

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934

FOR THE QUARTERLY PERIOD ENDED MARCH 31, 2001

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
ACT OF 1934

FOR THE TRANSITION PERIOD FROM _____ TO _____

COMMISSION FILE NO. 1-13726

CHESAPEAKE ENERGY CORPORATION
(Exact name of registrant as specified in its charter)

OKLAHOMA 73-1395733
(State or other jurisdiction of (I.R.S. Employer
incorporation or organization) Identification No.)

6100 NORTH WESTERN AVENUE 73118
OKLAHOMA CITY, OKLAHOMA (Zip Code)
(Address of principal executive offices)

(405) 848-8000
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports
required to be filed by Section 13 or 15(d) of the Securities Exchange Act of
1934 during the preceding 12 months (or for such shorter period that the
registrant was required to file such reports), and (2) has been subject to such
filing requirements for the past 90 days.

YES NO

At May 10, 2001, there were 163,988,384 shares of our \$.01 par value
common stock outstanding.

CHESAPEAKE ENERGY CORPORATION AND SUBSIDIARIES

INDEX TO FORM 10-Q FOR THE QUARTER ENDED MARCH 31, 2001

PART I. FINANCIAL INFORMATION

PAGE

Item 1.	Consolidated Financial Statements:	
	Consolidated Balance Sheets at December 31, 2000 and March 31, 2001 (Unaudited)	3
	Consolidated Statements of Operations for the Three Months Ended March 31, 2000 and 2001 (Unaudited)	4
	Consolidated Statements of Cash Flows for the Three Months Ended March 31, 2000 and 2001 (Unaudited)	5
	Consolidated Statements of Comprehensive Income for the Three Months Ended March 31, 2000 and 2001 (Unaudited)	6
	Notes to Consolidated Financial Statements (Unaudited)	7
Item 2.	Management's Discussion and Analysis of Financial Condition and Results of Operations	19
Item 3.	Quantitative and Qualitative Disclosures About Market Risks	24

PART II. OTHER INFORMATION

Item 1.	Legal Proceedings	28
Item 2.	Changes in Securities and Use of Proceeds	28
Item 3.	Defaults Upon Senior Securities or Dividend Arrearages	28
Item 4.	Submission of Matters to a Vote of Security Holders	28
Item 5.	Other Information	28
Item 6.	Exhibits and Reports on Form 8-K	28

CHESAPEAKE ENERGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(UNAUDITED)

ASSETS	DECEMBER 31, 2000	MARCH 31, 2001
	-----	-----
	(\$ IN THOUSANDS)	
CURRENT ASSETS:		
Cash and cash equivalents	\$ --	\$ 21,203
Restricted cash	3,500	--
Accounts receivable:		
Oil and natural gas sales	50,109	64,164
Oil and natural gas marketing sales	46,953	43,664
Joint interest and other, net of allowances of \$1,085,000 and \$1,071,000, respectively	15,998	20,294
Related parties	4,383	6,772
Deferred income tax asset	40,819	42,000
Short-term derivative instruments	--	3,452
Inventory	3,167	3,614
Other	1,997	1,857
	-----	-----
Total Current Assets	166,926	207,020
	-----	-----
PROPERTY AND EQUIPMENT:		
Oil and natural gas properties, at cost based on full-cost accounting:		
Evaluated oil and natural gas properties	2,590,512	3,088,525
Unevaluated properties	25,685	44,752
Less: accumulated depreciation, depletion and amortization	(1,770,827)	(1,807,316)
	-----	-----
Other property and equipment	845,370	1,325,961
Less: accumulated depreciation and amortization	79,898	100,763
	-----	-----
Total Property and Equipment	888,234	1,388,785
	-----	-----
OTHER ASSETS:		
Investment in Gothic Energy Corporation	126,434	--
Deferred income tax asset	229,823	186,773
Long-term derivative instruments	--	8,022
Long-term investments, other	2,000	11,892
Other assets	27,009	15,362
	-----	-----
Total Other Assets	385,266	222,049
	-----	-----
TOTAL ASSETS	\$ 1,440,426	\$ 1,817,854
	=====	=====
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Notes payable and current maturities of long-term debt	\$ 836	\$ 855
Accounts payable	62,940	66,570
Accrued property acquisitions	22,530	36,400
Accrued interest	17,537	35,278
Other accrued liabilities	21,637	32,805
Revenues and royalties due others	35,682	44,976
Income tax payable	1,539	3,600
	-----	-----
Total Current Liabilities	162,701	220,484
	-----	-----
LONG-TERM DEBT, NET	944,845	1,140,738
	-----	-----
REVENUES AND ROYALTIES DUE OTHERS	7,798	13,227
	-----	-----
DEFERRED INCOME TAX LIABILITY	11,850	13,216
	-----	-----
CONTINGENCIES (NOTE 2)		
STOCKHOLDERS' EQUITY:		
Preferred Stock, \$.01 par value, 10,000,000 shares authorized; 624,037 shares of 7% cumulative convertible stock issued and outstanding at December 31, 2000 and March 31, 2001, entitled in liquidation to \$31.2 million	31,202	31,202
Common Stock, par value of \$.01, 250,000,000 shares authorized; 157,819,171 and 163,944,466 shares issued at December 31, 2000 and March 31, 2001, respectively	1,578	1,639
Paid-in capital	963,584	1,007,656
Accumulated deficit	(659,286)	(590,090)
Accumulated other comprehensive income (loss)	(3,901)	(236)
Less: treasury stock, at cost; 4,788,747 and 4,792,529 common shares at December 31, 2000 and March 31, 2001, respectively	(19,945)	(19,982)
	-----	-----
Total Stockholders' Equity	313,232	430,189
	-----	-----
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 1,440,426	\$ 1,817,854
	=====	=====

