as if such Note were redeemed on the Maturity Date, computed using a discount rate equal to the Treasury Rate plus 50 basis points, over (ii) the outstanding principal amount of such Note.

Make-Whole Average Life means the number of years (calculated to the nearest one-twelfth) between the date of redemption and the Maturity Date.

Make-Whole Price means the sum of the outstanding principal amount of the Notes to be redeemed plus the Make-Whole Amount of such Notes.

Treasury Rate means the yield to maturity (calculated on a semi-annual bond equivalent basis) at the time of the computation of United States Treasury securities with a constant maturity (as compiled by and published in the most recent Federal Reserve Statistical Release H.15 (519), which has become publicly available at least two Business Days prior to the date of the redemption notice or, if such Statistical Release is no longer published, any publicly available source of similar market data) most nearly equal to the then remaining maturity

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of the Notes assuming redemption of the Notes on the Maturity Date; *provided, however*, that if the Make-Whole Average Life of such Note is not equal to the constant maturity of the United States Treasury security for which a weekly average yield is given, the Treasury Rate shall be obtained by linear interpolation (calculated to the nearest one-twelfth of a year) from the weekly average yields of United States Treasury securities for which such yields are given, except that if the Make-Whole Average Life of such Notes is less than one year, the weekly average yield on actually traded United States Treasury securities adjusted to a constant maturity of one year shall be used.

Redemption Procedures. Notes called for redemption become due on the redemption date. Notices of redemption will be mailed at least 30 but not more than 60 days before the redemption date to each Holder of the Notes to be redeemed at its registered address. The notice of redemption for the Notes will state, among other things, the amount of Notes to be redeemed, the redemption date, the method of calculating the redemption price and each place that payment will be made upon presentation and surrender of Notes to be redeemed. If less than all of the Notes are redeemed at any time, the Trustee will select the Notes to be redeemed on a *pro rata* basis or by any other method the Trustee deems fair and appropriate. Unless we default in payment of the redemption price, interest will cease to accrue on the redemption date with respect to any Notes called for redemption.

Guarantees

Our payment obligations under the Notes will be jointly and severally, fully and unconditionally guaranteed by the Subsidiary Guarantors, subject to the limitations described in the following paragraph. The Subsidiary Guarantors include each of our existing subsidiaries other than the Chesapeake Midstream Companies, the Chesapeake Oilfield Services Companies, CHK Utica and certain *de minimis* subsidiaries. The Indenture provides that each Person that becomes a Subsidiary after the Issue Date of the Notes and guarantees any other Indebtedness of the Company or a Subsidiary Guarantor in excess of a De Minimis Guaranteed Amount will guarantee the payment of the Notes within 180 days after the later of (i) the date it becomes a Subsidiary and (ii) the date it guarantees such other Indebtedness, *provided* that no guarantee shall be required if the Subsidiary merges into the Company or merges into an existing Subsidiary Guarantor and the surviving entity remains a Subsidiary Guarantor.

The obligations of each Subsidiary Guarantor under its Guarantee will be limited as necessary to prevent that Guarantee from constituting a fraudulent conveyance or fraudulent transfer under federal, state or foreign law. Each Subsidiary Guarantor that makes a payment or distribution under a Guarantee shall be entitled to a contribution from each other Subsidiary Guarantor in a *pro rata* amount based on the respective net assets of each Subsidiary Guarantor at the time of such payment determined in accordance with GAAP.

If a Guarantee were rendered voidable, it could be subordinated by a court to all other indebtedness (including guarantees and other contingent liabilities) of the applicable Subsidiary Guarantor, and, depending on the amount of such indebtedness, a Subsidiary Guarantor's liability on its Guarantee could be reduced to zero. Please read **Risk Factors** **Risks Related to the Notes** A guarantee could be voided if the guarantor fraudulently transferred the guarantee at the time it incurred the indebtedness, which could result in the noteholders being able to rely on only us to satisfy claims.

Subject to the next succeeding paragraph, no Subsidiary Guarantor may consolidate or merge with or into (whether or not such Subsidiary Guarantor is the surviving Person) another Person unless:

(1) the Person formed by or surviving any such consolidation or merger (if other than such Subsidiary Guarantor) assumes all the obligations of such Subsidiary Guarantor under the Indenture and the Notes pursuant to a supplemental indenture, in a form reasonably satisfactory to the Trustee, and

(2) immediately after such transaction, no Default or Event of Default exists.

