

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 13D
(Amendment No. 2)

Under the Securities Exchange Act of 1934

CHESAPEAKE ENERGY CORPORATION

(Name of Issuer)

Common Stock, par value \$.01

(Title of Class of Securities)

165167 10 7

(CUSIP Number)

Shannon Self, Esquire
Self, Giddens & Lees, Inc.
2725 Oklahoma Tower
210 Park Avenue
Oklahoma City, Oklahoma 73102
(405) 232-3001

(Name, Address and Telephone Number of Person
Authorized to Receive Notices and Communications)

December 2, 1999

(Date of Event Which Requires Filing of this Statement)

If the filing person has previously filed a statement on Schedule 13G to report the acquisition which is the subject of this Schedule 13D, and is filing this schedule because of Rule 13d-1(b) (3) or (4), check the following box. []

NOTE: Six (6) copies of this statement, including all exhibits, should be filed with the Commission. See Rule 13d-1(a) for other parties to whom copies are to be sent.

* The remainder of this cover page shall be filled out for a reporting person's initial filing on this form with respect to the subject class of securities, and for any subsequent amendment containing information which would alter disclosures provided in a prior cover page.

The information required on the remainder of this cover page shall not be deemed to be "filed" for the purpose of Section 18 of the Securities Exchange Act of 1934 ("Act") or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, see the Notes).

CUSIP NO. 16517 10 7

(1)	Names of Reporting Persons, S.S. or I.R.S. Identification Nos. of Above Persons	Aubrey K. McClendon ###-##-####
(2)	Check the Appropriate Box if a Member of a Group (See Instructions)	(a) <input checked="" type="checkbox"/> (b) <input type="checkbox"/>
(3)	SEC Use Only	
(4)	Source of Funds (See Instructions)	OO
(5)	Check if Disclosure of Legal Proceedings is Required Pursuant to Items 2(d) or 2(e)	<input type="checkbox"/>
(6)	Citizenship or Place of Organization	USA
	Number of Shares (7) Sole Voting Power	9,575,276
	Beneficially (8) Shared Voting Power	508,560
	Owned By Each (9) Sole Disposition	9,575,276
	Reporting Person (10) Shared Dispositive Power	508,560
	With:	
(11)	Aggregate Amount Beneficially Owned by Each Reporting Person	10,083,836
(12)	Check if the Aggregate Amount in Row (11) Excludes Certain Shares (See Instructions)	<input type="checkbox"/>
(13)	Percent of Class Represented by Amount in Row (11)	10.62%
(14)	Type of Reporting Person (See Instructions)	IN

CUSIP NO. 16517 10 7

(1)	Names of Reporting Persons, S.S. or I.R.S. Identification Nos. of Above Persons	Chesapeake Investments, an Oklahoma Limited Partnership 73-1132104
(2)	Check the Appropriate Box if a Member of a Group (See Instructions)	(a) <input checked="" type="checkbox"/> (b) <input type="checkbox"/>
(3)	SEC Use Only	
(4)	Source of Funds (See Instructions)	N/A
(5)	Check if Disclosure of Legal Proceedings is Required Pursuant to Items 2(d) or 2(e)	<input type="checkbox"/>
(6)	Citizenship or Place of Organization	Oklahoma
	Number of Shares (7) Sole Voting Power	0
	Beneficially (8) Shared Voting Power	508,560
	Owned By Each (9) Sole Disposition	0
	Reporting Person (10) Shared Dispositive Power	508,560
	With:	
(11)	Aggregate Amount Beneficially Owned by Each Reporting Person	508,560
(12)	Check if the Aggregate Amount in Row (11) Excludes Certain Shares (See Instructions)	<input type="checkbox"/>
(13)	Percent of Class Represented by Amount in Row (11)	.54%
(14)	Type of Reporting Person (See Instructions)	PN

CUSIP NO. 16517 10 7

(1)	Names of Reporting Persons, S.S. or I.R.S. Identification Nos. of Above Persons	Tom L. Ward ###-##-####
(2)	Check the Appropriate Box if a Member of a Group (See Instructions)	(a) <input checked="" type="checkbox"/> (b) <input type="checkbox"/>
(3)	SEC Use Only	
(4)	Source of Funds (See Instructions)	OO
(5)	Check if Disclosure of Legal Proceedings is Required Pursuant to Items 2(d) or 2(e)	<input type="checkbox"/>
(6)	Citizenship or Place of Organization	USA
	Number of Shares (7) Sole Voting Power	9,519,192
	Beneficially Owned (8) Shared Voting Power	1,846,860
	By Each Reporting Person (9) Sole Disposition	9,519,192
	Person With: (10) Shared Dispositive Power	1,846,860
(11)	Aggregate Amount Beneficially Owned by Each Reporting Person	11,366,052
(12)	Check if the Aggregate Amount in Row (11) Excludes Certain Shares (See Instructions)	<input type="checkbox"/>
(13)	Percent of Class Represented by Amount in Row (11)	11.97%
(14)	Type of Reporting Person (See Instructions)	IN

CUSIP NO. 16517 10 7

(1)	Names of Reporting Persons, S.S. or I.R.S. Identification Nos. of Above Persons	TLW Investments Inc. 73-1215253
(2)	Check the Appropriate Box if a Member of a Group (See Instructions)	(a) <input checked="" type="checkbox"/> (b) <input type="checkbox"/>
(3)	SEC Use Only	
(4)	Source of Funds (See Instructions)	N/A
(5)	Check if Disclosure of Legal Proceedings is Required Pursuant to Items 2(d) or 2(e)	<input type="checkbox"/>
(6)	Citizenship or Place of Organization	Oklahoma
	Number of Shares (7) Sole Voting Power	0
	Beneficially Owned (8) Shared Voting Power	1,846,860
	By Each Reporting Person (9) Sole Disposition	0
	Person With: (10) Shared Dispositive Power	1,846,860
(11)	Aggregate Amount Beneficially Owned by Each Reporting Person	1,846,860
(12)	Check if the Aggregate Amount in Row (11) Excludes Certain Shares (See Instructions)	<input type="checkbox"/>
(13)	Percent of Class Represented by Amount in Row (11)	1.95%
(14)	Type of Reporting Person (See Instructions)	CO

Preliminary Statement

This Amendment No. 2 to Schedule 13D amends and restates: (a) the Schedule 13D dated February 4, 1993, and filed by the group consisting of Aubrey K. McClendon and Chesapeake Investments, an Oklahoma Limited Partnership ("CI"); (b) the Schedule 13D dated February 4, 1993, and filed by the group consisting of Tom L. Ward and TLW Investments Inc. ("TLW"); and (c) Amendment No. 1 to Schedule 13D filed on March 10, 1997, by the group consisting of Mr. McClendon and CI and the group consisting Mr. Ward and TLW (collectively, the "Prior Schedule 13D"). Mr. McClendon, CI, Mr. Ward and TLW are referred to herein as the "Reporting Persons." The group consisting of Mr. McClendon and CI and the group consisting of Mr. Ward and TLW each disclaim beneficial ownership of the shares held by the other group.

Item 1. Security and Issuer.

This Schedule 13D relates to the common stock, par value \$.01 per share (the "Common Stock"), of Chesapeake Energy Corporation, an Oklahoma corporation (the "Company") having its principal executive offices at 6100 North Western Avenue, Oklahoma City, Oklahoma 73118.

Item 2. Identity and Background.

(a)-(c)

Aubrey K. McClendon

Mr. McClendon is the Chairman of the Board and Chief Executive Officer of the Company, having a business address of 6100 North Western Avenue, Oklahoma City, Oklahoma 73118. The Company is engaged in oil and gas exploration and development.

Chesapeake Investments

Chesapeake Investments, an Oklahoma Limited Partnership, is an Oklahoma limited partnership, having a business address of 6100 North Western Avenue, Oklahoma City, Oklahoma 73118. Mr. McClendon is the sole general partner of CI. CI is principally engaged in the ownership of working interests in oil and gas wells and leases.

Tom L. Ward

Mr. Ward is the President and Chief Operating Officer of the Company, having a business address of 6200 North Western Avenue, Oklahoma City, Oklahoma 73118.

TLW Investments Inc.

TLW Investments Inc., is an Oklahoma corporation having a business address of 6200 North Western Avenue, Oklahoma City, Oklahoma 73118. Mr. Ward is the sole shareholder,

director, and president of TLW. TLW is principally engaged in the ownership of working interests in oil and gas wells and leases.

(d) During the past five (5) years no Reporting Person has been convicted in a criminal proceeding (excluding traffic violations or similar misdemeanors).

(e) During the past five (5) years, no Reporting Person has been a party to a civil proceeding of a judicial or an administrative body of competent jurisdiction as a result of which a Reporting Person is, or was, subject to a judgment, decree or final order enjoining future violations of, or prohibiting or mandating activity subject to, federal or state securities laws or finding any violation with respect to such laws.

Item 3. Source and Amount of Funds or Other Consideration.

The Reporting Persons acquired more than 5% of the outstanding Common Stock of the Company upon the formation and capitalization of the Company effective January 1, 1992. As the primary consideration for such shares, the Reporting Persons conveyed to the Company certain oil and gas properties, stock of various corporations which became wholly-owned subsidiaries of the Company, other real property and personal property.

Subsequent to the formation of the Company the Reporting Persons acquired shares of the Company's common stock through open market purchases and through the exercise of employee stock options issued to Mr. McClendon and Mr. Ward under the Company's employee stock option plans. Except for open market purchases by Mr. Ward's children of 21,435 shares of stock (for which Mr. Ward disclaims beneficial ownership) no open market purchases have been consummated by the Reporting Persons since the filing of the Prior Schedule 13D.

The investment cost for the previously reported purchases were funded using the Reporting Person's own funds and funds borrowed by the Reporting Person in transactions previously disclosed in the Prior Schedule 13D including, without implied limitation, lending arrangements with Morgan Guaranty Trust Company of New York ("Morgan Guaranty"), Donaldson, Lufkin & Jenrette and Dain Rauscher, Inc., as successor to Rauscher, Pierce & Refnes, Inc. To the extent still outstanding, the foregoing loans are secured by a security interest in a portion of the shares of stock held by the Reporting Persons.

A portion of the foregoing indebtedness was refinanced by the Reporting Persons. Pursuant to loan agreements dated July 7, 1998, as amended from time to time, Mr. McClendon and Mr. Ward each borrowed \$5.0 million from Chesapeake Energy Marketing, Inc. ("CEMI"), an affiliate of the Company, with the proceeds applied to the indebtedness at Morgan Guaranty. Mr. McClendon's loan from CEMI was secured by various collateral including 144,807 shares of the Common Stock. Mr. Ward's loan from CEMI was secured by various collateral including 2,350,840 shares of the Common Stock.

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Item 4. Purpose of Transaction.

