

# Oklahoma's Energy Future

**OWRB - Governor's Water Conference**  
**October 29, 2008**



THE AGE OF  
**Natural  
Gas**



# Oklahoma Water Usage Issues

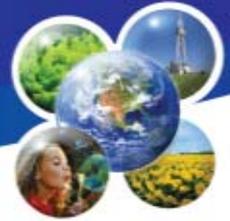


**WRONG  
WAY**



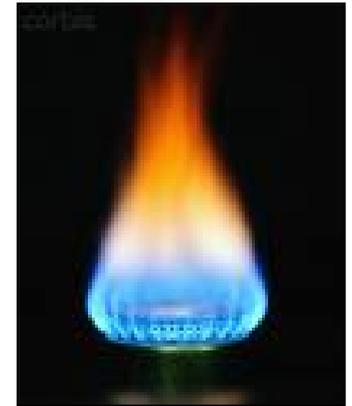
**Tom Price**  
 **for Elected Office**

# Who We Are and Why We Care

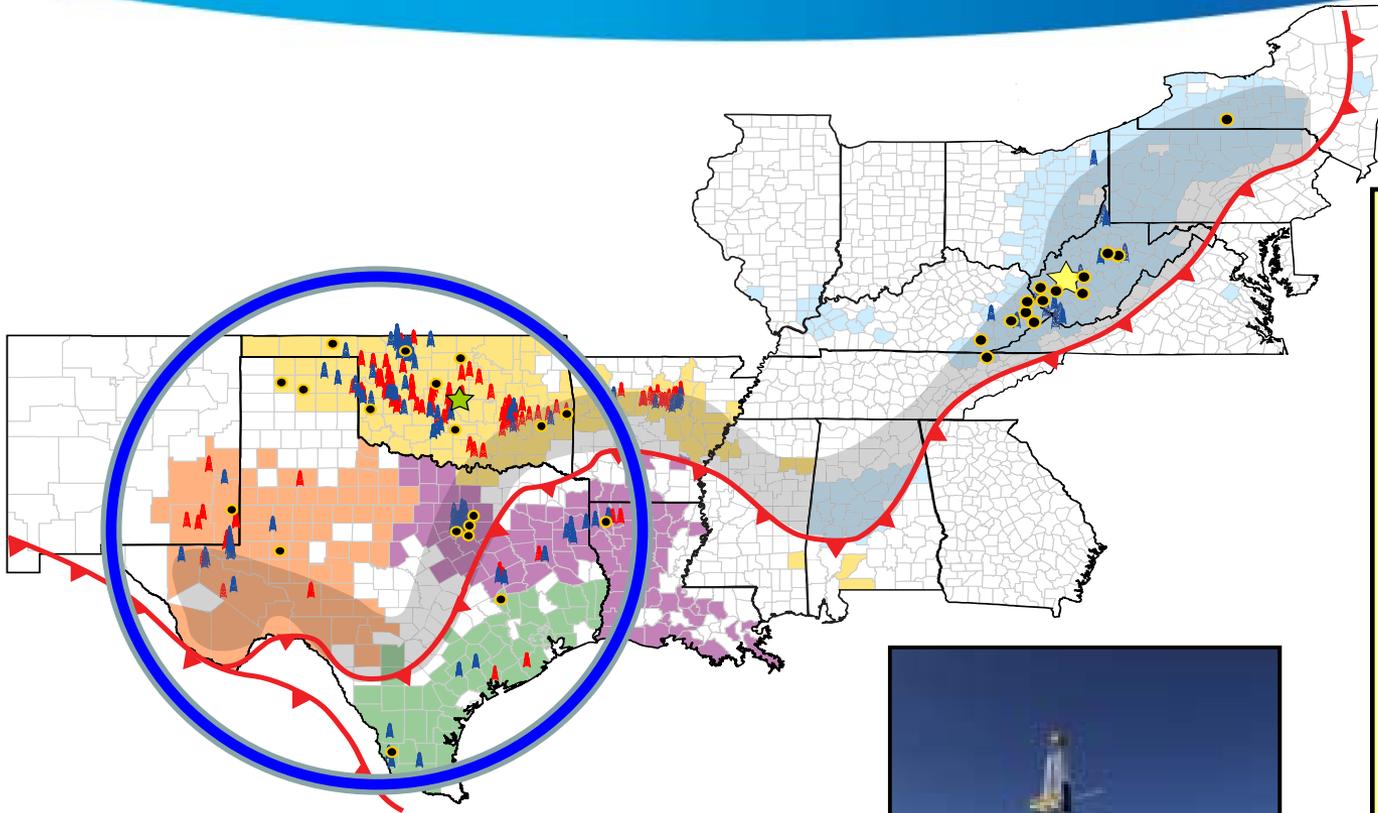


## CHESAPEAKE ENERGY CORPORATION

- #1 Producer of clean-burning U.S natural gas
- #1 U.S and Oklahoma Explorer with 146 and 34 Active Drilling Rigs, respectfully
- #1 Quality Job Creator in the U.S and Oklahoma Natural Gas Industry
- CHK employs over 7,700 Americans; 4,000 Oklahomans
- 2007 Top Managed Energy Company
  - Forbes' Magazine



