

Chesapeake's Fueling the Future Initiative

Louisiana Clean Fuels Symposium

April 22, 2010



POWERFUL ASSETS

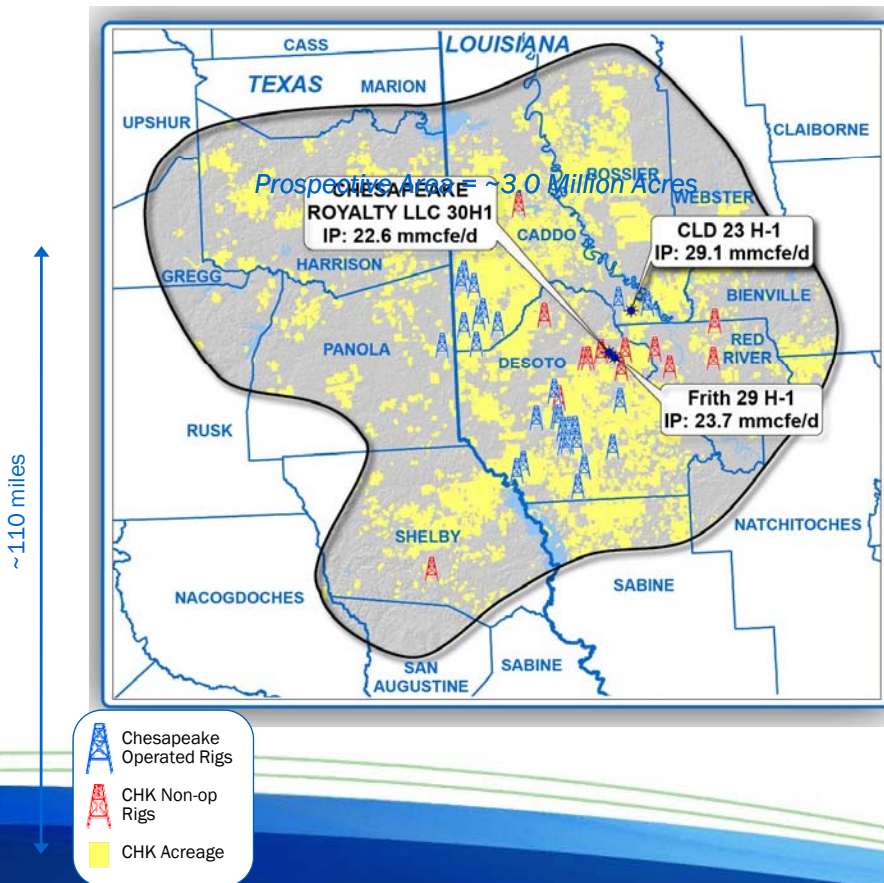
Chesapeake in the Haynesville Shale



- Chesapeake is the largest lease holder and controls over 645,000 acres in the Haynesville Shale Play with its 20% joint venture partner, Plains Exploration & Production Company (NYSE: PXP)
- CHK is currently operating 38 rigs in the Haynesville Shale and anticipates averaging 40 rigs in 2010.