The accompanying notes are an integral part of these consolidated financial statements.

CHESAPEAKE ENERGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED)

	THREE MONTHS ENDED MARCH 31,	
	2000	2001
	(\$ IN THOUSANDS, EXCEPT PER SHARE DATA)	
REVENUES:		
Oil and natural gas sales	\$ 87,293	\$ 221,219
Oil and natural gas marketing sales	27,368	56,165
Total Revenues	114,661	277,384
OPERATING COSTS:		
Production expenses	12,545	17,788
Production taxes	5,216	14,295
General and administrative	3,032	4,001
Oil and natural gas marketing expenses	26,544	54,478
Oil and natural gas depreciation, depletion and amortization	24,483	38,173
Depreciation and amortization of other assets	1,866	1,953
Total Operating Costs	73,686	130,688
INCOME FROM OPERATIONS	40,975	146,696
OTHER INCOME (EXPENSE):		
Interest and other income	1,192	569
Interest expense	(20,864)	(25,889)
Gothic standby credit facility costs	--	(3,392)
Total Other Income (Expense)	(19,672)	(28,712)
INCOME BEFORE INCOME TAX	21,303	117,984
INCOME TAX EXPENSE	101	47,696
NET INCOME	21,202	70,288
Preferred stock dividends	(4,042)	(546)
Gain on repurchase of preferred stock	10,414	--
NET INCOME AVAILABLE TO COMMON SHAREHOLDERS	\$ 27,574	\$ 69,742
EARNINGS PER COMMON SHARE:		
Basic	\$ 0.27	\$ 0.44
Assuming dilution	\$ 0.15	\$ 0.41
WEIGHTED AVERAGE COMMON AND COMMON EQUIVALENT SHARES OUTSTANDING (IN THOUSANDS):		
Basic	101,681	157,707
Assuming dilution	140,130	170,326

The accompanying notes are an integral part of these consolidated financial statements.