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The preceding does not prohibit a merger between Subsidiary Guarantors or a merger between the Company and a Subsidiary Guarantor.

In the event of a sale or other disposition of all or substantially all of the assets of any Subsidiary Guarantor, or a sale or other disposition of all the Capital Stock of such Subsidiary Guarantor, in any case whether by way of merger, consolidation or otherwise, then such Subsidiary Guarantor (in the event of a sale or other disposition by way of such a merger, consolidation or otherwise, of all of the Capital Stock of such Subsidiary Guarantor) or the Person acquiring the assets (in the event of a sale or other disposition of all or substantially all of the assets of such Subsidiary Guarantor) will be automatically released and relieved of any obligations under its Guarantee.

Further, a Subsidiary Guarantor will be automatically released and relieved from any obligations under its Guarantee if it ceases to guarantee any other Indebtedness of the Company or any other Subsidiary Guarantor other than a De Minimis Guaranteed Amount.

Ranking

Senior Indebtedness versus Notes. The Indebtedness evidenced by the Notes and the Guarantees will be unsecured and will rank *pari passu* in right of payment to all Senior Indebtedness of the Company and the Subsidiary Guarantors, as the case may be.

As of September 30, 2011, we had an aggregate of approximately \$12.268 billion in principal amount of long-term indebtedness outstanding, consisting of (1) approximately \$8.705 billion of senior notes issued by Chesapeake Energy Corporation that will be *pari passu* with the notes offered hereby, (2) approximately \$3.236 billion in secured borrowings outstanding under Chesapeake's corporate revolving bank credit facility and (3) approximately \$327 million in borrowings outstanding under the midstream revolving bank credit facility, the borrowers and guarantors under which are not guarantors of Chesapeake's senior notes or the notes offered hereby. After giving effect to the transactions described in Capitalization, including the completion of this offering and the application of the net proceeds therefrom as described under Use of Proceeds, we would have had, on a *pro forma as adjusted* basis, as of September 30, 2011, an aggregate of approximately \$11.039 billion in principal amount of long-term indebtedness outstanding, consisting of (1) approximately \$9.705 billion of senior notes issued by Chesapeake Energy Corporation, which includes the principal amount of the notes offered hereby, (2) \$357 million in secured borrowings outstanding under Chesapeake's corporate revolving bank credit facility, and (3) \$977 million in borrowings outstanding under the midstream revolving bank credit facility and the outstanding COO 2019 Senior Notes, the borrowers, issuers and guarantors under which are not guarantors of Chesapeake's existing senior notes or the notes offered hereby. In addition to the long-term indebtedness described above, CHK Utica, which is not a guarantor of Chesapeake's existing senior notes or the notes offered hereby, is the issuer of a series of preferred stock having an aggregate liquidation preference of \$1.75 billion as of December 31, 2011.

Secured Indebtedness versus Notes. Secured debt and other secured obligations of the Company and the Subsidiary Guarantors (including obligations with respect to our corporate revolving bank credit facility and our multi-counterparty secured hedging facility) will be effectively senior to the Notes and the Subsidiary Guarantors' Guarantee thereof to the extent of the value of the assets securing such debt or other obligations. Although the Indenture limits the incurrence of Funded Debt that is secured Indebtedness of the Subsidiary Guarantors, such limitations are subject to a number of significant qualifications, and the Indenture does not limit the incurrence of secured obligations other than Funded Debt or the incurrence of unsecured Indebtedness.

Liabilities of Subsidiaries versus Notes. Substantially all of the Company's operations are conducted through its subsidiaries. Claims of creditors of any subsidiaries that are not Subsidiary Guarantors, including trade creditors and creditors holding indebtedness or guarantees issued by such subsidiaries, and claims of preferred security holders of such subsidiaries will have priority with respect to the assets and earnings of such subsidiaries over the claims of the Company's creditors, including Holders of the Notes. Accordingly, the Notes

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will be effectively subordinated to creditors (including trade creditors) and any preferred security holders of the Company's subsidiaries that are not Subsidiary Guarantors. The Chesapeake Midstream Companies, the Chesapeake Oilfield Services Companies and CHK Utica will not guarantee Chesapeake's obligations under the Notes and, as a consequence, Holders of the Notes will be effectively subordinated to the creditors (including trade creditors and the lenders under the midstream and oilfield services revolving bank credit facilities) and preferred security holders of the Chesapeake Midstream Companies, the Chesapeake Oilfield Services Companies and CHK Utica.