Mr. McClendon and Mr. Ward acquired the shares of Common Stock for investment purposes. In the future, the Reporting Persons may: (i) purchase additional shares of Common Stock or (ii) dispose of any or all of the Common Stock in any manner permitted by applicable securities laws. Mr. McClendon and Mr. Ward are each members of the Company's Board of Directors. Other than Mr. McClendon's and Mr. Ward's participation on the Board of Directors, none of the Reporting Persons has any present plans or intentions relating to the transactions described in paragraphs (a) through (j) of Item 4 of Schedule 13D.

Item 5. Interest in Securities of the Issuer.

The aggregate percentage of shares of Common Stock reported as beneficially owned by each Reporting Person was computed based upon 94,928,623 shares of Common Stock outstanding on November 30, 1999. The number was computed based on the shares reported outstanding by the Company as of November 8, 1999, in the most recent 10Q filed by the Company on November 15, 1999, adjusted for the transaction discussed in Item 5(c).

(a) The following table sets forth the aggregate number and percentage of the class of Common Stock of the Company identified pursuant to Item 1 beneficially owned by each person named in Item 2:

Person -----	Amount -----	Percent -----
Aubrey K. McClendon	10,083,836 (1) (2)	10.62%
Chesapeake Investments	508,560 (2)	.54%
Tom L. Ward	11,366,052 (3) (4)	11.97%
TLW Investments	1,846,860 (4)	1.95%

(1) This amount includes: (i) 73,583 shares held on behalf of Mr. McClendon in the Chesapeake Energy Corporation Savings and Incentive Stock Bonus Plan as of September 30, 1999, the latest date such information is available; and (ii) 722,953 shares which Mr. McClendon has the right to acquire within sixty (60) days pursuant to stock options granted by the Company.

(2) This amount includes 508,560 shares owned of record by CI, of which Mr. McClendon is the sole general partner. CI and Mr. McClendon share voting and dispositive power over such shares.

(3) This amount includes (i) 25,588 shares held on behalf of Mr. Ward in the Chesapeake Energy Corporation Savings and Incentive Stock Bonus Plan as of September 30, 1999, the latest date such information is available; (ii) 722,954 shares which Mr. Ward has the right to acquire within sixty (60) days pursuant to stock options granted by the Company; (iii) 1,098,600 shares held by Mr. Ward as Trustee of a trust for the benefit of Mr. McClendon's children; and (iv) 21,435 shares held by Mr. Ward in custodial accounts for the benefit of Mr. Ward's children. Mr. Ward disclaims ownership of the shares held in the McClendon Children's Trust under (iii) above and the shares held for the benefit of Mr. Ward's children under (iv) above.

(4) This amount includes 1,846,860 shares owned of record by TLW, of which Mr. Ward is the sole shareholder, director, and Chief Executive Officer. TLW and Mr. Ward share voting and dispositive power over such shares.

(b) The following table sets forth, for each person and entity identified under paragraph (a), the number of shares of Common Stock of the Company as to which the person has (1) the sole power to vote or direct the voting, (2) shared power to vote or direct the voting, (3) the sole power to dispose or to direct the disposition, or (4) shared power to dispose or to direct the disposition:

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Person or Entity -----	Sole Voting and Power of Disposition -----	Shared Voting and Power of Disposition -----
Aubrey K. McClendon	9,575,276 (1)	508,560 (2)
Chesapeake Investments	0	508,560 (2)
Tom L. Ward	9,519,192 (3)	1,846,860 (4)
TLW Investments	0	1,846,860 (4)

(1) See footnote (1) under paragraph (a) of this Item 5.

(2) See footnote (2) under paragraph (a) of this Item 5.

(3) See footnote (3) under paragraph (a) of this Item 5.

(4) See footnote (4) under paragraph (a) of this Item 5.

(c) During the sixty days prior to the date of this Schedule 13D, the following transactions were effected in the Common Stock by a Reporting Person:

On November 18, 1999, Mr. McClendon satisfied the loan from CEMI by transferring to CEMI free and clear of all liens, claims and encumbrances 1,184,532 shares of Common Stock. The original principal balance of the Mr. McClendon's loan from CEMI was \$5.0 million and the balance due and owing on the effective date of the foregoing transfer of Common Stock was \$3,897,109. The sale price of the Common Stock transferred to CEMI in the foregoing transaction was \$3.29 per share which amount was determined by taking the average closing price of the Common Stock for the ten trading days prior to the transfer of the Common Stock to CEMI. Although the foregoing transaction was closed effective November 18, 1999, the transaction was subject to termination until the Company's primary lender consented to the transaction, which consent was delivered December 2, 1999.

On November 18, 1999, Mr. Ward satisfied the loan from CEMI by transferring to CEMI free and clear of all liens, claims and encumbrances 1,135,575 shares of Common Stock. The original principal balance of the Mr. Ward's loan from CEMI was \$5.0 million and the balance due and owing on the effective date of the foregoing transfer of Common Stock was \$3,736,043. The sale price of the Common Stock transferred to CEMI in the foregoing transaction was \$3.29 per share which amount was determined by taking the average closing price of the Common Stock for the ten trading days prior to the transfer of the Common Stock to CEMI. Although the foregoing transaction was closed effective November 18, 1999, the transaction was subject to termination until the Company's primary lender consented to the transaction, which consent was delivered December 2, 1999.

(d) See Item 6, below.

(e) Not applicable.

Item 6. Contracts, Agreements, Underwritings or Relationships With Respect to Securities of the Issuer.

Mr. McClendon and Mr. Ward, as officers of the Company, participate in the Company's 1992 Incentive Stock Option Plan, 1992 Nonstatutory Stock Option Plan, as amended, 1994 Stock Option Plan, 1996 Stock Option Plan and 1999 Stock Option Plan.

Mr. McClendon had three separate lending agreements with Morgan Guaranty, dated January 8, February 6, and February 13, 1997. Mr. McClendon also maintains lending arrangements with Donaldson, Lufkin & Jenrette, pursuant to an agreement dated November 22, 1996 and Dain Rauscher, Inc. as successor to Rauscher, Pierce & Refnes, Inc., pursuant to an agreement dated February 25, 1994. A portion of the shares of Common Stock owned by Mr. McClendon and CI are pledged as collateral for such loans. Each agreement contains standard default and remedial provisions.

Mr. Ward had three separate lending agreements with Morgan Guaranty, dated January 8, February 6, and February 13, 1997. Mr. Ward also maintains a lending arrangement with Donaldson, Lufkin & Jenrette, pursuant to an agreement dated November 22, 1996. A portion of the shares of Common Stock owned by Mr. Ward are pledged as collateral for such loans. Each agreement contains standard default and remedial provisions.

In connection with loans from Mr. Frederick B. Whittemore: (a) Mr. McClendon granted to Mr. Whittemore pursuant to that certain Common Stock Purchase Option dated March 10, 1999, an option to purchase 394,688 shares of Common Stock at a purchase price of \$0.50 per share; and (b) Mr. Ward granted to Mr. Whittemore an option to purchase 355,312 shares of Common Stock at a purchase price of \$0.50 per share. In each case, if on or before February 29, 2000, the borrower pays in full or collateralizes Mr. Whittemore's loan the number of shares covered by the option attributable to the loan which is paid or collateralized automatically decreases by 50%.

In connection with a loan from Mr. Shannon Self, Mr. McClendon granted to Mr. Self pursuant to that certain Common Stock Purchase Option dated March 10, 1999, an option to purchase 37,750 shares of Common Stock at a purchase price of \$0.50 per share. In addition, in connection with a loan from Talbot Fairfield II Limited Partnership ("Talbot"), Mr. McClendon granted to Talbot pursuant to that certain Common Stock Purchase Option dated March 10, 1999, an option to purchase 37,750 shares of Common Stock at a purchase price of \$0.50 per share. If on or before February 29, 2000, Mr. McClendon pays in full or collateralizes Mr. Self's or Talbot's loan, the number of shares covered by the option attributable to the loan which is paid or collateralized automatically decreases by 50%.

Item 7. Materials to be Filed as Exhibits.

1. Limited Partnership Agreement of Chesapeake Investments, an Oklahoma Limited Partnership, is filed as Exhibit E to the Schedule 13D dated February 4, 1993 filed by Aubrey K. McClendon and is incorporated herein by reference.
2. The Company's 1992 Incentive Stock Option Plan, as amended, is incorporated herein by reference to Exhibit 10.1.1 to the Company's Registration Statement on Form S-4, No. 33-93718, filed June 23, 1995.
3. The Company's 1992 Nonstatutory Stock Option Plan, as amended, is filed as Exhibit 10.1.2 to the Company's Quarterly Report on Form 10-Q filed February 14, 1997, and is incorporated herein by reference.
4. The Company's 1994 Stock Option Plan is filed as Exhibit 10.1.3 to the Company's Quarterly Report on Form 10-Q filed February 14, 1997, and is incorporated herein by reference.
5. The Company's 1996 Stock Option Plan is filed as Exhibit B to the Company's Proxy Statement for its 1996 Annual Meeting of Shareholders filed November 6, 1996 and is incorporated herein by reference.
6. Morgan Guaranty Trust Company of New York Demand Note, dated February 6, 1997, executed by Aubrey K. McClendon was filed as Exhibit 6 to Amendment No. 1 to Schedule 13D filed by the Reporting Persons on March 10, 1997 and is incorporated herein by reference.
7. Morgan Guaranty Trust Company of New York Demand Note, dated February 13, 1997 executed by Aubrey K. McClendon was filed as Exhibit 7 to Amendment No. 1 to Schedule 13D filed by the Reporting Persons on March 10, 1997 and is incorporated herein by reference.
8. Morgan Guaranty Trust Company of New York Demand Note, dated February 6, 1997, executed by Tom L. Ward was filed as Exhibit 8 to Amendment No. 1 to Schedule 13D filed by the Reporting Persons on March 10, 1997 and is incorporated herein by reference.
9. Morgan Guaranty Trust Company of New York Demand Note, dated February 13, 1997, executed by Tom L. Ward was filed as Exhibit 9 to Amendment No. 1 to Schedule 13D filed by the Reporting Persons on March 10, 1997 and is incorporated herein by reference.
10. The Company's 1999 Stock Option Plan is filed as Exhibit 10.1.5 to the Company's Quarterly Report on Form 10-Q filed August 16, 1999, and is incorporated herein by reference.
11. Stock Purchase Agreement dated November 18, 1999, among Aubrey K. McClendon, Chesapeake Operating, Inc., and Chesapeake Energy Marketing, Inc.