CHESAPEAKE ENERGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

	THREE MONTHS ENDED MARCH 31,	
	2000	2001
	----- (\$ IN THOUSANDS) -----	
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 21,202	\$ 70,288
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation, depletion and amortization	25,440	39,116
Provision for deferred income taxes	101	47,696
Gothic standby credit facility costs	--	3,392
Amortization of loan costs	909	1,010
Amortization of bond discount	21	19
Accretion of note premium	--	(704)
(Gain) loss on sale of fixed assets and other	(100)	25
Other	119	64
	-----	-----
Cash provided by operating activities before changes in current assets and liabilities	47,692	160,906
Changes in current assets and liabilities	(9,477)	45,443
	-----	-----
Cash provided by operating activities	38,215	206,349
	-----	-----
CASH FLOWS FROM INVESTING ACTIVITIES:		
Exploration and development of oil and natural gas properties	(40,252)	(109,859)
Acquisitions of oil and natural gas properties	(4,564)	(43,980)
Divestitures of oil and natural gas properties	985	140
Other proceeds from sales	177	35
Other property and equipment additions	(1,191)	(13,060)
Other	(2,045)	(443)
	-----	-----
Cash used in investing activities	(46,890)	(167,167)
	-----	-----
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from long-term borrowings	45,000	93,000
Payments on long-term borrowings	(48,500)	(103,500)
Cash payments to redeem debt	--	(8,255)
Cash dividends paid on preferred stock	--	(546)
Cash received from exercise of stock options	226	2,191
	-----	-----
Cash used in financing activities	(3,274)	(17,110)
	-----	-----
EFFECT OF CHANGES IN EXCHANGE RATE ON CASH	(478)	(869)
	-----	-----
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(12,427)	21,203
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	38,658	--
	-----	-----
CASH AND CASH EQUIVALENTS, END OF PERIOD	\$ 26,231	\$ 21,203
	=====	=====

The accompanying notes are an integral part of these consolidated financial statements.

CHESAPEAKE ENERGY CORPORATION AND SUBSIDIARIES
 CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
 (UNAUDITED)

	THREE MONTHS ENDED MARCH 31,	
	2000	2001
	----- (\$ IN THOUSANDS) -----	
Net income	\$ 21,202	\$ 70,288
Other Comprehensive Income, net of income tax:		
Foreign currency translation adjustments	(478)	(3,219)
Cumulative effect of accounting change for financial derivatives	--	(53,580)
Change in fair value of derivative instruments	--	42,138
Fair value of derivatives reclassified to earnings	--	18,326
	-----	-----
Other comprehensive income	\$ 20,724	\$ 73,953
	=====	=====

The accompanying notes are an integral part of these
 consolidated financial statements.

CHESAPEAKE ENERGY CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2001
(UNAUDITED)

1. BASIS OF PRESENTATION AND ACCOUNTING POLICIES

Principles of Consolidation - The accompanying unaudited consolidated financial statements of Chesapeake Energy Corporation and Subsidiaries have been prepared in accordance with the instructions to Form 10-Q as prescribed by the Securities and Exchange Commission. All material adjustments (consisting solely of normal recurring adjustments) which, in the opinion of management, are necessary for a fair presentation of the results for the interim periods have been reflected. The results for the three months ended March 31, 2001 are not necessarily indicative of the results to be expected for the full year. This Form 10-Q relates to the three months ended March 31, 2000 and March 31, 2001.

Change in Accounting Method - Effective January 1, 2001, we adopted Statement of Financial Accounting Standards No. 133, Accounting for Derivative Instruments and Hedging Activities. This statement establishes accounting and reporting standards requiring that derivative instruments (including certain derivative instruments embedded in other contracts) be recorded at fair market value and included in the balance sheet as assets or liabilities. The accounting for changes in the fair value of a derivative instrument depends on the intended use of the derivative and the resulting designation, which is established at the inception of a derivative. Special accounting for qualifying hedges allows a derivative's gains and losses to offset related results of the hedged item in the statement of operations. For derivative instruments designated as cash flow hedges, changes in fair value, to the extent the hedge is effective, are recognized in other comprehensive income until the hedged item is recognized in earnings. Hedge effectiveness is measured at least quarterly based on the relative changes in fair value between the derivative contract and the hedged item over time. Any change in fair value resulting from ineffectiveness, as defined by SFAS 133, is recognized immediately in earnings. The net gain or loss recognized in earnings during the Current Quarter representing the amount of the hedges' ineffectiveness was insignificant.

Adoption of SFAS 133 at January 1, 2001 resulted in the recognition of \$9.3 million of current derivative assets and \$98.6 million in current derivative liabilities. The cumulative effect of the accounting change decreased accumulated other comprehensive income by \$53.6 million, net of income taxes, but did not have an effect on our net income or earnings per share amounts.