Certain Covenants

The Indenture contains covenants that limit the Company's and its Restricted Subsidiaries' ability to:

create liens securing Funded Debt; and

enter into certain Sale/Leaseback Transactions.

Additionally, the Indenture contains covenants that limit the Company's and the Subsidiary Guarantors' ability to consolidate, merge and transfer assets. The foregoing covenants are subject to a number of exceptions and qualifications and are described more fully under "Description of Chesapeake Debt Securities - Certain Covenants" in the accompanying prospectus.

No Sinking Fund

We are not required to make any mandatory redemption in sinking fund payments with respect to the Notes.

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DESCRIPTION OF CERTAIN OTHER INDEBTEDNESS AND PREFERRED SECURITIES

The following is a summary of certain of indebtedness that will be outstanding following the consummation of this offering. The summary below does not purport to be complete and is qualified in its entirety by reference to the applicable documents, copies of which we will provide you upon request.

Corporate Revolving Bank Credit Facility

Our corporate revolving bank credit facility limits our borrowings to the lesser of the borrowing base and the total commitments (currently both are \$4.0 billion) and matures in December 2015. As of September 30, 2011, we had outstanding borrowings of \$3.236 billion under our corporate revolving bank credit facility and had utilized approximately \$60 million of the facility for various letters of credit. Borrowings under the facility are collateralized by certain of our natural gas and oil proved reserves and bear interest, at our option, at either (i) the greater of the reference rate of Union Bank, N.A. or the U.S. federal funds effective rate plus 0.50%, both of which are subject to a margin that varies from 0.50% to 1.25% per annum according to our senior unsecured long-term debt ratings, or (ii) the Eurodollar rate, which is based on the London Interbank Offered Rate (LIBOR), plus a margin that varies from 1.50% to 2.25% per annum according to our senior unsecured long-term debt ratings. The collateral value and borrowing base are determined periodically. The unused portion of the facility is subject to a commitment fee of 0.50% per annum. Interest is payable quarterly or, if LIBOR applies, it may be payable at more frequent intervals. Chesapeake Exploration, L.L.C, our wholly-owned subsidiary, is the borrower under our corporate revolving bank credit facility and we and all of our other wholly-owned subsidiaries except the Chesapeake Midstream Companies, the Chesapeake Oilfield Services Companies, CHK Utica and certain *de minimis* subsidiaries are guarantors.

The credit agreement contains various covenants and restrictive provisions, including those restricting our ability to incur additional indebtedness (excluding discount on senior notes), make investments or loans and create liens. The credit agreement requires us to maintain an indebtedness to EBITDA ratio (as defined in the credit agreement) and an indebtedness to total capitalization ratio (as defined in the credit agreement).

Senior Notes

At September 30, 2011, we had \$6.8 billion in principal amount of senior notes outstanding, excluding the COO 2019 Senior Notes, \$1.9 billion in principal amount of contingent convertible senior notes outstanding. There are no scheduled principal payments required on any of our senior notes until their final maturities, the first of which occurs in July 2013 when \$464 million is due.

Our outstanding senior notes are senior, unsecured obligations that rank *pari passu* in right of payment with all of our existing and future senior indebtedness, including the notes offered hereby, and rank senior in right of payment to all of our future subordinated indebtedness. Our outstanding senior notes are jointly and severally, fully and unconditionally guaranteed by certain of our subsidiaries, excluding the Chesapeake Midstream Companies, the Chesapeake Oilfield Services Companies, CHK Utica and certain *de minimis* subsidiaries.

Our contingent convertible senior notes are senior unsecured obligations of Chesapeake and rank *pari passu* in right of payment to all of our existing and future senior indebtedness, including the notes offered hereby, and rank senior in right of payment to all of our future subordinated indebtedness. The contingent convertible senior notes are fully and unconditionally guaranteed, jointly and severally, by certain of our subsidiaries, excluding the Chesapeake Midstream Companies, the Chesapeake Oilfield Services Companies, CHK Utica and certain *de minimis* subsidiaries. The indentures governing the contingent convertible senior notes do not have any financial or restricted payment covenants.