# Chesapeake is a Leading Explorer for Clean Energy Across America



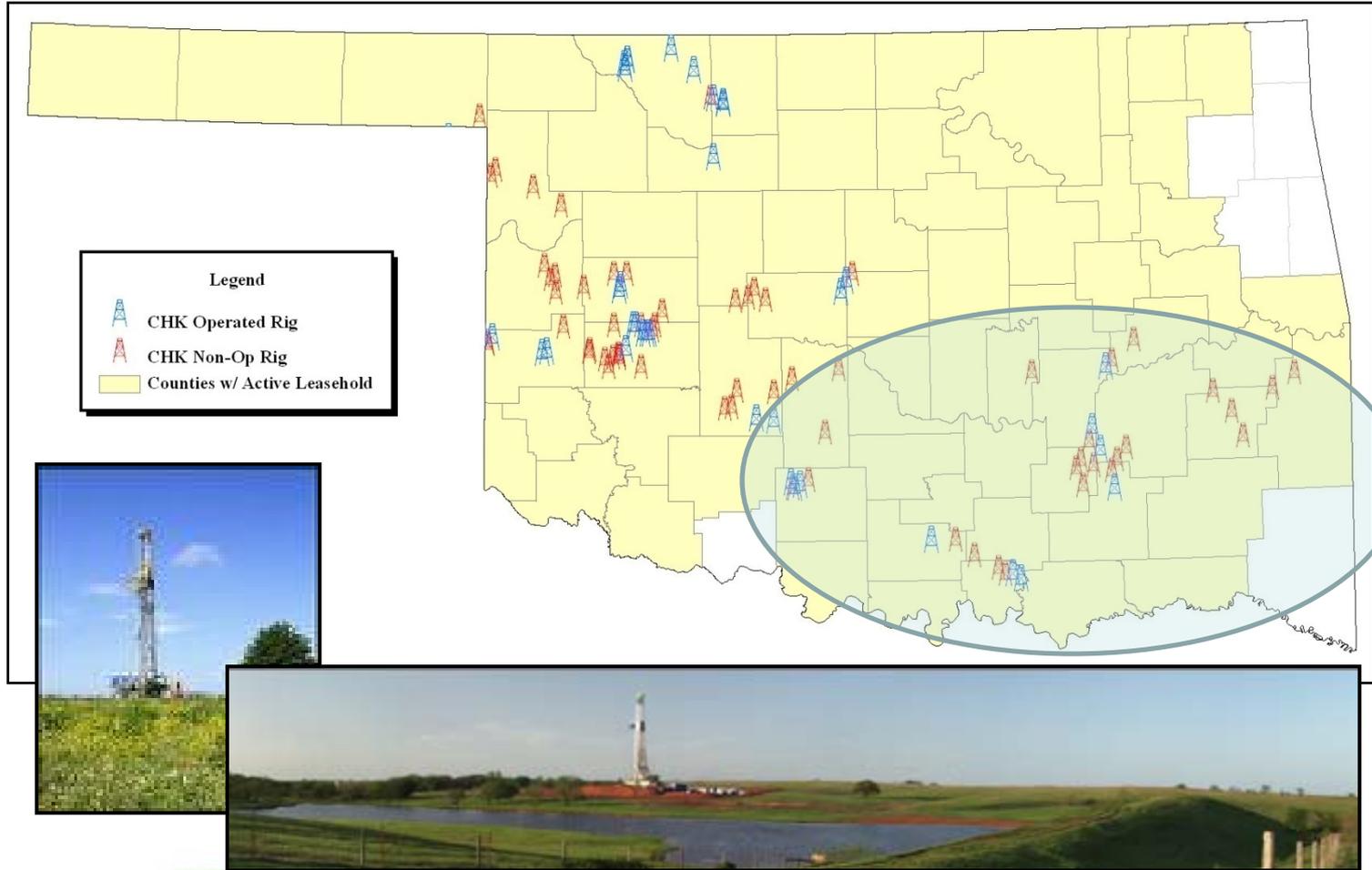
Actively drilling  
in 9 states

## State Rig Count

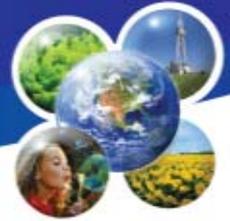
- Texas: 66
- Oklahoma: 34
- Arkansas: 19
- Louisiana: 15
- West Virginia: 5
- New Mexico: 3
- New York: 2
- Kentucky: 1
- Virginia: 1