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- 12. Stock Purchase Agreement dated November 18, 1999, among Tom L. Ward, Chesapeake Operating, Inc., and Chesapeake Energy Marketing, Inc.
- 13. Common Stock Purchase Option No. AKM-1 dated March 10, 1999, executed by Aubrey K. McClendon in favor of Frederick B. Whittemore.
- 14. Common Stock Purchase Option No. TLW-1 dated March 10, 1999, executed by Tom L. Ward in favor of Frederick B. Whittemore.
- 15. Common Stock Purchase Option No. AKM-2 dated March 10, 1999, executed by Aubrey K. McClendon in favor of Shannon Self.
- 16. Common Stock Purchase Option No. AKM-3 dated March 10, 1999, executed by Aubrey K. McClendon in favor of Talbot Fairfield II Limited Partnership.
- 17. Joint Filing Agreement.

SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

DATED: December 16, 1999.

/s/ Aubrey K. McClendon

 AUBREY K. McCLENDON, an individual

 CHESAPEAKE INVESTMENTS, an Oklahoma limited partnership

By: /s/ Aubrey K. McClendon

 Aubrey K. McClendon, General Partner

/s/ Tom L. Ward

 TOM L. WARD, an individual

 TLW INVESTMENTS INC., an Oklahoma corporation

By: /s/ Tom L. Ward

 Tom L. Ward, President

INDEX TO EXHIBITS

Exhibit No. -----	Description -----	Method of Filing -----
99.1	Limited Partnership Agreement of Chesapeake Investments, an Oklahoma Limited Partnership	Incorporated herein by reference to Exhibit E to the Schedule 13D dated February 4, 1993
99.2	The Company's 1992 Incentive Stock Option Plan, as amended	Incorporated herein by reference to Exhibit 10.1.1 to the Company's Registration Statement on Form S-4, No. 33-93718, filed June 23, 1995
99.3	The Company's 1992 Nonstatutory Stock Option Plan, as amended	Incorporated herein by reference to Exhibit 10.1.2 to the Company's Quarterly Report on Form 10-Q filed February 14, 1997
99.4	The Company's 1994 Stock Option Plan	Incorporated herein by reference to Exhibit 10.1.3 to the Company's Quarterly Report on Form 10-Q filed February 14, 1997
99.5	The Company's 1996 Stock Option Plan	Incorporated herein by reference to Exhibit B to the Company's Proxy Statement for its 1996 Annual Meeting of Shareholders filed November 6, 1996
99.6	Morgan Guaranty Trust Company of New York Demand Note, dated February 6, 1997, executed by Aubrey K. McClendon	Incorporated herein by reference to Exhibit 6 to Amendment No. 1 to Schedule 13D filed by the Reporting Persons on March 10, 1997
99.7	Morgan Guaranty Trust Company of New York Demand Note, dated February 13, 1997 executed by Aubrey K. McClendon	Incorporated herein by reference to Exhibit 7 to Amendment No. 1 to Schedule 13D filed by the Reporting Persons on March 10, 1997
99.8	Morgan Guaranty Trust Company of New York Demand Note, dated February 6, 1997, executed by Tom L. Ward	Incorporated herein by reference to Exhibit 8 to Amendment No. 1 to Schedule 13D filed by the Reporting Persons on March 10, 1997

- | | | |
|-------|--|---|
| 99.9 | Morgan Guaranty Trust Company of New York Demand Note, dated February 13, 1997, executed by Tom L. Ward | Incorporated herein by reference to Exhibit 9 to Amendment No. 1 to Schedule 13D filed by the Reporting Persons on March 10, 1997 |
| 99.10 | The Company's 1999 Stock Option Plan | Incorporated herein by reference to Exhibit 10.1.5 to the Company's Quarterly Report on Form 10-Q filed August 16, 1999 |
| 99.11 | Stock Purchase Agreement dated November 18, 1999, among Aubrey K. McClendon, Chesapeake Operating, Inc., and Chesapeake Energy Marketing, Inc. | Filed herewith electronically |
| 99.12 | Stock Purchase Agreement dated November 18, 1999, among Tom L. Ward, Chesapeake Operating, Inc., and Chesapeake Energy Marketing, Inc. | Filed herewith electronically |
| 99.13 | Common Stock Purchase Option No. AKM-1 dated March 10, 1999, executed by Aubrey K. McClendon in favor of Frederick B. Whittemore. | Filed herewith electronically |
| 99.14 | Common Stock Purchase Option No. TLW-1 dated March 10, 1999, executed by Tom L. Ward in favor of Frederick B. Whittemore. | Filed herewith electronically |
| 99.15 | Common Stock Purchase Option No. AKM-2 dated March 10, 1999, executed by Aubrey K. McClendon in favor of Shannon Self | Filed herewith electronically |
| 99.16 | Common Stock Purchase Option No. AKM-3 dated March 10, 1999, executed by Aubrey K. McClendon in favor of Talbot Fairfield II Limited Partnership | Filed herewith electronically |
| 99.17 | Joint Filing Agreement | Filed herewith electronically |

STOCK PURCHASE AGREEMENT

THIS AGREEMENT is entered into effective the 18th day of November, 1999, among AUBREY K. McCLENDON, an individual ("McClendon"), with a notice address at 6100 North Western, Oklahoma City, Oklahoma 73118, CHESAPEAKE ENERGY MARKETING, INC., an Oklahoma corporation ("CEMI"), with a notice address at 6100 North Western, Oklahoma City, Oklahoma 73118, and CHESAPEAKE OPERATING, INC., an Oklahoma corporation ("COI"), with a notice address at 6100 North Western, Oklahoma City, Oklahoma 73118.

W I T N E S S E T H :

WHEREAS, pursuant to that certain Second Amended and Restated Loan Agreement dated effective December 31, 1998, between CEMI and McClendon, CEMI extended a loan (the "CEMI Loan") to McClendon in the principal amount of Four Million Eight Hundred Eighty-Five Thousand Dollars (\$4,885,000.00) as evidenced by that certain Amended and Restated Promissory Note dated effective December 31, 1998 (the "Note");

WHEREAS, COI has extended credit to Chesapeake Investments, an Oklahoma Limited Partnership ("Investments"), an affiliate of McClendon, for joint interest billings (the "JIB Debt") in connection with the participation by Investments in various oil and gas wells drilled and operated by COI pursuant to that certain Amended and Restated Employment Agreement dated effective July 1, 1998, between McClendon and Chesapeake Energy Corporation, an Oklahoma corporation ("CEC"), as amended by that certain First Amendment to Amended and Restated Employment Agreement dated effective December 31, 1998;

WHEREAS, shares of Worldgate Communications, Inc., pledged to secure the CEMI Loan, were sold and the proceeds from such sale in an amount equal to Three Hundred Thousand Dollars (\$300,000.00) have been or will be paid to CEMI and applied against the CEMI Loan (the "Worldgate Proceeds"); and

WHEREAS, McClendon and CEMI desire to satisfy the CEMI Loan by McClendon conveying to CEMI shares of CEC common stock, par value \$.01 (the "Common Stock"), having a Fair Market Value (as hereafter defined) equal to the unpaid principal balance of the CEMI Loan plus any accrued and unpaid interest and less the Worldgate Proceeds applied against the CEMI Loan.

NOW THEREFORE, in consideration of the agreements set forth herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

1. Debt Amounts. As of November 18, 1999, and after the anticipated application of the Worldgate Proceeds, the parties agree that: the amount due and owing by McClendon for the CEMI Loan equals Three Million Eight Hundred Ninety-Seven Thousand One Hundred Eight and 69/100 Dollars (\$3,897,108.69) consisting of unpaid principal in the amount of Three Million Eight Hundred Forty-Six Thousand Eight Hundred Twenty-Seven and 55/100 Dollars (\$3,846,827.55)

with accrued and unpaid interest in the amount of Fifty Thousand Two Hundred Eighty-One and 14/100 Dollars (\$50,281.14); and the amount of the JIB Debt owing by Investments equals One Million Three Hundred Sixty-Two Thousand Twenty-Two and 64/100 Dollars (\$1,362,022.64).

2. CEMI Loan. In accordance with the terms of this Agreement, McClendon hereby sells to CEMI and CEMI hereby purchases from McClendon the number of shares of Common Stock having a Fair Market Value equal to the unpaid principal and interest for the CEMI Loan, which shares of Common Stock will be free and clear of all liens, claims and encumbrances. Contemporaneous with the execution of this Agreement, McClendon will deliver or cause to be delivered to CEMI: shares of Common Stock evidenced by certificates in McClendon's name having a Fair Market Value equal to the unpaid principal and interest for the CEMI Loan; and a stock assignment separate from certificate covering such shares of Common Stock executed by McClendon with signature guaranteed in form and substance satisfactory to CEMI. For purposes of this Agreement the term "Fair Market Value" means the lesser of the following: (y) the average of the closing price for the Common Stock on the New York Stock Exchange for the ten (10) trading days immediately preceding the date of this Agreement; or (z) the closing price for the Common Stock on the New York Stock Exchange on the date immediately prior to the date of this Agreement. On delivery of the foregoing Common Stock, the CEMI Loan will be deemed to be satisfied in full and CEMI agrees to execute and deliver to McClendon the receipt and acknowledgment at Schedule "A" attached as a part hereof.

3. Conditions Precedent. The obligation of CEMI and COI to perform the terms of this Agreement are subject to the following conditions precedent: the approval of this Agreement by CEC's Board Directors; the delivery by McClendon of the required number of shares of Common Stock free and clear of all liens, claims and encumbrances including, without implied limitation, any security interest in the shares of Common Stock in favor of any margin lender; and the grant and perfection of a first and prior security interest to COI by McClendon or Investments in collateral reasonably acceptable to COI to secure the unpaid balance of the JIB Debt in substantially the form at Schedule "B" attached as a part hereof.

4. Miscellaneous. It is further agreed as follows:

4.1 Notices. All notices required hereunder will be in writing and served by certified mail, return receipt requested, postage prepaid, at the addresses shown above, until notification of a change of such addresses. Any notice, demand or communication required or permitted to be given by any provision of this Agreement will be in writing and will be deemed to have been given and received when delivered personally or by telefacsimile to the party designated to receive such notice, or on the date following the day sent by overnight courier, or on the third (3rd) business day after the same is sent by certified mail, postage and charges prepaid, directed to the addresses shown above or to such other or additional addresses as any party might designate by written notice to the other parties.

4.2 Binding Effect. This Agreement will inure to the benefit of and bind the respective successors and permitted assigns of the parties hereto.

- 4.3 Severability. If any clause or provision of this Agreement is illegal, invalid or unenforceable under any present or future law, the remainder of this Agreement will not be affected thereby. It is the intention of the parties that if any such provision is held to be illegal, invalid or unenforceable, there will be added in lieu thereof a provision as similar in terms to such provision as is possible to make such provision legal, valid and enforceable.
- 4.4 Entire Agreement. This Agreement constitutes the entire agreement between McClendon and CEMI with respect to McClendon's surrender of Common Stock in satisfaction of the CEMI Loan.
- 4.5 Headings. Paragraph or other headings contained in this Agreement are for reference purposes only and are not intended to affect in any way the meaning or interpretation of this Agreement.
- 4.6 Amendment. Neither this Agreement nor any of the provisions hereof can be changed, waived, discharged or terminated, except by an instrument in writing signed by the party against whom enforcement of the change, waiver, discharge or termination is sought.
- 4.7 Governing Law. This Agreement shall be interpreted and construed under and by virtue of the internal laws of the State of Oklahoma, regardless of the domicile and/or residence of the parties hereto.