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The holders of our contingent convertible senior notes may require us to repurchase, in cash, all or a portion of their notes at 100% of the principal amount of the notes on any of four dates that are five, ten, fifteen and twenty years before the maturity date. The notes are convertible, at the holder's option, prior to maturity under certain circumstances into cash and, if applicable, shares of our common stock using a net share settlement process. One such triggering circumstance is when the price of our common stock exceeds a threshold amount during a specified period in a fiscal quarter. Convertibility based on common stock price is measured quarter by quarter. In the fourth quarter of 2011, the price of our common stock was below the threshold level for each series of the contingent convertible senior notes during the specified period and, as a result, the holders do not have the option to convert their notes into cash and common stock in the first quarter of 2012 under this provision. The notes are also convertible, at the holder's option, during specified five-day periods if the trading price of the notes, is below certain levels determined by reference to the trading price of our common stock. In general, upon conversion of a contingent convertible senior note, the holder will receive cash equal to the principal amount of the note and common stock for the note's conversion value in excess of such principal amount. We will pay contingent interest on the convertible senior notes after they have been outstanding at least ten years, under certain conditions. We may redeem the convertible senior notes once they have been outstanding for ten years at a redemption price of 100% of the principal amount of the notes, payable in cash. The optional repurchase dates, the common stock price conversion threshold amounts and the ending date of the first six-month period contingent interest may be payable for the contingent convertible senior notes are as follows:

Contingent Convertible		Common Stock	Contingent Interest
Senior Notes	Repurchase Dates	Price Conversion Thresholds	First Payable (if applicable)
2.75% due 2035	November 15, 2015, 2020, 2025, 2030	\$ 48.62	May 14, 2016
2.5% due 2037	May 15, 2017, 2022, 2027, 2032	\$ 64.16	November 14, 2017
2.25% due 2038	December 15, 2018, 2023, 2028, 2033	\$ 107.36	June 14, 2019

Chesapeake Oilfield Operating, L.L.C. 6.625% Senior Notes due 2019

On October 28, 2011, Chesapeake Oilfield Operating, L.L.C. (COO) and Chesapeake Oilfield Finance, Inc., as co-issuers, completed a private offering of \$650 million aggregate principal amount of 6.625% Senior Notes due 2019 (the COO 2019 Senior Notes). The COO 2019 Senior Notes mature on November 15, 2019 and bear interest at 6.625% per annum, payable semi-annually in arrears on May 15 and November 15, beginning May 15, 2012. The COO 2019 Senior Notes are senior unsecured obligations of COO and are guaranteed by COO's existing and future subsidiaries, subject to certain exceptions. Chesapeake and its subsidiaries other than the Chesapeake Oilfield Services Companies are not obligated on the COO 2019 Senior Notes. The COO 2019 Senior Notes are not entitled to any mandatory redemption or sinking fund.

The indenture governing the COO 2019 Senior Notes contains covenants that limit the ability of the co-issuers and the ability of certain of their subsidiaries to incur or guarantee additional indebtedness or issue certain preferred stock; pay dividends on capital stock or redeem capital stock or subordinated indebtedness; transfer or sell assets; make investments; incur liens; enter into transactions with affiliates; and merge or consolidate with other companies or transfer all or substantially all assets. These covenants are subject to a number of qualifications and exceptions.

The indenture contains customary events of default, including defaults related to the failure to make required payments under other agreements that exceed \$50 million and the existence of unsatisfied judgments (for a period of 60 days from entry) in excess of \$50 million.

Pursuant to a registration rights agreement among the co-issuers, the guarantors and the initial purchasers of the COO 2019 Senior Notes, the co-issuers and the guarantors of the COO 2019 Senior Notes agreed to file with the SEC on or prior to 365 days after the closing of the COO 2019 Senior Notes offering a registration statement with respect to an offer to exchange the COO 2019 Senior Notes and the related guarantees for identical new notes and guarantees registered under the Securities Act (or, under certain circumstances, a shelf registration statement covering resales of the COO 2019 Senior Notes and related guarantees).