# Chesapeake - Oklahoma's Leading Explorer, Investor, and Quality Job Creator



# Chesapeake's Oklahoma Energy Exploration: Leading the Way for a Clean and Domestic Fuel



## Top Operators - Oklahoma

Rank	Company	Rig Count
1.	<b>Chesapeake</b>	<b>34</b>
2.	XTO	11
3.	Cimarex	10
4.	<b>Devon</b>	<b>10</b>
5.	Newfield	10
6.	<b>Continental</b>	<b>9</b>
7.	Apache	7
8.	Burlington	6
9.	BP America	5
10.	<b>Chaparral</b>	<b>5</b>
Subtotal: Top 10		<b>107</b>
Total Oklahoma		<b>217</b>



# Chesapeake – A Lesson From Our Past



- In 1998, Chesapeake invested 100% of its capital expenditures in Oklahoma totaling **\$92 Million**.
- In 2007, Chesapeake is active in over 17 states and still invested **\$1.4 Billion** in capital expenditures in Oklahoma.
- Chesapeake's Oklahoma headquarters continues to benefit to the tune of over \$5 Billion in cash flows from outside Oklahoma's operations.

# 2008 Unconventional Shale Natural Gas Extraction Equation



**Technology**

+



**Water**

=



**Natural Gas**

=



**Capital Formation**

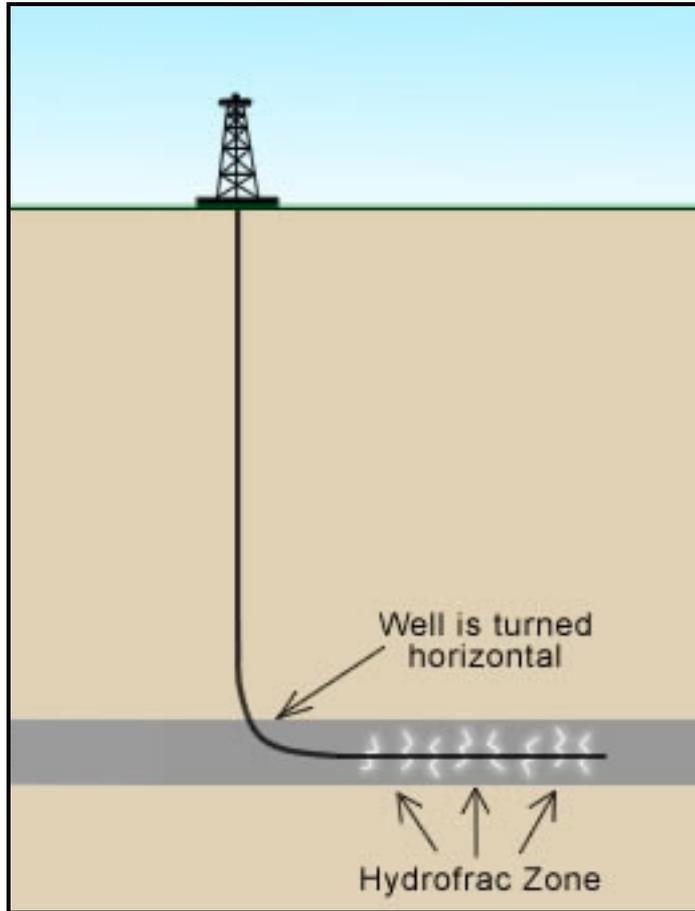


**Tax Revenue**



**Job Creation**

# Today's Technology and Unconventional Shale Formations are Key Economic Drivers



Shale Rock

Hydraulic Fracturing

# The Power of One



## ● One Oklahoma Well:

- Distributes 600 checks for goods and services;
- Provides business for over 98 service companies;
- Contributes on average about \$425,000 to the state in taxes *per year*;
- Drives consumers to the shops, restaurants, theaters, barber shops, etc. nearby;
- Delivers royalty payments to Oklahomans – historically could be several million dollars over the well-life.