IN WITNESS WHEREOF, the parties have executed this Agreement effective the date first above written.

/s/ Aubrey K. McClendon

 AUBREY K. McCLENDON, individually
 ("McClendon")

CHESAPEAKE ENERGY MARKETING, INC., an Oklahoma corporation

By /s/ Marcus C. Rowland

 Marcus C. Rowland, Vice President
 and Chief Financial Officer
 ("CEMI")

CHESAPEAKE OPERATING, INC., an Oklahoma
corporation

By /s/ Marcus C. Rowland

Marcus C. Rowland, Executive Vice
President and Chief Financial Officer

("COI")

STOCK PURCHASE AGREEMENT

THIS AGREEMENT is entered into effective the 18th day of November, 1999, among TOM L. WARD, an individual ("Ward"), with a notice address at 6200 North Western, Oklahoma City, Oklahoma 73118, CHESAPEAKE ENERGY MARKETING, INC., an Oklahoma corporation ("CEMI"), with a notice address at 6100 North Western, Oklahoma City, Oklahoma 73118, and CHESAPEAKE OPERATING, INC., an Oklahoma corporation ("COI"), with a notice address at 6100 North Western, Oklahoma City, Oklahoma 73118.

W I T N E S S E T H :

WHEREAS, pursuant to that certain Second Amended and Restated Loan Agreement dated effective December 31, 1998, between CEMI and Ward, CEMI extended a loan (the "CEMI Loan") to Ward in the principal amount of Five Million Dollars (\$5,000,000.00) as evidenced by that certain Amended and Restated Promissory Note dated effective December 31, 1998 (the "Note");

WHEREAS, COI has extended credit to TLW Investments Inc., an Oklahoma corporation ("Investments"), an affiliate of Ward, for joint interest billings (the "JIB Debt") in connection with the participation by Investments in various oil and gas wells drilled and operated by COI pursuant to that certain Amended and Restated Employment Agreement dated effective July 1, 1998, between Ward and Chesapeake Energy Corporation, an Oklahoma corporation ("CEC"), as amended by that certain First Amendment to Amended and Restated Employment Agreement dated effective December 31, 1998;

WHEREAS, shares of Worldgate Communications, Inc., pledged to secure the CEMI Loan, were sold and the proceeds from such sale in an amount equal to Three Hundred Thousand Dollars (\$300,000.00) have been or will be paid to CEMI and applied against the CEMI Loan (the "Worldgate Proceeds"); and

WHEREAS, Ward and CEMI desire to satisfy the CEMI Loan by Ward conveying to CEMI shares of CEC common stock, par value \$.01 (the "Common Stock"), having a Fair Market Value (as hereafter defined) equal to the unpaid principal balance of the CEMI Loan plus any accrued and unpaid interest and less the Worldgate Proceeds applied against the CEMI Loan.

NOW THEREFORE, in consideration of the agreements set forth herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

1. Debt Amounts. As of November 18, 1999, and after the anticipated application of the Worldgate Proceeds, the parties agree that: the amount due and owing by Ward for the CEMI Loan equals Three Million Seven Hundred Thirty-Six Thousand Forty-Three and 37/100 Dollars (\$3,736,043.37) consisting of unpaid principal in the amount of Three Million Six Hundred Eighty-Seven Thousand Eight Hundred Eighty-Seven and 78/100 (\$3,687,887.78) with accrued and unpaid interest in the amount of Forty-Eight Thousand One Hundred Fifty-Five and 59/100 Dollars

(\$48,155.59); and the amount of the JIB Debt owing by Investments equals Eight Hundred Thirty-One Thousand Five Hundred Thirty-Three and 46/100 Dollars (\$831,533.46).

2. CEMI Loan. In accordance with the terms of this Agreement, Ward hereby sells to CEMI and CEMI hereby purchases from Ward the number of shares of Common Stock having a Fair Market Value equal to the unpaid principal and interest for the CEMI Loan, which shares of Common Stock will be free and clear of all liens, claims and encumbrances. Contemporaneous with the execution of this Agreement, Ward will deliver or cause to be delivered to CEMI: shares of Common Stock evidenced by certificates in Ward's name having a Fair Market Value equal to the unpaid principal and interest for the CEMI Loan; and a stock assignment separate from certificate covering such shares of Common Stock executed by Ward with signature guaranteed in form and substance satisfactory to CEMI. For purposes of this Agreement the term "Fair Market Value" means the lesser of the following: (y) the average of the closing price for the Common Stock on the New York Stock Exchange for the ten (10) trading days immediately preceding the date of this Agreement; or (z) the closing price for the Common Stock on the New York Stock Exchange on the date immediately prior to the date of this Agreement. On delivery of the foregoing Common Stock, the CEMI Loan will be deemed to be satisfied in full and CEMI agrees to execute and deliver to Ward the receipt and acknowledgment at Schedule "A" attached as a part hereof.

3. Conditions Precedent. The obligation of CEMI and COI to perform the terms of this Agreement are subject to the following conditions precedent: the approval of this Agreement by CEC's Board Directors; the delivery by Ward of the required number of shares of Common Stock free and clear of all liens, claims and encumbrances including, without implied limitation, any security interest in the shares of Common Stock in favor of any margin lender; and the grant and perfection of a first and prior security interest to COI by Ward or Investments in collateral reasonably acceptable to COI to secure the unpaid balance of the JIB Debt in substantially the form at Schedule "B" attached as a part hereof.

4. Miscellaneous. It is further agreed as follows:

- 4.1 Notices. All notices required hereunder will be in writing and served by certified mail, return receipt requested, postage prepaid, at the addresses shown above, until notification of a change of such addresses. Any notice, demand or communication required or permitted to be given by any provision of this Agreement will be in writing and will be deemed to have been given and received when delivered personally or by telefacsimile to the party designated to receive such notice, or on the date following the day sent by overnight courier, or on the third (3rd) business day after the same is sent by certified mail, postage and charges prepaid, directed to the addresses shown above or to such other or additional addresses as any party might designate by written notice to the other parties.
- 4.2 Binding Effect. This Agreement will inure to the benefit of and bind the respective successors and permitted assigns of the parties hereto.
- 4.3 Severability. If any clause or provision of this Agreement is illegal, invalid or unenforceable under any present or future law, the remainder of this Agreement will

not be affected thereby. It is the intention of the parties that if any such provision is held to be illegal, invalid or unenforceable, there will be added in lieu thereof a provision as similar in terms to such provision as is possible to make such provision legal, valid and enforceable.

- 4.4 Entire Agreement. This Agreement constitutes the entire agreement between Ward and CEMI with respect to Ward's surrender of Common Stock in satisfaction of the CEMI Loan.
- 4.5 Headings. Paragraph or other headings contained in this Agreement are for reference purposes only and are not intended to affect in any way the meaning or interpretation of this Agreement.
- 4.6 Amendment. Neither this Agreement nor any of the provisions hereof can be changed, waived, discharged or terminated, except by an instrument in writing signed by the party against whom enforcement of the change, waiver, discharge or termination is sought.
- 4.7 Governing Law. This Agreement shall be interpreted and construed under and by virtue of the internal laws of the State of Oklahoma, regardless of the domicile and/or residence of the parties hereto.

IN WITNESS WHEREOF, the parties have executed this Agreement effective the date first above written.

/s/ Tom L. Ward

TOM L. WARD, individually

("Ward")

CHESAPEAKE ENERGY MARKETING, INC., an
Oklahoma corporation

By /s/ Marcus C. Rowland

Marcus C. Rowland, Vice President
and Chief Financial Officer

("CEMI")

CHESAPEAKE OPERATING, INC., an
Oklahoma corporation

By /s/ Marcus C. Rowland

Marcus C. Rowland, Executive Vice
President and Chief Financial
Officer

("COI")

Option may be exercised by the delivery to the Seller of written notice of the exercise of this Option, surrender of this Option to the Seller and the payment of the Purchase Price. The Purchase Price for the Option Shares may be paid: (a) in immediately available funds of the United States of America; (b) by tendering to the Seller an equivalent principal or accrued interest credit under the terms of the Loan Agreement; or (c) by the Holder surrendering or assigning to the Seller the rights to purchase the number of Option Shares under this Option, which are not being exercised pursuant to such notice, with a value equal to the Purchase Price. For purposes of the foregoing clause (c), value is deemed to be the difference between the current market price per share of Common Stock and the exercise price of the Option Shares for which the rights are being surrendered by the Holder. In the case of the purchase of less than all the shares purchasable under this Option, the Seller will cancel this Option on the surrender hereof and will execute and deliver a new Option of like tenor for the balance of the shares purchasable hereunder.

2. Term. This Option may be exercised for up to fifty percent (50%) of the Option Shares at any time after the date hereof and, if the conditions set forth in paragraph 6.2 hereof are not met on or before the Prepayment Date, for one hundred percent (100%) of the Option Shares at any time after the Prepayment Date (the "Effective Date"), and on or before August 31, 2006 (the "Termination Date"). If the Option to purchase all or part of the shares has not been exercised prior to the Termination Date, this Option and all of the rights of the Holder hereunder will expire and terminate on such date without notice by the Seller.

3. Purchase Price. On the exercise of this Option, the Holder agrees to pay to the Seller for each share of Common Stock purchased by the Holder pursuant to the terms of this Option (the "Option Shares") an amount (the "Purchase Price") equal to fifty cents (\$0.50). The Purchase Price and number of shares will be subject to the adjustments set forth in paragraph 6 of this Option.

4. Representations and Warranties of the Seller. The Seller represents and warrants to and agrees with the Holder as follows:

- 4.1 Sufficient Shares. The Seller owns sufficient shares of Common Stock to fulfill the Seller's obligations under this Option. On exercise of this Option and payment of the Purchase Price, the Option Shares issued to the Holder will be validly issued, fully paid and nonassessable and free and clear of all liens, claims and encumbrances.
- 4.2 Authority. The Seller has taken all necessary action to authorize the execution and delivery of this Option, the sales of the shares of Common Stock upon exercise hereof, and this Option is, or will be upon issuance, a valid, binding and enforceable obligation of the Seller. The execution and delivery of this Option will not violate: (a) any order, writ, injunction or decree of any court, administrative agency or governmental body applicable to the Seller or the Common Stock; or (b) any contract, lease, note, bond, mortgage or other agreement to which the Seller is a party, by which the Seller is bound or to which any of the Seller's assets are subject.