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Our \$600 million midstream revolving bank credit facility is used to fund capital expenditures to build natural gas gathering and other systems for our drilling program and for general corporate purposes associated with our midstream operations. Borrowings under the midstream revolving bank credit facility are secured by all of the assets of the wholly owned subsidiaries (the restricted subsidiaries) of Chesapeake Midstream Development, L.P. (CMD), itself a wholly owned subsidiary of Chesapeake, and bear interest at our option at either (i) the greater of the reference rate of Wells Fargo Bank, National Association, the federal funds effective rate plus 0.50%, and the one-month LIBOR plus 1.00%, all of which are subject to a margin that varies from 1.75% to 2.25% per annum according to the most recent leverage ratio described below or (ii) the LIBOR plus a margin that varies from 2.75% to 3.25% per annum according to the most recent leverage ratio. The unused portion of the facility is subject to a commitment fee of 0.50% per annum. Interest is payable quarterly or, if LIBOR applies, it may be payable at more frequent intervals.

The midstream revolving bank credit facility agreement contains various covenants and restrictive provisions which limit the ability of CMD and its restricted subsidiaries to incur additional indebtedness, make investments or loans and create liens. The agreement requires maintenance of a leverage ratio based on the ratio of indebtedness to EBITDA and an interest coverage ratio based on the ratio of EBITDA to interest expense, in each case as defined in the agreement. The leverage ratio increases during any three-quarter period, beginning in the quarter in which CMD makes a material disposition of assets to our master limited partnership midstream affiliate, Chesapeake Midstream Partners, L.P. The midstream revolving bank credit facility also has cross default provisions that apply to other indebtedness that CMD and its restricted subsidiaries may have with an outstanding principal amount in excess of \$15 million. Based on the EBITDA of the Chesapeake Midstream Companies (as defined in the midstream revolving bank credit facility) for the period ended September 30, 2011, the Chesapeake Midstream Companies would have had the ability to borrow approximately \$440 million under the midstream revolving bank credit facility.

Chesapeake and its subsidiaries other than the Chesapeake Midstream Companies are not borrowers under, or otherwise obligated on, the midstream revolving bank credit facility.

Oilfield Services Revolving Bank Credit Facility

In November 2011, COO entered into a \$500 million revolving bank credit facility. The oilfield services revolving bank credit facility matures in November 2016, has initial commitments of \$500 million and may be expanded to \$900 million at COO's option, subject to additional bank participation. COO uses the facility to fund capital expenditures and for general corporate purposes associated with its oilfield services operations. Borrowings under the credit facility are secured by all of the equity interests and assets of COO and its wholly owned subsidiaries, and bear interest at COO's option at either (i) the greater of the reference rate of Bank of America, N.A., the federal funds effective rate plus 0.50%, and one-month LIBOR plus 1.00%, all of which are subject to a margin that varies from 1.00% to 1.75% per annum or (ii) the Eurodollar rate, which is based on LIBOR plus a margin that varies from 2.00% to 2.75% per annum. The unused portion of the credit facility is subject to a commitment fee that varies from 0.375% to 0.50% per annum. Both margins and commitment fees are determined according to the most recent leverage ratio described below. Interest is payable quarterly or, if LIBOR applies, it may be payable at more frequent intervals.

The oilfield services revolving bank credit facility contains various covenants and restrictive provisions which limit the ability of COO and its restricted subsidiaries to incur additional indebtedness, make investments or loans and create liens. The agreement requires maintenance of a leverage ratio based on the ratio of lease adjusted indebtedness to EBITDAR, a senior secured leverage ratio based on a ratio of secured indebtedness to EBITDA and a fixed charge coverage ratio based on the ratio of lease adjusted interest expense to EBITDAR, in each case as defined in the agreement. If COO or its restricted subsidiaries should fail to perform their obligations under these and other covenants, the revolving credit commitment could be terminated and any

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outstanding borrowings under the facility could be declared immediately due and payable. The oilfield services revolving bank credit facility also has cross default provisions that apply to other indebtedness COO and its restricted subsidiaries may have from time to time with an outstanding principal amount in excess of \$15 million. Based on the EBITDA of the Chesapeake Oilfield Services Companies (as defined in the oilfield services revolving bank credit facility) as of November 3, 2011, the Chesapeake Oilfield Services Companies would have had the ability to borrow approximately \$240 million under the oilfield services revolving bank credit facility.

Chesapeake and its subsidiaries other than the Chesapeake Oilfield Services Companies are not borrowers under, or otherwise obligated on, the oilfield services revolving bank credit facility.