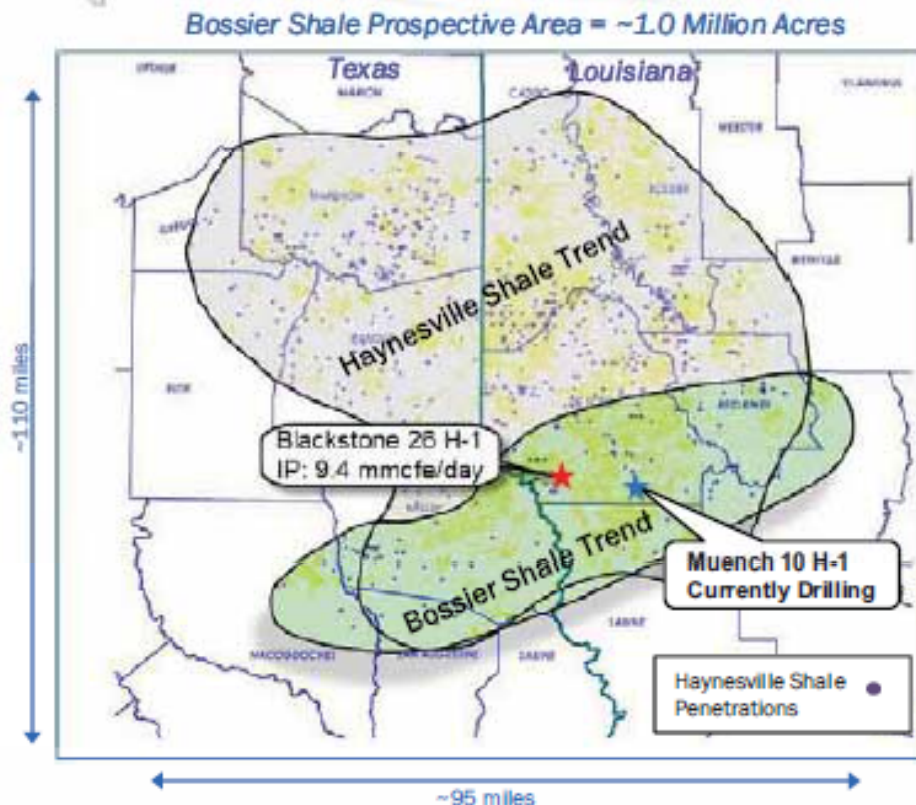
The Haynesville Shale

- 150 million years old
- Unconventional Resource Play
 - Not a conventional reservoir
 - Requires stimulation to produce
 - Creates reservoir space
- 200 - 300 feet thick
- 2.0 - 2.5 miles below surface



~95 miles

Bossier Shale Overview



- CHK is the largest leasehold owner in the play
- CHK currently owns ~175,000 net acres of prospective leasehold for Bossier Shale
- Estimated Ultimate Reserves (EURs) per well:
 - 6.5 bcfe – Haynesville;
 - 5.5 bcfe – Bossier;
 - 4.20 bcfe – Marcellus;
 - 2.65 bcfe – Barnett;
 - 2.40 bcfe - Fayetteville

CHK has the industry's largest combined resource potential in the Haynesville and Bossier Shales

Compressed Natural Gas (CNG) - The Energy Answer!



- **CLEAN**

- Produces 93-95% less overall toxics and reduces greenhouse emissions by 20-30% compared to gasoline and diesel vehicles.

- **AMERICAN**

- 98% of the natural gas use is produced in North America. We purchase 70% of our oil from foreign nations.

- **ABUNDANT**

- Natural gas reserves continue to be discovered and increase each year. The U.S. has enough natural gas to last for 120 years and beyond.

- **AFFORDABLE**

- CNG costs on average are over one third less than conventional gasoline at the pump.



Compressed Natural Gas (CNG) – The Energy Answer!



NATIONAL SECURITY

- The U.S. controls 4% of the world's oil reserves yet we consume 25% of the total global production
 - American producers control all of our needed natural gas reserves.

ENVIRONMENTAL

- 40 – 70% of emissions are from the transportation sector
 - Non-attainment will adversely affect economic stability.
 - Health problems created by transportation pollution will increase medical costs.










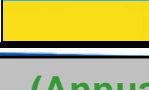
AMERICAN ECONOMY AND THE AMERICAN CONSUMER

- Create jobs and new businesses



Compressed Natural Gas (CNG) – The Energy Answer!



			CNG VEHICLES	STATIONS	NGVs / STATION
1	Argentina		1,650,000 (12%)	1,400	1,180
2	Pakistan		1,550,000 (54%)	1,606	965
3	Brazil		1,425,513 (26%)	1,442	988
4	Italy		432,900 (12%)	558	775
5	India		334,820 (34%)	321	1,043
6	Iran		263,662 (82%)	179	1,472
7	Colombia		203,292 (65%)	310	655
8	USA		146,876 (9%)	1,340	109
9	China		127,120 (24%)	355	358
10	Ukraine		100,000 (33%)	147	680

(Annual Growth Rates 2005 -2007)

Chesapeake
ENERGY

Growing Markets: **Germany, Sweden, Japan**

Louisiana's Leadership – Paving the Way for Clean Natural Gas Vehicles

Empowering America



● Louisiana CNG Legislation—ACT 469

- CNG legislation increases the personal income tax credit from 20% to 50% for conversion equipment on vehicles
- 20% to 50% credit increase on fueling infrastructure
- Increases income tax credit to \$3000 for purchase of dedicated vehicles.
- Repeals prohibition for a business to receive both a Quality Jobs income tax credit and our CNG credit.