5. Representations and Warranties of the Holder. The Holder represents, warrants and agrees with the Seller and the Company as follows:

- 5.1 Accredited Investor. The Holder meets all of the qualifications and is an "accredited investor" as that term is defined in Rule 501(a) of Regulation D promulgated pursuant to the Securities Act of 1933 (the "Securities Act").
- 5.2 Restrictive Legend. This Option is being acquired and any Option Shares to be acquired by the Holder pursuant to this Option (collectively, "Securities") will be acquired for investment for the Holder's own account and not with a view to, or for resale in connection with, any distribution of such Securities within the meaning of the Securities Act. The Securities will not be sold, transferred or otherwise disposed of without registration under the Securities Act and state securities laws or qualifications for exemptions therefrom. The Holder agrees that each certificate representing the Option Shares may be inscribed with a legend to the foregoing effect, which legend will be as follows:

"The shares represented by this certificate have been acquired solely for investment purposes and have not been registered under the Securities Act of 1933, as amended, or the securities laws of any state. The shares may not be sold, transferred, assigned or otherwise disposed of unless and until such shares are first registered under the Securities Act of 1933, all applicable state securities laws and all rules and regulations promulgated thereunder or unless and until the holder hereof provides either (i) information satisfactory to the Company that such registration is not required or (ii) an opinion of counsel acceptable to the Company to the effect that such registration is not required."

The Holder agrees that the Company may place a stop transfer order with the Company's transfer agent, if any, with respect to any noncomplying transfer of the certificates representing any such Common Stock, which stop transfer order will be removed upon compliance with the provisions hereof.

6. Adjustments. The Purchase Price and the number of shares of Common Stock issuable on exercise of this Option will be subject to adjustment as follows:

- 6.1 Adjustment to Purchase Price. The Purchase Price pursuant to which Common Stock may be acquired hereunder will be subject to the adjustments herein set forth for transactions described below which occur after the date of this Option.
- 6.1.1 Issuance of Common Stock. If at any time subsequent to the date hereof the Company issues or sells any shares of Common Stock for a consideration per share of Common Stock less than the Purchase Price, the Purchase Price for the shares of Common Stock which remain to be purchased under this Option will be reduced to the per share price received

by the Company on such issue or sale. The adjustment provided for in this paragraph will not be made as a result of the issuance or purchase of any shares of Common Stock reserved for issuance and subsequently issued pursuant to any stock option plan for employees of the Company or professional persons retained by the Company in the ordinary course of the Company's business.

6.1.2 Consideration for Stock. If any shares of Common Stock are issued or sold by the Company for cash paid or to be paid, the consideration received will be deemed to be the amount received and to be received by the Company for such shares of Common Stock. If any shares of Common Stock are issued or sold by the Company for consideration other than cash, the amount of consideration will be the fair value of such consideration received and to be received, as determined in good faith by the Company's board of directors. In determining consideration received by the Company, expenses, underwriting commissions or concessions paid or allowed by the Company will not be deducted. If the Company distributes with respect to the Common Stock shares of Common Stock, rights or options to subscribe for or purchase shares of Common Stock ("Options") or securities convertible into or exchangeable for shares of Common Stock ("Convertible Securities") and a Purchase Price adjustment is made on the issuance of such Options or Convertible Securities, then any share of Common Stock issuable in satisfaction of such distribution, or in connection with the exercise of the Options or in connection with the conversion of the Convertible Securities will be deemed issued or sold without consideration but no additional adjustment to the Purchase Price will be made by reason thereof.

6.2 Share Adjustments. If, on or before February 29, 2000, the loan made pursuant to the Loan Agreement is: (a) paid in full with interest at ten percent (10%) per annum from September 1, 1998 until the date of payment; or (b) fully secured with collateral acceptable to the Holder, as provided in paragraph 8 of the Loan Agreement, then the number of shares of Common Stock covered by this Option will decrease to One Hundred Ninety-Seven Thousand Three Hundred Forty-Four (197,344). In addition, the number of shares of Common Stock to be issued pursuant to this Option will be adjusted (a) in the event the Company issued any Options, Convertible Securities or shares of Common Stock as a stock dividend, (b) issues any shares of Common Stock by reclassification of its Common Stock, or (c) subdivides or combines its Common Stock. The shares of Common Stock to be conveyed pursuant to this Option at the time of the effective date of such stock dividend, subdivisions, combination or reclassification will be adjusted, effective at the opening of business on the business day next following such record date or effective date, so the Holder will be entitled to receive the number of shares of Common Stock which the Holder would have owned or been entitled to receive had such shares of Common Stock been converted immediately prior to such time.

- 6.3 Option Need Not be Changed to Reflect Adjustments. Irrespective of any adjustment or change in the Purchase Price or the number of shares of Common Stock actually purchasable hereunder, this Option after issuance may continue to express the Purchase Price per share and the number of shares purchasable hereunder as if the adjusted Purchase Price per share and the number of shares purchasable were expressed in this Option when initially issued.
- 6.4 Reorganization, Merger, Etc. If any capital reorganization, recapitalization or reclassification of the capital stock of the Company, a consolidation or merger of the Company with another corporation or the sale or conveyance of all or substantially all of the Company's assets to another corporation is affected, the Holder will have the right to purchase and receive on the basis, terms and conditions specified in this Option such shares of stock, securities or assets as may be issued or payable with respect to or in exchange for Common Stock equal to the number of shares of such Common Stock immediately theretofore purchasable and receivable upon the exercise of this Option had the reorganization, reclassification, recapitalization, consolidation, merger, sale or conveyance not taken place. In each such case, appropriate provisions will be made with respect to the rights and interests of the Holder of this Option to the end that the provisions hereof (including without limitation provisions for adjustment of the Purchase Price and of the number of shares purchasable upon the exercise of this Option) will thereafter be applicable, as nearly as may be practicable to any stock, securities or assets to be acquired under this Option.
- 6.5 Notice to Holder. On any adjustment of the Purchase Price or an increase or decrease in the number of shares of Common Stock purchasable on the exercise of this Option, the Seller will, within thirty (30) days after such adjustment, give written notice of such adjustment and the method of calculating the adjustment and the facts (including a statement of the consideration received or deemed to have been received by the Company) on which such calculations are based.
- 6.6 Record Date. If the Company sets a record date for the purpose of entitling the holders of Common Stock to (a) receive a dividend or other distribution payable in shares of Common Stock, or (b) subscribe for or purchase shares of Common Stock, then such record date will be deemed to be the date of the issue or sale of the shares of Common Stock deemed to have been issued or sold upon the declaration of such dividend or the making of such other distribution or the date of the granting of such right of subscription or purchase, as the case may be.
- 6.7 Treasury Shares. The number of shares of Common Stock outstanding at any given time will not include shares owned or held by or for the account of the Company, and the disposition of any such shares will be considered an issue or sale of shares of Common Stock for the purpose of this paragraph 6.

7. Status of Holder. This Option does not entitle the Holder hereof to any voting rights or other rights as a shareholder of the Company.

8. No Fractional Shares. The Company will not be required to issue stock certificates representing fractions of shares of Common Stock.

9. Cash Payment. The Seller will have the right to satisfy this Option in cash if as a result of continuing margin account liens or exercise of remedies by margin account lenders, the Seller does not possess sufficient shares of Common Stock on the date this Option is exercised or "in the money" exercisable options sufficient to satisfy the Option exercise.

10. Notices. All notices, requests, consents and other communications hereunder will be in writing and will be deemed to have been made when delivered or when mailed first class postage prepaid or delivered to the telegraph office:

- (i) if to the Holder of this Option, at the address of the Holder as set forth below the Holder's signature hereon, or at such other address as may have been furnished to the Seller in writing by the Holder; or
- (ii) if to the Seller, 6100 North Western, Oklahoma City, Oklahoma 73118, or at such other address as may have been furnished to the Holder in writing by the Seller.

11. Headings. The headings of the paragraphs of this Option are inserted for convenience only and will not be deemed to constitute a part of this Option.

12. Governing Law. This Option is being delivered and is intended to be performed in the State of Oklahoma and will be construed and enforced in accordance with, and the rights of the parties shall be governed by, the law of such state.

13. Assignment. Subject to the conditions set forth herein, this Option and all rights hereunder are transferable by the Holder, in whole or in part.

IN WITNESS WHEREOF, this Option has been executed effective the 10th day of March, 1999.

/s/Aubrey K. McClendon

 AUBREY K. McCLENDON, individually
 (the "Seller")

/s/ Frederick B. Whittemore

 FREDERICK B. WHITTEMORE, individually
 c/o Morgan Stanley & Company
 1221 Avenue of the Americas, 30th Floor
 New York City, New York 10020
 (the "Holder")

Option may be exercised by the delivery to the Seller of written notice of the exercise of this Option, surrender of this Option to the Seller and the payment of the Purchase Price. The Purchase Price for the Option Shares may be paid: (a) in immediately available funds of the United States of America; (b) by tendering to the Seller an equivalent principal or accrued interest credit under the terms of the Loan Agreement; or (c) by the Holder surrendering or assigning to the Seller the rights to purchase the number of Option Shares under this Option, which are not being exercised pursuant to such notice, with a value equal to the Purchase Price. For purposes of the foregoing clause (c), value is deemed to be the difference between the current market price per share of Common Stock and the exercise price of the Option Shares for which the rights are being surrendered by the Holder. In the case of the purchase of less than all the shares purchasable under this Option, the Seller will cancel this Option on the surrender hereof and will execute and deliver a new Option of like tenor for the balance of the shares purchasable hereunder.

2. Term. This Option may be exercised for up to fifty percent (50%) of the Option Shares at any time after the date hereof and, if the conditions set forth in paragraph 6.2 hereof are not met on or before the Prepayment Date, for one hundred percent (100%) of the Option Shares at any time after the Prepayment Date (the "Effective Date"), and on or before August 31, 2006 (the "Termination Date"). If the Option to purchase all or part of the shares has not been exercised prior to the Termination Date, this Option and all of the rights of the Holder hereunder will expire and terminate on such date without notice by the Seller.

3. Purchase Price. On the exercise of this Option, the Holder agrees to pay to the Seller for each share of Common Stock purchased by the Holder pursuant to the terms of this Option (the "Option Shares") an amount (the "Purchase Price") equal to fifty cents (\$0.50). The Purchase Price and number of shares will be subject to the adjustments set forth in paragraph 6 of this Option.

4. Representations and Warranties of the Seller. The Seller represents and warrants to and agrees with the Holder as follows:

- 4.1 Sufficient Shares. The Seller owns sufficient shares of Common Stock to fulfill the Seller's obligations under this Option. On exercise of this Option and payment of the Purchase Price, the Option Shares issued to the Holder will be validly issued, fully paid and nonassessable and free and clear of all liens, claims and encumbrances.
- 4.2 Authority. The Seller has taken all necessary action to authorize the execution and delivery of this Option, the sales of the shares of Common Stock upon exercise hereof, and this Option is, or will be upon issuance, a valid, binding and enforceable obligation of the Seller. The execution and delivery of this Option will not violate: (a) any order, writ, injunction or decree of any court, administrative agency or governmental body applicable to the Seller or the Common Stock; or (b) any contract, lease, note, bond, mortgage or other agreement to which the Seller is a party, by which the Seller is bound or to which any of the Seller's assets are subject.