CHK Utica, L.L.C. Perpetual Preferred Shares

During November and December 2011, we sold to certain investors (the Utica Investors), in a private placement, perpetual preferred shares (the Preferred Shares) of our wholly owned, unrestricted subsidiary, CHK Utica, L.L.C. (CHK Utica) and a 3% overriding royalty interest (ORRI) in up to 1,500 net wells drilled on certain of our Utica Shale leasehold for total proceeds of \$1.25 billion. Of the total proceeds, \$300 million was allocated to the ORRI and recorded as a liability pending the conveyance of the ORRI to the Utica Investors at which time the associated costs will be transferred to oil and gas properties. CHK Utica owns approximately 700,000 net leasehold acres within an area of mutual interest in the Utica Shale play covering 13 counties located primarily in eastern Ohio. We own all the common shares in CHK Utica and, subject to customary minority interest protections afforded the Utica Investors and the terms of the limited liability company operating agreement (the LLC Agreement), we control CHK Utica.

Dividends on the Preferred Shares are payable on a quarterly basis at a rate of 7% per annum. This dividend rate is subject to increase in limited circumstances in the event that and only for so long as revenues from the assets owned by CHK Utica are insufficient to fund the dividend in full in any quarter whether as a result of capital expenditures, drilling results or otherwise. We have retained an option to repurchase the Preferred Shares for cash in whole or in part in accordance with the LLC Agreement at a valuation expected to equal the greater of a 10% internal rate of return or a return on investment of 1.4x. In the event that such repurchase does occur on or prior to October 31, 2018, the repurchase would be effected at a higher valuation.

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MATERIAL UNITED STATES FEDERAL TAX CONSIDERATIONS

General

The following discussion summarizes the material U.S. Federal income and estate tax consequences of the purchase, ownership and disposition of the notes by an initial holder of the notes who purchases the notes for cash at the original offering price, who holds the notes as capital assets within the meaning of Section 1221 of the Internal Revenue Code of 1986, as amended (the Code), and who does not have a special tax status. This discussion is based upon the Code, Treasury Regulations, and judicial decisions and administrative interpretations thereunder, as of the date hereof, all of which are subject to change, possibly with retroactive effect, or are subject to different interpretations. We cannot assure you that the Internal Revenue Service (the IRS) will not challenge one or more of the tax consequences described herein, and we have not obtained, nor do we intend to obtain, a ruling from the IRS with respect to the U.S. Federal tax consequences of purchasing, owning or disposing of the notes.

In this discussion, we do not purport to address all tax considerations that may be important to a particular holder in light of the holder's circumstances, such as the unearned income Medicare contribution tax or potential reporting obligations arising under the Hiring Incentives to Restore Employment Act of 2010, or to certain categories of investors (such as financial institutions, insurance companies, tax-exempt organizations, dealers in securities, persons who hold the notes through partnerships or other pass-through entities, regulated investment companies, U.S. persons whose functional currency is not the U.S. dollar, U.S. expatriates or persons who hold the notes as part of a hedge, conversion transaction, straddle or other risk reduction transaction) that may be subject to special rules. This discussion also does not address the tax considerations arising under the laws of any foreign, state or local jurisdiction.

If a partnership (including an entity treated as a partnership for U.S. Federal income tax purposes) holds notes, the tax treatment of a partner generally will depend upon the status of the partner and upon the activities of the partnership. If you are a partner of a partnership holding notes, you should consult your tax advisors.

YOU SHOULD CONSULT YOUR TAX ADVISORS AS TO THE PARTICULAR TAX CONSEQUENCES TO YOU OF THE ACQUISITION, OWNERSHIP AND DISPOSITION OF THE NOTES, INCLUDING THE EFFECT AND APPLICABILITY OF STATE, LOCAL OR FOREIGN TAX LAWS.

Existence of the Make-Whole Redemption

We do not intend to treat the possibility of the payment of additional amounts in respect of a make-whole redemption described in Description of Notes Redemption Optional Redemption as (i) affecting the determination of the yield to maturity of the notes, (ii) giving rise to original issue discount or recognition of ordinary income on the sale, exchange or redemption of the notes or (iii) resulting in the notes being treated as contingent payment debt instruments under the applicable Treasury Regulations.

Consequences to U.S. Holders

You are a U.S. holder for purposes of this discussion if you are a beneficial owner of notes and you are:

an individual United Sta