This landmark legislation will be an adrenaline shot to the market in Louisiana – propelling Louisiana to a leading clean energy state



Current examples of natural gas vehicles



Using NGVs in the Heavy Duty Class Will Enable Stable Supply and Demand Growth While Reducing Emissions and Keeping Billions Of Dollars in the US

Critical Opportunities For Cleaner Air, Energy Security, and Fuel Savings



Transit Buses



Semi Trucks

Refuse/Trash Trucks



7 Key NGV Targets: NGVs Are Scalable Answer, Today



- **“Short-Haul” Delivery**

- Food & Beverage, Package, Port-Rail, Linen/Textile Services, Newspapers

- **Utilities**

- Gas/Electric/Water, Communications

- **Airports**

- Terminal Buses, Hotel/Parking Shuttles, Taxis, Door-to Door services

- **Local/State Government**

- All Departments



ISL Gas - Many Applications



Truck



Specialty



Bus



REFUSE



The Key Dominoes Are Falling



2007-2008



2008-2009



ANGA NGV COMMITTEE MEMBERS



America's Transportation Market Continues to Shift In Anticipation of Federal Support for NGVs



- **Costs are dropping**

- *Conversion kits continue to decrease in price as scale develops*

- **Major fleets are switching**

- *AT&T, Yellow Cab, UPS, etc.*

- **Heavy-duty NGVs continue to grow**

- *Refuse trucks, transit buses, semi-trucks, and school buses*

- **Decision-makers are aware of the benefits and reasons to switch**

- *Governors, Mayors, City Managers, and CEOs*

- **Technology is improving and arriving**

- *New products continue to arrive into the market*

Fuel Infrastructure is Vital

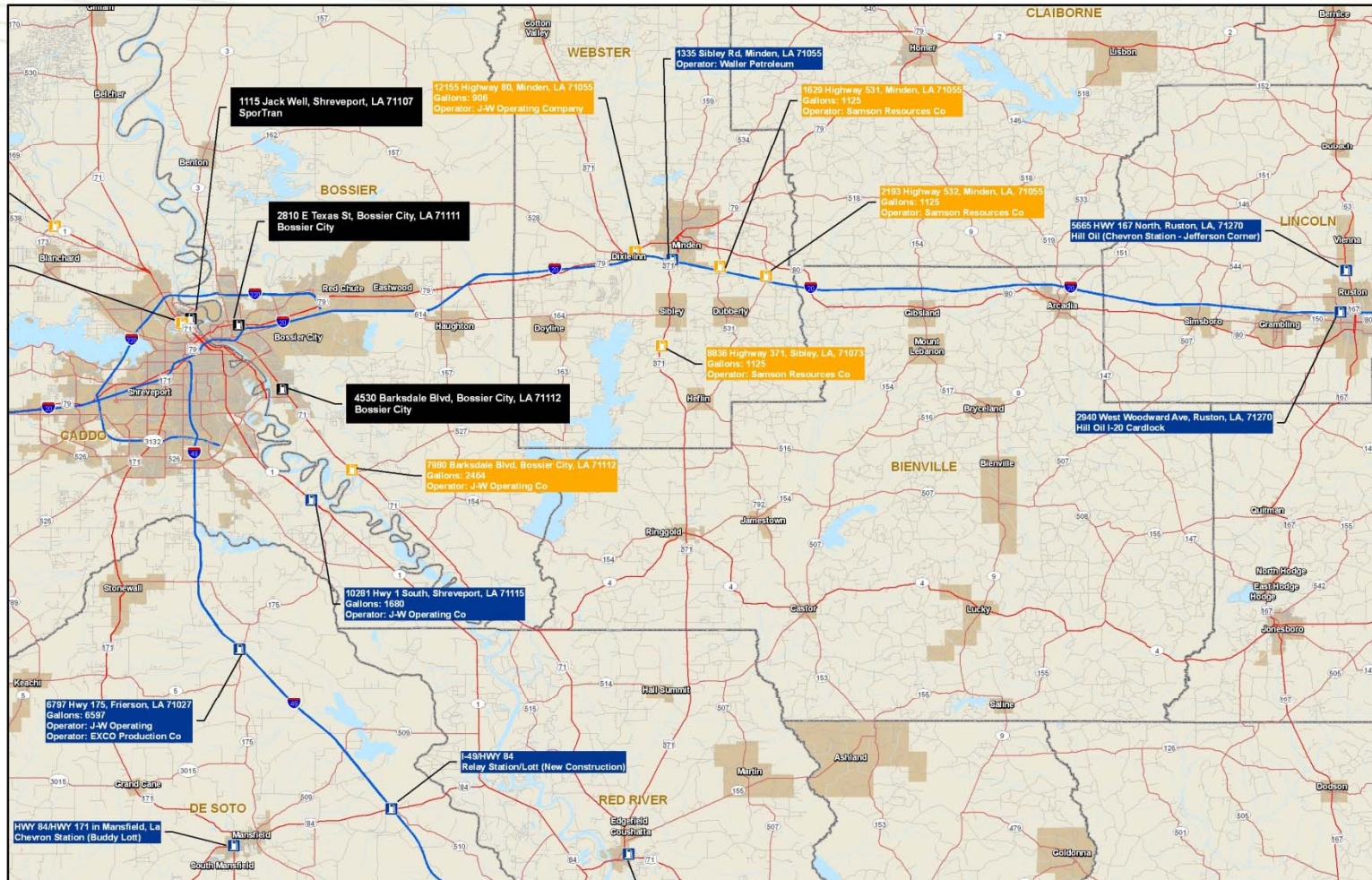


- Light duty and medium duty vehicles
- Same fuel that heats homes & used for cooking
- Pipeline gas compressed at the station
- Dispensed similar to gasoline
- Stored in cylinders onboard vehicle
- Not propane! (NG has higher BTU content)

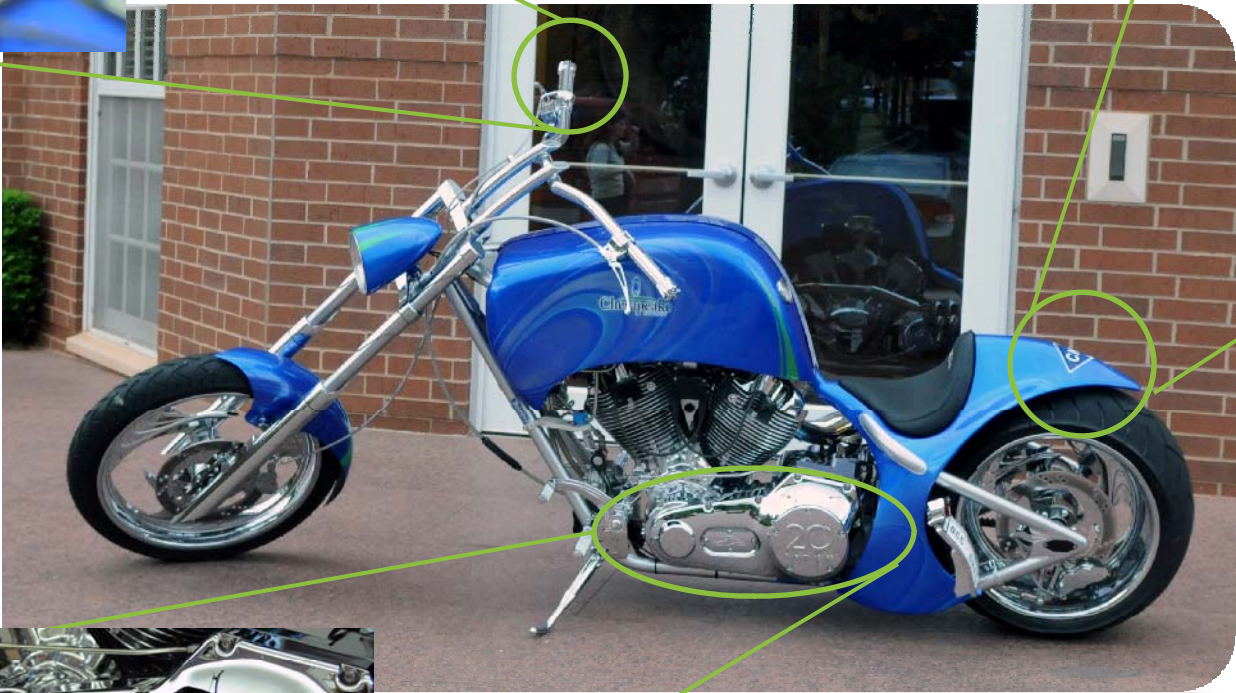


CHESAPEAKE
ENERGY

Northwest LA CNG Station/potential Station Map



World's 1st Natural Gas Chopper



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