The estimates of fair values from fixed-price contracts are computed based on the difference between the prices provided by the fixed-price contracts and forward market prices as of the specified date. Forward market prices for natural gas and crude oil are dependent upon supply and demand factors in the forward market and are subject to significant volatility. The fair value estimates are subject to change as forward market prices change.

The estimated fair values of our fixed-price contracts as of March 31, 2001 are provided below. The associated carrying values of these contracts are equal to the estimated fair values for each related period.

MARCH 31,
2001

(\$ in thousands)

Derivative assets:	
Fixed-price natural gas cap swaps	\$ 18,808
Fixed-price crude oil swaps	5,056
Derivative liabilities:	
Fixed-price natural gas swaps	(12,390)

Total	\$ 11,474
	=====

From time to time, we have utilized and expect to continue to utilize derivative financial instruments with respect to a portion of our oil and gas production to achieve a more predictable cash flow by reducing our exposure to price fluctuations. These transactions generally are swaps and collars and are entered into with major financial institutions

CHESAPEAKE ENERGY CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2001

(UNAUDITED)

or commodities trading institutions. Derivative financial instruments are intended to reduce our exposure to declines in the market price of natural gas and crude oil.

We expect to transfer approximately \$3.5 million (pre-tax) of the balance in accumulated other comprehensive income, based upon the market prices at March 31, 2001, to earnings during the next 12 months when the forecasted transactions actually occur. All forecasted transactions currently being hedged are expected to occur by December 2002.

2. CONTINGENCIES

West Panhandle Field Cessation Cases. One of our subsidiaries, Chesapeake Panhandle Limited Partnership ("CP") (f/k/a MC Panhandle, Inc.), and two subsidiaries of Kinder Morgan, Inc. have been defendants in 13 lawsuits filed between June 1997 and January 1999 by royalty owners seeking the cancellation of oil and gas leases in the West Panhandle Field in Texas. MC Panhandle, Inc., which we acquired in April 1998, has owned the leases since January 1, 1997. The co-defendants are prior lessees. The plaintiffs in these cases have claimed the leases terminated upon the cessation of production for various periods, primarily during the 1960s. In addition, the plaintiffs have sought to recover conversion damages, exemplary damages, attorneys' fees and interest. The defendants have asserted that any cessation of production was excused and have pled affirmative defenses of limitations, waiver, temporary estoppel, laches and title by adverse possession. Four of the 13 cases have been tried, and there have been appellate decisions in three of them. In January 2001, the principal plaintiffs in eight of ten cases tried or pending in the District Court of Moore County, Texas, 69th Judicial District agreed to settle their claims. We do not consider our portion of the settlement material to our financial condition or results of operations.

There are five related West Panhandle cessation cases which continue to be pending, two in the District Court of Moore County, Texas, 69th Judicial District, one in the District Court of Carson County, Texas, 100th Judicial District, and two in the U.S. District Court, Northern District of Texas, Amarillo Division. In one of the Moore County cases, CP and the other defendants have appealed a January 2000 judgment notwithstanding verdict in favor of plaintiffs. In addition to quieting title to the lease (including existing gas wells and all attached equipment) in plaintiffs, the court awarded actual damages against CP in the amount of \$716,400 and exemplary damages in the amount of \$25,000. The court further awarded, jointly and severally from all defendants, \$160,000 in attorneys' fees and interest and court costs. On March 28, 2001, the Amarillo Court of Appeals reversed and rendered the judgment in favor of CP and the other defendants, finding that the subject leases had been revived as a matter of law, making all other issues moot. In the other Moore County, Texas case, in June 1999, the court granted plaintiffs' motion for summary judgment in part, finding that the lease had terminated due to the cessation of production, subject to the defendants' affirmative defenses. In February 2001, the court granted plaintiffs' motion for summary judgment on defendants' affirmative defenses but reversed its ruling that the lease had terminated as a matter of law. In one of the U.S. District Court cases, after a trial in May 1999, the jury found plaintiffs' claims were barred by the payment of shut-in royalties, laches and revivor. Plaintiffs have moved for a new trial. There are motions pending in the remaining two cases, one of which is scheduled for a jury trial in October 2001.