# Chesapeake – Proud to be Oklahomans



- **38 Rigs in Barnett Shale in North Texas**
  - 25% of Chesapeake’s operations are in North Texas
  - Only 3% of our workforce is in North Texas
  - Income taxes and capital flow back to Oklahoma
- **There is a wise and prudent balance of using our natural resources as an economic driver**
- **We can use state resources efficiently and constructively work with other “needy” states to benefit Oklahoma**
- **Excess resources can provide capital infusion where quality jobs and economic development are critical today**

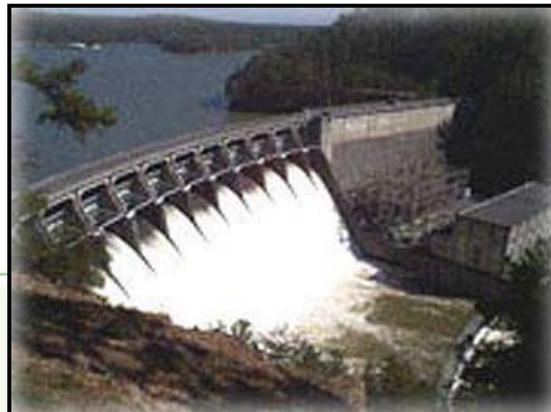
# Oklahoma's Resources Working Together

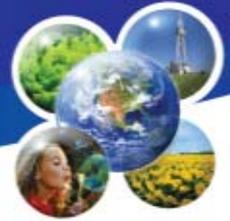


**Oklahoma's energy and water sectors can creatively work together and create jobs in Oklahoma.**

- **Energy Projects**
- **Creative Water Conservation – Re-allocation**
- **Economic Driver**
- **Environmental**

**WE MUST WORK TOGETHER AS OKLAHOMANS**





## Oklahoma's Natural Gas for Transportation



# Why CNG is Right for Oklahoma NOW!



- **Top Producer of Natural Gas**
- **We Export 2/3 of our Natural Gas Resource**
  - Not an optimal “value-adding” process
    - Keep our natural gas in the state
    - Provides greater tax revenues for Oklahoma
    - Benefits both economy and environment

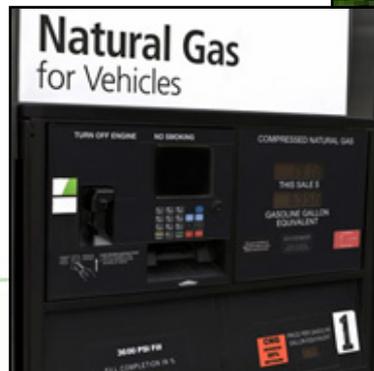


# Oklahoma's Energy Future

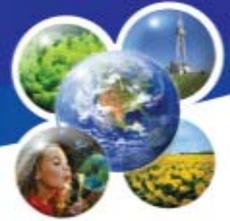


## Natural Gas, Water, Wind, and Solar

- Cleaner Air
- Increased Capital Resources
- Stronger Communities
- National Leadership
- Robust Economy



# Chesapeake's Economic Impact Oklahoma 2000 – 2008E



## Total from Chesapeake's Oklahoma Investments

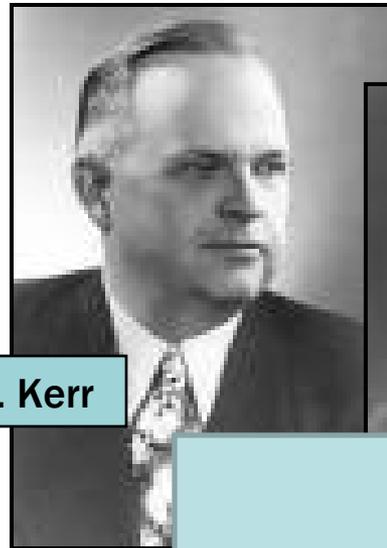
Oklahoma Operated Wells Drilled	Over 3,000
Oklahoma Property Acquisitions	\$ 5.1 Billion
Drilling Capital Expenditures	\$ 5.7 Billion
Royalty Payments ( <i>50k owners</i> )	\$ 2.1 Billion
State Severance Taxes	\$698 Million
State Sales Taxes	\$121 Million
Total Oklahoma Taxes	\$819 Million

# Who will be the Leaders of Tomorrow?

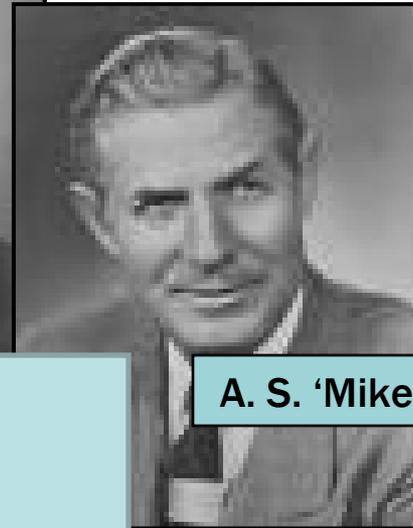


## Oklahoma's Resource Visionaries

- Innovation
- Collaboration
- Leadership
- Communication
- Character
- State Pride



Robert S. Kerr



A. S. 'Mike' Monroney



# Contact Information



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