5. Representations and Warranties of the Holder. The Holder represents, warrants and agrees with the Seller and the Company as follows:

- 5.1 Accredited Investor. The Holder meets all of the qualifications and is an "accredited investor" as that term is defined in Rule 501(a) of Regulation D promulgated pursuant to the Securities Act of 1933 (the "Securities Act").
- 5.2 Restrictive Legend. This Option is being acquired and any Option Shares to be acquired by the Holder pursuant to this Option (collectively, "Securities") will be acquired for investment for the Holder's own account and not with a view to, or for resale in connection with, any distribution of such Securities within the meaning of the Securities Act. The Securities will not be sold, transferred or otherwise disposed of without registration under the Securities Act and state securities laws or qualifications for exemptions therefrom. The Holder agrees that each certificate representing the Option Shares may be inscribed with a legend to the foregoing effect, which legend will be as follows:

"The shares represented by this certificate have been acquired solely for investment purposes and have not been registered under the Securities Act of 1933, as amended, or the securities laws of any state. The shares may not be sold, transferred, assigned or otherwise disposed of unless and until such shares are first registered under the Securities Act of 1933, all applicable state securities laws and all rules and regulations promulgated thereunder or unless and until the holder hereof provides either (i) information satisfactory to the Company that such registration is not required or (ii) an opinion of counsel acceptable to the Company to the effect that such registration is not required."

The Holder agrees that the Company may place a stop transfer order with the Company's transfer agent, if any, with respect to any noncomplying transfer of the certificates representing any such Common Stock, which stop transfer order will be removed upon compliance with the provisions hereof.

6. Adjustments. The Purchase Price and the number of shares of Common Stock issuable on exercise of this Option will be subject to adjustment as follows:

- 6.1 Adjustment to Purchase Price. The Purchase Price pursuant to which Common Stock may be acquired hereunder will be subject to the adjustments herein set forth for transactions described below which occur after the date of this Option.
- 6.1.1 Issuance of Common Stock. If at any time subsequent to the date hereof the Company issues or sells any shares of Common Stock for a consideration per share of Common Stock less than the Purchase Price, the Purchase Price for the shares of Common Stock which remain to be purchased under this Option will be reduced to the per share price received

by the Company on such issue or sale. The adjustment provided for in this paragraph will not be made as a result of the issuance or purchase of any shares of Common Stock reserved for issuance and subsequently issued pursuant to any stock option plan for employees of the Company or professional persons retained by the Company in the ordinary course of the Company's business.

6.1.2 Consideration for Stock. If any shares of Common Stock are issued or sold by the Company for cash paid or to be paid, the consideration received will be deemed to be the amount received and to be received by the Company for such shares of Common Stock. If any shares of Common Stock are issued or sold by the Company for consideration other than cash, the amount of consideration will be the fair value of such consideration received and to be received, as determined in good faith by the Company's board of directors. In determining consideration received by the Company, expenses, underwriting commissions or concessions paid or allowed by the Company will not be deducted. If the Company distributes with respect to the Common Stock shares of Common Stock, rights or options to subscribe for or purchase shares of Common Stock ("Options") or securities convertible into or exchangeable for shares of Common Stock ("Convertible Securities") and a Purchase Price adjustment is made on the issuance of such Options or Convertible Securities, then any share of Common Stock issuable in satisfaction of such distribution, or in connection with the exercise of the Options or in connection with the conversion of the Convertible Securities will be deemed issued or sold without consideration but no additional adjustment to the Purchase Price will be made by reason thereof.

6.2 Share Adjustments. If, on or before February 29, 2000, the loan made pursuant to the Loan Agreement is: (a) paid in full with interest at ten percent (10%) per annum from September 1, 1998 until the date of payment; or (b) fully secured with collateral acceptable to the Holder, as provided in paragraph 8 of the Loan Agreement, then the number of shares of Common Stock covered by this Option will decrease to One Hundred Seventy-Seven Thousand Six Hundred Fifty-Six (177,656). In addition, the number of shares of Common Stock to be issued pursuant to this Option will be adjusted (a) in the event the Company issued any Options, Convertible Securities or shares of Common Stock as a stock dividend, (b) issues any shares of Common Stock by reclassification of its Common Stock, or (c) subdivides or combines its Common Stock. The shares of Common Stock to be conveyed pursuant to this Option at the time of the effective date of such stock dividend, subdivisions, combination or reclassification will be adjusted, effective at the opening of business on the business day next following such record date or effective date, so the Holder will be entitled to receive the number of shares of Common Stock which the Holder would have owned or been entitled to receive had such shares of Common Stock been converted immediately prior to such time.

- 6.3 Option Need Not be Changed to Reflect Adjustments. Irrespective of any adjustment or change in the Purchase Price or the number of shares of Common Stock actually purchasable hereunder, this Option after issuance may continue to express the Purchase Price per share and the number of shares purchasable hereunder as if the adjusted Purchase Price per share and the number of shares purchasable were expressed in this Option when initially issued.
- 6.4 Reorganization, Merger, Etc. If any capital reorganization, recapitalization or reclassification of the capital stock of the Company, a consolidation or merger of the Company with another corporation or the sale or conveyance of all or substantially all of the Company's assets to another corporation is affected, the Holder will have the right to purchase and receive on the basis, terms and conditions specified in this Option such shares of stock, securities or assets as may be issued or payable with respect to or in exchange for Common Stock equal to the number of shares of such Common Stock immediately theretofore purchasable and receivable upon the exercise of this Option had the reorganization, reclassification, recapitalization, consolidation, merger, sale or conveyance not taken place. In each such case, appropriate provisions will be made with respect to the rights and interests of the Holder of this Option to the end that the provisions hereof (including without limitation provisions for adjustment of the Purchase Price and of the number of shares purchasable upon the exercise of this Option) will thereafter be applicable, as nearly as may be practicable to any stock, securities or assets to be acquired under this Option.
- 6.5 Notice to Holder. On any adjustment of the Purchase Price or an increase or decrease in the number of shares of Common Stock purchasable on the exercise of this Option, the Seller will, within thirty (30) days after such adjustment, give written notice of such adjustment and the method of calculating the adjustment and the facts (including a statement of the consideration received or deemed to have been received by the Company) on which such calculations are based.
- 6.6 Record Date. If the Company sets a record date for the purpose of entitling the holders of Common Stock to (a) receive a dividend or other distribution payable in shares of Common Stock, or (b) subscribe for or purchase shares of Common Stock, then such record date will be deemed to be the date of the issue or sale of the shares of Common Stock deemed to have been issued or sold upon the declaration of such dividend or the making of such other distribution or the date of the granting of such right of subscription or purchase, as the case may be.
- 6.7 Treasury Shares. The number of shares of Common Stock outstanding at any given time will not include shares owned or held by or for the account of the Company, and the disposition of any such shares will be considered an issue or sale of shares of Common Stock for the purpose of this paragraph 6.
7. Status of Holder. This Option does not entitle the Holder hereof to any voting rights or other rights as a shareholder of the Company.

8. No Fractional Shares. The Company will not be required to issue stock certificates representing fractions of shares of Common Stock.

9. Cash Payment. The Seller will have the right to satisfy this Option in cash if as a result of continuing margin account liens or exercise of remedies by margin account lenders, the Seller does not possess sufficient shares of Common Stock on the date this Option is exercised or "in the money" exercisable options sufficient to satisfy the Option exercise.

10. Notices. All notices, requests, consents and other communications hereunder will be in writing and will be deemed to have been made when delivered or when mailed first class postage prepaid or delivered to the telegraph office:

- (i) if to the Holder of this Option, at the address of the Holder as set forth below the Holder's signature hereon, or at such other address as may have been furnished to the Seller in writing by the Holder; or
- (ii) if to the Seller, 6100 North Western, Oklahoma City, Oklahoma 73118, or at such other address as may have been furnished to the Holder in writing by the Seller.

11. Headings. The headings of the paragraphs of this Option are inserted for convenience only and will not be deemed to constitute a part of this Option.

12. Governing Law. This Option is being delivered and is intended to be performed in the State of Oklahoma and will be construed and enforced in accordance with, and the rights of the parties shall be governed by, the law of such state.

13. Assignment. Subject to the conditions set forth herein, this Option and all rights hereunder are transferable by the Holder, in whole or in part.

IN WITNESS WHEREOF, this Option has been executed effective the 10th day of March, 1999.

/s/ Tom L. Ward

TOM L. WARD, individually

(the "Seller")

/s/ Frederick B. Whittemore

FREDERICK B. WHITTEMORE, individually
c/o Morgan Stanley & Company
1221 Avenue of the Americas, 30th Floor
New York City, New York 10020

(the "Holder")

Option, surrender of this Option to the Seller and the payment of the Purchase Price. The Purchase Price for the Option Shares may be paid: (a) in immediately available funds of the United States of America; (b) by tendering to the Seller an equivalent principal or accrued interest credit under the terms of the Loan Agreement; or (c) by the Holder surrendering or assigning to the Seller the rights to purchase the number of Option Shares under this Option, which are not being exercised pursuant to such notice, with a value equal to the Purchase Price. For purposes of the foregoing clause (c), value is deemed to be the difference between the current market price per share of Common Stock and the exercise price of the Option Shares for which the rights are being surrendered by the Holder. In the case of the purchase of less than all the shares purchasable under this Option, the Seller will cancel this Option on the surrender hereof and will execute and deliver a new Option of like tenor for the balance of the shares purchasable hereunder.

2. Term. This Option may be exercised for up to fifty percent (50%) of the Option Shares at any time after the date hereof and, if the conditions set forth in paragraph 6.2 hereof are not met on or before the Prepayment Date, for one hundred percent (100%) of the Option Shares at any time after the Prepayment Date (the "Effective Date"), and on or before August 31, 2006 (the "Termination Date"). If the Option to purchase all or part of the shares has not been exercised prior to the Termination Date, this Option and all of the rights of the Holder hereunder will expire and terminate on such date without notice by the Seller.

3. Purchase Price. On the exercise of this Option, the Holder agrees to pay to the Seller for each share of Common Stock purchased by the Holder pursuant to the terms of this Option (the "Option Shares") an amount (the "Purchase Price") equal to fifty cents (\$0.50). The Purchase Price and number of shares will be subject to the adjustments set forth in paragraph 6 of this Option.