We have previously established an accrued liability we believe will be sufficient to cover the estimated costs of litigation for each of the pending cases and the settlement consideration under the terms of the settlement agreement mentioned above. Because of the inconsistent verdicts reached by the juries in the four cases tried to date and because the amount of damages sought is not specified in all of the pending cases, the outcome of any future trials and the amount of damages that might ultimately be awarded could differ from management's estimates. CP and the other defendants intend to vigorously defend against the plaintiffs' claims.

Chesapeake is currently involved in various other routine disputes incidental to its business operations. While it is not possible to determine the ultimate disposition of these matters, management, after consultation with legal

CHESAPEAKE ENERGY CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2001

(UNAUDITED)

counsel, is of the opinion that the final resolution of all such currently pending or threatened litigation is not likely to have a material adverse effect on the consolidated financial position or results of operations of Chesapeake.

Due to the nature of the oil and gas business, Chesapeake and its subsidiaries are exposed to possible environmental risks. Chesapeake has implemented various policies and procedures to avoid environmental contamination and risks from environmental contamination. Chesapeake is not aware of any potential material environmental issues or claims.

3. NET INCOME (LOSS) PER SHARE

Statement of Financial Accounting Standards No. 128, Earnings Per Share, requires presentation of "basic" and "diluted" earnings per share, as defined, on the face of the statement of operations for all entities with complex capital structures. SFAS 128 requires a reconciliation of the numerators and denominators of the basic and diluted EPS computations.

A reconciliation for the quarters ended March 31, 2000 and 2001 is as follows (in thousands, except per share data):

	INCOME (NUMERATOR)	SHARES (DENOMINATOR)	PER SHARE AMOUNT
	-----	-----	-----
FOR THE QUARTER ENDED MARCH 31, 2000:			
BASIC EPS			
Income available to common stockholders	\$ 27,574	101,681	\$0.27 =====
EFFECT OF DILUTIVE SECURITIES			
Assumed conversion at the beginning of the period of preferred stock exchanged during the period:			
Common shares assumed issued	--	32,951	
Preferred stock dividends	4,042	--	
Gain on repurchase of preferred stock	(10,414)	--	
Employee stock options	--	5,498	
	-----	-----	
DILUTED EPS			
Income available to common stockholders and assumed conversions	\$ 21,202 =====	140,130 =====	\$0.15 =====
FOR THE QUARTER ENDED MARCH 31, 2001:			
BASIC EPS			
Income available to common stockholders	\$ 69,742	157,707	\$0.44 =====
EFFECT OF DILUTIVE SECURITIES			
Preferred stock dividends	546	--	
Assumed conversion of 624,037 shares of preferred stock at the beginning of period	--	4,489	
Employee stock options	--	8,130	
	-----	-----	
DILUTED EPS			
Income available to common stockholders and assumed conversions	\$ 70,288 =====	170,326 =====	\$0.41 =====

For the three months ended March 31, 2000 and 2001, outstanding options to purchase 1.1 million and 0.1 million shares of common stock at a weighted average exercise price of \$7.99 and \$25.00, respectively, were antidilutive because the exercise prices of the options were greater than the average market price of the common stock.

CHESAPEAKE ENERGY CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2001

(UNAUDITED)

4. SENIOR NOTES

On March 30, 2001, we entered into an agreement to issue \$800 million of 8.125% senior notes due 2011. The transaction closed and we issued the notes on April 6, 2001. During April 2001, we used a portion of the offering proceeds to purchase \$140.7 million of our 9.625% senior notes and \$3.0 million of the 11.125% senior secured notes of Gothic Production Corporation, a Chesapeake subsidiary. On May 7, 2001, we redeemed \$120 million of our 9.125% senior notes, \$359.3 million of our 9.625% senior notes and \$199.3 million principal amount of Gothic Production Corporation's 11.125% senior secured notes. The purchase and redemption of these notes included payment of aggregate make-whole and redemption premiums of \$75.6 million.

On January 16, 2001, we acquired the 11.125% senior secured notes in connection with the Gothic acquisition. See note 5. At March 31, 2001, there was outstanding \$202.3 million principal amount of 11.125% senior secured notes due 2005 which had been issued by Gothic Production Corporation and guaranteed by Gothic Energy Corporation. The 11.125% senior secured notes were collateralized by a second priority lien on substantially all of the natural gas and oil properties owned by Gothic Production Corporation. The notes were redeemable at Gothic Production Corporation's option on or after May 1, 2002 at the redemption prices set forth in the indenture or prior to May 1, 2002 at the make-whole prices set forth in the indenture. In April 2001, we purchased \$3.0 million of these notes for total consideration of \$3.5 million, including \$0.1 million in interest and \$0.4 million in premium. On May 7, 2001, the remaining \$199.3 million was redeemed for total consideration of \$222.5 million, including \$0.4 million in interest and \$22.8 million in redemption premium.

On April 22, 1998, we issued \$500 million principal amount of 9.625% senior notes due 2005. The 9.625% senior notes were redeemable at our option at any time on or after May 1, 2002 at the redemption prices set forth in the indenture or at the make-whole prices, as set forth in the indenture, if redeemed prior to May 1, 2002. In April 2001, we purchased \$140.7 million of these notes for total consideration of \$160.2 million, including a \$13.6 million premium and interest of \$5.9 million. On May 7, 2001, the remaining \$359.3 million was redeemed for total consideration of \$393.3 million, including \$0.6 million of interest and \$33.4 million of redemption premium.

On March 17, 1997, we issued \$150 million principal amount of 7.875% senior notes due 2004. The 7.875% senior notes are redeemable at our option at any time prior to March 15, 2004 at the make-whole prices determined in accordance with the indenture.

Also on March 17, 1997, we issued \$150 million principal amount of 8.5% senior notes due 2012. The 8.5% senior notes are redeemable at our option at any time prior to March 15, 2004 at the make-whole prices determined in accordance with the indenture and, on or after March 15, 2004, at the redemption prices set forth in the indenture. During the quarter ended March 31, 2001, Chesapeake purchased and subsequently retired \$7.5 million of these notes for total consideration of \$7.4 million, including accrued interest of \$7.5 million.

On April 9, 1996, we issued \$120 million principal amount of 9.125% senior notes due 2006. The 9.125% senior notes were redeemable at our option at any time prior to April 15, 2001 at the make-whole prices determined in accordance with the indenture and, on or after April 15, 2001, at the redemption prices set forth in the indenture. On May 7, 2001, we redeemed these notes for total consideration of \$126.1 million, including \$0.6 million in interest and \$5.5 million of redemption premium.

Chesapeake is a holding company and owns no operating assets and has no significant operations independent of its subsidiaries. Our obligations under the 9.625% senior notes, the 7.875% senior notes, the 8.5% senior notes and the 9.125% senior notes have been fully and unconditionally guaranteed, on a joint and several basis, by each of our "Restricted Subsidiaries" (as defined in the respective indentures governing these notes) (collectively, the "guarantor subsidiaries"). Each guarantor subsidiary is a direct or indirect wholly-owned subsidiary.

CHESAPEAKE ENERGY CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2001
(UNAUDITED)

Set forth below are condensed consolidating financial statements of the guarantor subsidiaries and our subsidiaries which are not guarantors of the senior notes. Chesapeake Energy Marketing, Inc. was a non-guarantor subsidiary for all periods presented. Carmen Acquisition Corp. was also a non-guarantor subsidiary in the current period presented. Upon the acquisition of Gothic Energy Corporation and Gothic Production Corporation on January 16, 2001, these subsidiaries were non-guarantor subsidiaries. As of May 7, 2001, all of the Gothic Production Corporation 11.125% senior secured notes were purchased or redeemed and both subsidiaries became guarantor subsidiaries on May 14, 2001. Based on these events, we have presented Gothic Energy Corporation and Gothic Production Corporation as guarantor subsidiaries for the current period. All of our other wholly-owned subsidiaries were guarantor subsidiaries during all periods presented.