4. Representations and Warranties of the Seller. The Seller represents and warrants to and agrees with the Holder as follows:

- 4.1 Sufficient Shares. The Seller owns sufficient shares of Common Stock to fulfill the Seller's obligations under this Option. On exercise of this Option and payment of the Purchase Price, the Option Shares issued to the Holder will be validly issued, fully paid and nonassessable and free and clear of all liens, claims and encumbrances.
- 4.2 Authority. The Seller has taken all necessary action to authorize the execution and delivery of this Option, the sales of the shares of Common Stock upon exercise hereof, and this Option is, or will be upon issuance, a valid, binding and enforceable obligation of the Seller. The execution and delivery of this Option will not violate: (a) any order, writ, injunction or decree of any court, administrative agency or governmental body applicable to the Seller or the Common Stock; or (b) any contract, lease, note, bond, mortgage or other agreement to which the Seller is a party, by which the Seller is bound or to which any of the Seller's assets are subject.

5. Representations and Warranties of the Holder. The Holder represents, warrants and agrees with the Seller and the Company as follows:
- 5.1 Accredited Investor. The Holder meets all of the qualifications and is an "accredited investor" as that term is defined in Rule 501(a) of Regulation D promulgated pursuant to the Securities Act of 1933 (the "Securities Act").
- 5.2 Restrictive Legend. This Option is being acquired and any Option Shares to be acquired by the Holder pursuant to this Option (collectively, "Securities") will be acquired for investment for the Holder's own account and not with a view to, or for resale in connection with, any distribution of such Securities within the meaning of the Securities Act. The Securities will not be sold, transferred or otherwise disposed of without registration under the Securities Act and state securities laws or qualifications for exemptions therefrom. The Holder agrees that each certificate representing the Option Shares may be inscribed with a legend to the foregoing effect, which legend will be as follows:
- "The shares represented by this certificate have been acquired solely for investment purposes and have not been registered under the Securities Act of 1933, as amended, or the securities laws of any state. The shares may not be sold, transferred, assigned or otherwise disposed of unless and until such shares are first registered under the Securities Act of 1933, all applicable state securities laws and all rules and regulations promulgated thereunder or unless and until the holder hereof provides either (i) information satisfactory to the Company that such registration is not required or (ii) an opinion of counsel acceptable to the Company to the effect that such registration is not required."
- The Holder agrees that the Company may place a stop transfer order with the Company's transfer agent, if any, with respect to any noncomplying transfer of the certificates representing any such Common Stock, which stop transfer order will be removed upon compliance with the provisions hereof.
6. Adjustments. The Purchase Price and the number of shares of Common Stock issuable on exercise of this Option will be subject to adjustment as follows:
- 6.1 Adjustment to Purchase Price. The Purchase Price pursuant to which Common Stock may be acquired hereunder will be subject to the adjustments herein set forth for transactions described below which occur after the date of this Option.
- 6.1.1 Issuance of Common Stock. If at any time subsequent to the date hereof the Company issues or sells any shares of Common Stock for a consideration per share of Common Stock less than the Purchase Price, the Purchase Price for the shares of Common Stock which remain to be purchased under this Option will be reduced to the per share price received

by the Company on such issue or sale. The adjustment provided for in this paragraph will not be made as a result of the issuance or purchase of any shares of Common Stock reserved for issuance and subsequently issued pursuant to any stock option plan for employees of the Company or professional persons retained by the Company in the ordinary course of the Company's business.

6.1.2 Consideration for Stock. If any shares of Common Stock are issued or sold by the Company for cash paid or to be paid, the consideration received will be deemed to be the amount received and to be received by the Company for such shares of Common Stock. If any shares of Common Stock are issued or sold by the Company for consideration other than cash, the amount of consideration will be the fair value of such consideration received and to be received, as determined in good faith by the Company's board of directors. In determining consideration received by the Company, expenses, underwriting commissions or concessions paid or allowed by the Company will not be deducted. If the Company distributes with respect to the Common Stock shares of Common Stock, rights or options to subscribe for or purchase shares of Common Stock ("Options") or securities convertible into or exchangeable for shares of Common Stock ("Convertible Securities") and a Purchase Price adjustment is made on the issuance of such Options or Convertible Securities, then any share of Common Stock issuable in satisfaction of such distribution, or in connection with the exercise of the Options or in connection with the conversion of the Convertible Securities will be deemed issued or sold without consideration but no additional adjustment to the Purchase Price will be made by reason thereof.

6.2 Share Adjustments. If, on or before February 29, 2000, the loan made pursuant to the Loan Agreement is: (a) paid in full with interest at ten percent (10%) per annum from January 1, 1999, until the date of payment; or (b) fully secured with collateral acceptable to the Holder on or before February 29, 2000, as provided in paragraph 8 of the Loan Agreement, then the number of shares of Common Stock covered by this Option will decrease to Eighteen Thousand Seven Hundred Fifty (18,750). In addition, the number of shares of Common Stock to be issued pursuant to this Option will be adjusted (a) in the event the Company issued any Options, Convertible Securities or shares of Common Stock as a stock dividend, (b) issues any shares of Common Stock by reclassification of its Common Stock, or (c) subdivides or combines its Common Stock. The shares of Common Stock to be conveyed pursuant to this Option at the time of the effective date of such stock dividend, subdivisions, combination or reclassification will be adjusted, effective at the opening of business on the business day next following such record date or effective date, so the Holder will be entitled to receive the number of shares of Common Stock which the Holder would have owned or been entitled to receive had such shares of Common Stock been converted immediately prior to such time.

- 6.3 Option Need Not be Changed to Reflect Adjustments. Irrespective of any adjustment or change in the Purchase Price or the number of shares of Common Stock actually purchasable hereunder, this Option after issuance may continue to express the Purchase Price per share and the number of shares purchasable hereunder as if the adjusted Purchase Price per share and the number of shares purchasable were expressed in this Option when initially issued.
- 6.4 Reorganization, Merger, Etc. If any capital reorganization, recapitalization or reclassification of the capital stock of the Company, a consolidation or merger of the Company with another corporation or the sale or conveyance of all or substantially all of the Company's assets to another corporation is affected, the Holder will have the right to purchase and receive on the basis, terms and conditions specified in this Option such shares of stock, securities or assets as may be issued or payable with respect to or in exchange for Common Stock equal to the number of shares of such Common Stock immediately theretofore purchasable and receivable upon the exercise of this Option had the reorganization, reclassification, recapitalization, consolidation, merger, sale or conveyance not taken place. In each such case, appropriate provisions will be made with respect to the rights and interests of the Holder of this Option to the end that the provisions hereof (including without limitation provisions for adjustment of the Purchase Price and of the number of shares purchasable upon the exercise of this Option) will thereafter be applicable, as nearly as may be practicable to any stock, securities or assets to be acquired under this Option.
- 6.5 Notice to Holder. On any adjustment of the Purchase Price or an increase or decrease in the number of shares of Common Stock purchasable on the exercise of this Option, the Seller will, within thirty (30) days after such adjustment, give written notice of such adjustment and the method of calculating the adjustment and the facts (including a statement of the consideration received or deemed to have been received by the Company) on which such calculations are based.
- 6.6 Record Date. If the Company sets a record date for the purpose of entitling the holders of Common Stock to (a) receive a dividend or other distribution payable in shares of Common Stock, or (b) subscribe for or purchase shares of Common Stock, then such record date will be deemed to be the date of the issue or sale of the shares of Common Stock deemed to have been issued or sold upon the declaration of such dividend or the making of such other distribution or the date of the granting of such right of subscription or purchase, as the case may be.
- 6.7 Treasury Shares. The number of shares of Common Stock outstanding at any given time will not include shares owned or held by or for the account of the Company, and the disposition of any such shares will be considered an issue or sale of shares of Common Stock for the purpose of this paragraph 6.
7. Status of Holder. This Option does not entitle the Holder hereof to any voting rights or other rights as a shareholder of the Company.

8. No Fractional Shares. The Company will not be required to issue stock certificates representing fractions of shares of Common Stock.
9. Cash Payment. The Seller will have the right to satisfy this Option in cash if as a result of continuing margin account liens or exercise of remedies by margin account lenders, the Seller does not possess sufficient shares of Common Stock on the date this Option is exercised or "in the money" exercisable options sufficient to satisfy the Option exercise.
10. Notices. All notices, requests, consents and other communications hereunder will be in writing and will be deemed to have been made when delivered or when mailed first class postage prepaid or delivered to the telegraph office:
- (i) if to the Holder of this Option, at the address of the Holder as set forth below the Holder's signature hereon, or at such other address as may have been furnished to the Seller in writing by the Holder; or
 - (ii) if to the Seller, 6100 North Western, Oklahoma City, Oklahoma 73118, or at such other address as may have been furnished to the Holder in writing by the Seller.
11. Headings. The headings of the paragraphs of this Option are inserted for convenience only and will not be deemed to constitute a part of this Option.
12. Governing Law. This Option is being delivered and is intended to be performed in the State of Oklahoma and will be construed and enforced in accordance with, and the rights of the parties shall be governed by, the law of such state.
13. Assignment. Subject to the conditions set forth herein, this Option and all rights hereunder are transferable by the Holder, in whole or in part.

IN WITNESS WHEREOF, this Option has been executed effective the 10th day of March, 1999.

/s/ Aubrey K. McClendon

AUBREY K. McCLENDON, individually

(the "Seller")

/s/ Shannon Self

SHANNON SELF, individually
Post Office Box 61091
Oklahoma City, Oklahoma 73146

(the "Holder")

whole or in part at any time after the Prepayment Date and prior to the Termination Date. This Option may be exercised by the delivery to the Seller of written notice of the exercise of this Option, surrender of this Option to the Seller and the payment of the Purchase Price. The Purchase Price for the Option Shares may be paid: (a) in immediately available funds of the United States of America; (b) by tendering to the Seller an equivalent principal or accrued interest credit under the terms of the Loan Agreement; or (c) by the Holder surrendering or assigning to the Seller the rights to purchase the number of Option Shares under this Option, which are not being exercised pursuant to such notice, with a value equal to the Purchase Price. For purposes of the foregoing clause (c), value is deemed to be the difference between the current market price per share of Common Stock and the exercise price of the Option Shares for which the rights are being surrendered by the Holder. In the case of the purchase of less than all the shares purchasable under this Option, the Seller will cancel this Option on the surrender hereof and will execute and deliver a new Option of like tenor for the balance of the shares purchasable hereunder.

2. Term. This Option may be exercised for up to fifty percent (50%) of the Option Shares at any time after the date hereof and, if the conditions set forth in paragraph 6.2 hereof are not met on or before the Prepayment Date, for one hundred percent (100%) of the Option Shares at any time after the Prepayment Date (the "Effective Date"), and on or before August 31, 2006 (the "Termination Date"). If the Option to purchase all or part of the shares has not been exercised prior to the Termination Date, this Option and all of the rights of the Holder hereunder will expire and terminate on such date without notice by the Seller.