CHESAPEAKE ENERGY CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)CONDENSED CONSOLIDATING BALANCE SHEET
AS OF DECEMBER 31, 2000
(\$ IN THOUSANDS)

	GUARANTOR SUBSIDIARIES	NON- GUARANTOR SUBSIDIARY	PARENT	ELIMINATIONS	CONSOLIDATED
	-----	-----	-----	-----	-----
ASSETS					
CURRENT ASSETS:					
Cash and cash equivalents	\$ (19,868)	\$ 7,200	\$ 12,668	\$ --	\$ --
Restricted cash	3,500	--	--	--	3,500
Accounts receivable	91,903	46,903	--	(21,363)	117,443
Deferred income tax asset	--	--	40,819	--	40,819
Inventory	3,040	127	--	--	3,167
Other	1,997	--	--	--	1,997
Total Current Assets	80,572	54,230	53,487	(21,363)	166,926
PROPERTY AND EQUIPMENT:					
Oil and natural gas properties	2,590,512	--	--	--	2,590,512
Unevaluated leasehold	25,685	--	--	--	25,685
Other property and equipment	30,670	23,246	25,982	--	79,898
Less: accumulated depreciation, depletion and amortization	(1,787,314)	(18,153)	(2,394)	--	(1,807,861)
Net Property and Equipment	859,553	5,093	23,588	--	888,234
OTHER ASSETS:					
Investments in subsidiaries and intercompany advances	--	--	(612,832)	612,832	--
Investment in Gothic Energy Corporation	--	9,732	116,702	--	126,434
Deferred tax asset	--	--	229,823	--	229,823
Other assets	9,890	418	89,516	(70,815)	29,009
Total Other Assets	9,890	10,150	(176,791)	542,017	385,266
TOTAL ASSETS	\$ 950,015	\$ 69,473	\$ (99,716)	\$ 520,654	\$ 1,440,426
	=====	=====	=====	=====	=====
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)					
CURRENT LIABILITIES:					
Notes payable and current maturities of long-term debt	\$ 836	\$ --	\$ --	\$ --	\$ 836
Accounts payable and other	118,620	49,613	19,090	(25,458)	161,865
Total Current Liabilities	119,456	49,613	19,090	(25,458)	162,701
LONG-TERM DEBT	92,321	--	919,244	(66,720)	944,845
REVENUES AND ROYALTIES DUE OTHERS	7,798	--	--	--	7,798
DEFERRED INCOME TAX LIABILITY	11,850	--	--	--	11,850
INTERCOMPANY PAYABLES	1,351,144	138	(1,351,282)	--	--
STOCKHOLDERS' EQUITY (DEFICIT):					
Common Stock	26	1	1,569	(18)	1,578
Other	(632,580)	19,721	311,663	612,850	311,654
	(632,554)	19,722	313,232	612,832	313,232
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)	\$ 950,015	\$ 69,473	\$ (99,716)	\$ 520,654	\$ 1,440,426
	=====	=====	=====	=====	=====

CHESAPEAKE ENERGY CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)CONDENSED CONSOLIDATING BALANCE SHEET
AS OF MARCH 31, 2001
(\$ IN THOUSANDS)