3. Purchase Price. On the exercise of this Option, the Holder agrees to pay to the Seller for each share of Common Stock purchased by the Holder pursuant to the terms of this Option (the "Option Shares") an amount (the "Purchase Price") equal to fifty cents (\$0.50). The Purchase Price and number of shares will be subject to the adjustments set forth in paragraph 6 of this Option.

4. Representations and Warranties of the Seller. The Seller represents and warrants to and agrees with the Holder as follows:

- 4.1 Sufficient Shares. The Seller owns sufficient shares of Common Stock to fulfill the Seller's obligations under this Option. On exercise of this Option and payment of the Purchase Price, the Option Shares issued to the Holder will be validly issued, fully paid and nonassessable and free and clear of all liens, claims and encumbrances.
- 4.2 Authority. The Seller has taken all necessary action to authorize the execution and delivery of this Option, the sales of the shares of Common Stock upon exercise hereof, and this Option is, or will be upon issuance, a valid, binding and enforceable obligation of the Seller. The execution and delivery of this Option will not violate: (a) any order, writ, injunction or decree of any court, administrative agency or governmental body applicable to the Seller or the Common Stock; or (b) any contract, lease, note, bond, mortgage or other agreement to which the Seller is a party, by which the Seller is bound or to which any of the Seller's assets are subject.

5. Representations and Warranties of the Holder. The Holder represents, warrants and agrees with the Seller and the Company as follows:

- 5.1 Accredited Investor. The Holder meets all of the qualifications and is an "accredited investor" as that term is defined in Rule 501(a) of Regulation D promulgated pursuant to the Securities Act of 1933 (the "Securities Act").
- 5.2 Restrictive Legend. This Option is being acquired and any Option Shares to be acquired by the Holder pursuant to this Option (collectively, "Securities") will be acquired for investment for the Holder's own account and not with a view to, or for resale in connection with, any distribution of such Securities within the meaning of the Securities Act. The Securities will not be sold, transferred or otherwise disposed of without registration under the Securities Act and state securities laws or qualifications for exemptions therefrom. The Holder agrees that each certificate representing the Option Shares may be inscribed with a legend to the foregoing effect, which legend will be as follows:

"The shares represented by this certificate have been acquired solely for investment purposes and have not been registered under the Securities Act of 1933, as amended, or the securities laws of any state. The shares may not be sold, transferred, assigned or otherwise disposed of unless and until such shares are first registered under the Securities Act of 1933, all applicable state securities laws and all rules and regulations promulgated thereunder or unless and until the holder hereof provides either (i) information satisfactory to the Company that such registration is not required or (ii) an opinion of counsel acceptable to the Company to the effect that such registration is not required."

The Holder agrees that the Company may place a stop transfer order with the Company's transfer agent, if any, with respect to any noncomplying transfer of the certificates representing any such Common Stock, which stop transfer order will be removed upon compliance with the provisions hereof.

6. Adjustments. The Purchase Price and the number of shares of Common Stock issuable on exercise of this Option will be subject to adjustment as follows:

- 6.1 Adjustment to Purchase Price. The Purchase Price pursuant to which Common Stock may be acquired hereunder will be subject to the adjustments herein set forth for transactions described below which occur after the date of this Option.
- 6.1.1 Issuance of Common Stock. If at any time subsequent to the date hereof the Company issues or sells any shares of Common Stock for a consideration per share of Common Stock less than the Purchase Price, the Purchase Price for the shares of Common Stock which remain to be purchased under this Option will be reduced to the per share price received

by the Company on such issue or sale. The adjustment provided for in this paragraph will not be made as a result of the issuance or purchase of any shares of Common Stock reserved for issuance and subsequently issued pursuant to any stock option plan for employees of the Company or professional persons retained by the Company in the ordinary course of the Company's business.

6.1.2 Consideration for Stock. If any shares of Common Stock are issued or sold by the Company for cash paid or to be paid, the consideration received will be deemed to be the amount received and to be received by the Company for such shares of Common Stock. If any shares of Common Stock are issued or sold by the Company for consideration other than cash, the amount of consideration will be the fair value of such consideration received and to be received, as determined in good faith by the Company's board of directors. In determining consideration received by the Company, expenses, underwriting commissions or concessions paid or allowed by the Company will not be deducted. If the Company distributes with respect to the Common Stock shares of Common Stock, rights or options to subscribe for or purchase shares of Common Stock ("Options") or securities convertible into or exchangeable for shares of Common Stock ("Convertible Securities") and a Purchase Price adjustment is made on the issuance of such Options or Convertible Securities, then any share of Common Stock issuable in satisfaction of such distribution, or in connection with the exercise of the Options or in connection with the conversion of the Convertible Securities will be deemed issued or sold without consideration but no additional adjustment to the Purchase Price will be made by reason thereof.

6.2 Share Adjustments. If, on or before February 29, 2000, the loan made pursuant to the Loan Agreement is: (a) paid in full with interest at ten percent (10%) per annum from September 1, 1999, until the date of payment; or (b) fully secured with collateral acceptable to the Holder on or before February 29, 2000, as provided in paragraph 8 of the Loan Agreement, then the number of shares of Common Stock covered by this Option will decrease to Forty-Six Thousand Eight Hundred Seventy-Five (46,875). In addition, the number of shares of Common Stock to be issued pursuant to this Option will be adjusted (a) in the event the Company issued any Options, Convertible Securities or shares of Common Stock as a stock dividend, (b) issues any shares of Common Stock by reclassification of its Common Stock, or (c) subdivides or combines its Common Stock. The shares of Common Stock to be conveyed pursuant to this Option at the time of the effective date of such stock dividend, subdivisions, combination or reclassification will be adjusted, effective at the opening of business on the business day next following such record date or effective date, so the Holder will be entitled to receive the number of shares of Common Stock which the Holder would have owned or been entitled to receive had such shares of Common Stock been converted immediately prior to such time.

- 6.3 Option Need Not be Changed to Reflect Adjustments. Irrespective of any adjustment or change in the Purchase Price or the number of shares of Common Stock actually purchasable hereunder, this Option after issuance may continue to express the Purchase Price per share and the number of shares purchasable hereunder as if the adjusted Purchase Price per share and the number of shares purchasable were expressed in this Option when initially issued.
- 6.4 Reorganization, Merger, Etc. If any capital reorganization, recapitalization or reclassification of the capital stock of the Company, a consolidation or merger of the Company with another corporation or the sale or conveyance of all or substantially all of the Company's assets to another corporation is affected, the Holder will have the right to purchase and receive on the basis, terms and conditions specified in this Option such shares of stock, securities or assets as may be issued or payable with respect to or in exchange for Common Stock equal to the number of shares of such Common Stock immediately theretofore purchasable and receivable upon the exercise of this Option had the reorganization, reclassification, recapitalization, consolidation, merger, sale or conveyance not taken place. In each such case, appropriate provisions will be made with respect to the rights and interests of the Holder of this Option to the end that the provisions hereof (including without limitation provisions for adjustment of the Purchase Price and of the number of shares purchasable upon the exercise of this Option) will thereafter be applicable, as nearly as may be practicable to any stock, securities or assets to be acquired under this Option.
- 6.5 Notice to Holder. On any adjustment of the Purchase Price or an increase or decrease in the number of shares of Common Stock purchasable on the exercise of this Option, the Seller will, within thirty (30) days after such adjustment, give written notice of such adjustment and the method of calculating the adjustment and the facts (including a statement of the consideration received or deemed to have been received by the Company) on which such calculations are based.
- 6.6 Record Date. If the Company sets a record date for the purpose of entitling the holders of Common Stock to (a) receive a dividend or other distribution payable in shares of Common Stock, or (b) subscribe for or purchase shares of Common Stock, then such record date will be deemed to be the date of the issue or sale of the shares of Common Stock deemed to have been issued or sold upon the declaration of such dividend or the making of such other distribution or the date of the granting of such right of subscription or purchase, as the case may be.
- 6.7 Treasury Shares. The number of shares of Common Stock outstanding at any given time will not include shares owned or held by or for the account of the Company, and the disposition of any such shares will be considered an issue or sale of shares of Common Stock for the purpose of this paragraph 6.

7. Status of Holder. This Option does not entitle the Holder hereof to any voting rights or other rights as a shareholder of the Company.

8. No Fractional Shares. The Company will not be required to issue stock certificates representing fractions of shares of Common Stock.

9. Cash Payment. The Seller will have the right to satisfy this Option in cash if as a result of continuing margin account liens or exercise of remedies by margin account lenders, the Seller does not possess sufficient shares of Common Stock on the date this Option is exercised or "in the money" exercisable options sufficient to satisfy the Option exercise.

10. Notices. All notices, requests, consents and other communications hereunder will be in writing and will be deemed to have been made when delivered or when mailed first class postage prepaid or delivered to the telegraph office:

- (i) if to the Holder of this Option, at the address of the Holder as set forth below the Holder's signature hereon, or at such other address as may have been furnished to the Seller in writing by the Holder; or
- (ii) if to the Seller, 6100 North Western, Oklahoma City, Oklahoma 73118, or at such other address as may have been furnished to the Holder in writing by the Seller.

11. Headings. The headings of the paragraphs of this Option are inserted for convenience only and will not be deemed to constitute a part of this Option.

12. Governing Law. This Option is being delivered and is intended to be performed in the State of Oklahoma and will be construed and enforced in accordance with, and the rights of the parties shall be governed by, the law of such state.

13. Assignment. Subject to the conditions set forth herein, this Option and all rights hereunder are transferable by the Holder, in whole or in part.

IN WITNESS WHEREOF, this Option has been executed effective the 1st day of September, 1999.

/s/ Aubrey K. McClendon

 AUBREY K. McCLENDON, individually
 (the "Seller")

TALBOT FAIRFIELD II LIMITED PARTNERSHIP

By /s/ Breene M. Kerr

 Breene M. Kerr, General Partner
 115 Bay Street
 Easton, Maryland 21601
 (the "Holder")

JOINT FILING AGREEMENT

In accordance with Rule 13d-1(f) under the Securities Exchange Act of 1934, as amended, the undersigned hereby agree to the joint filing with each other of the attached statement on Schedule 13D and to all amendments to such statement and that such statement and all amendments to such statement are made on behalf of each of them.

IN WITNESS WHEREOF, the undersigned hereby execute this agreement on December 16, 1999.

/s/ Aubrey K. McClendon

AUBREY K. McCLENDON, an individual

CHESAPEAKE INVESTMENTS, an Oklahoma
Limited Partnership

By /s/ Aubrey K. McClendon

Aubrey K. McClendon, General Partner

/s/ Tom L. Ward

TOM L. WARD, an individual

TLW INVESTMENTS INC., an Oklahoma
corporation

By /s/ Tom L. Ward

Tom L. Ward, President