	GUARANTOR SUBSIDIARIES	NON- GUARANTOR SUBSIDIARIES	PARENT	ELIMINATIONS	CONSOLIDATED
ASSETS					
CURRENT ASSETS:					
Cash and cash equivalents	\$ (30,140)	\$ 523	\$ 50,820	\$ --	\$ 21,203
Accounts receivable	113,974	43,614	1,776	(24,470)	134,894
Deferred income tax asset	--	--	42,000	--	42,000
Short-term derivative instruments	3,452	--	--	--	3,452
Inventory	2,860	754	--	--	3,614
Other	1,846	11	--	--	1,857
Total Current Assets	91,992	44,902	94,596	(24,470)	207,020
PROPERTY AND EQUIPMENT:					
Oil and natural gas properties	3,088,525	--	--	--	3,088,525
Unevaluated leasehold	44,752	--	--	--	44,752
Other property and equipment	48,203	23,153	29,407	--	100,763
Less: accumulated depreciation, depletion and amortization	(1,824,408)	(18,282)	(2,565)	--	(1,845,255)
Net Property and Equipment	1,357,072	4,871	26,842	--	1,388,785
OTHER ASSETS:					
Investments in subsidiaries and intercompany advances	--	--	(363,994)	363,994	--
Deferred income tax asset	(2,444)	--	189,217	--	186,773
Long-term derivative instruments	8,022	--	--	--	8,022
Long-term investments, other	--	9,892	2,000	--	11,892
Other assets	1,744	399	84,035	(70,816)	15,362
Total Other Assets	7,322	10,291	(88,742)	293,178	222,049
TOTAL ASSETS	\$ 1,456,386	\$ 60,064	\$ 32,696	\$ 268,708	\$ 1,817,854
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)					
CURRENT LIABILITIES:					
Notes payable and current maturities of long-term debt	\$ 855	\$ --	\$ --	\$ --	\$ 855
Accounts payable and other	180,436	40,031	27,703	(28,541)	219,629
Total Current Liabilities	181,291	40,031	27,703	(28,541)	220,484
LONG-TERM DEBT	295,428	--	912,030	(66,720)	1,140,738
REVENUES AND ROYALTIES DUE					
OTHERS	13,227	--	--	--	13,227
DEFERRED INCOME TAXES	13,216	--	--	--	13,216
INTERCOMPANY PAYABLES	1,358,598	(1,902)	(1,356,671)	(25)	--
STOCKHOLDERS' EQUITY (DEFICIT):					
Common Stock	67	1	1,629	(58)	1,639
Other	(405,441)	21,934	448,005	364,052	428,550
	(405,374)	21,935	449,634	363,994	430,189
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)	\$ 1,456,386	\$ 60,064	\$ 32,696	\$ 268,708	\$ 1,817,854

CHESAPEAKE ENERGY CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)CONDENSED CONSOLIDATING STATEMENTS OF OPERATIONS
(\$ IN THOUSANDS)

	GUARANTOR SUBSIDIARIES	NON-GUARANTOR SUBSIDIARIES	PARENT	ELIMINATIONS	CONSOLIDATED
	-----	-----	-----	-----	-----
FOR THE THREE MONTHS ENDED MARCH 31, 2000:					
REVENUES:					
Oil and natural gas sales	\$ 86,946	\$ 347	\$ --	\$ --	\$ 87,293
Oil and natural gas marketing sales	--	69,125	--	(41,757)	27,368
Total Revenues	86,946	69,472	--	(41,757)	114,661
OPERATING COSTS:					
Production expenses and taxes	17,681	80	--	--	17,761
General and administrative	2,720	291	21	--	3,032
Oil and natural gas marketing expenses	--	68,301	--	(41,757)	26,544
Oil and natural gas depreciation, depletion and amortization	24,383	100	--	--	24,483
Other depreciation and amortization	1,026	20	820	--	1,866
Total Operating Costs	45,810	68,792	841	(41,757)	73,686
INCOME (LOSS) FROM OPERATIONS	41,136	680	(841)	--	40,975
OTHER INCOME (LOSS):					
Interest and other income	798	336	20,967	(20,909)	1,192
Interest expense	(20,955)	(34)	(20,784)	20,909	(20,864)
Equity in net earnings of subsidiaries	--	--	21,860	(21,860)	--
Total Other Income (Expense)	(20,157)	302	22,043	(21,860)	(19,672)
INCOME (LOSS) BEFORE INCOME TAXES	20,979	982	21,202	(21,860)	21,303
INCOME TAX EXPENSE (BENEFIT)	101	--	--	--	101
NET INCOME (LOSS)	\$ 20,878	\$ 982	\$ 21,202	\$ (21,860)	\$ 21,202
	=====	=====	=====	=====	=====
FOR THE THREE MONTHS ENDED MARCH 31, 2001:					
REVENUES:					
Oil and natural gas sales	\$ 221,219	\$ --	\$ --	\$ --	\$ 221,219
Oil and natural gas marketing sales	--	133,913	--	(77,748)	56,165
Total Revenues	221,219	133,913	--	(77,748)	277,384
OPERATING COSTS:					
Production expenses and taxes	32,083	--	--	--	32,083
General and administrative	3,543	350	108	--	4,001
Oil and natural gas marketing expenses	--	132,226	--	(77,748)	54,478
Oil and natural gas depreciation, depletion and amortization	38,173	--	--	--	38,173
Other depreciation and amortization	1,062	20	871	--	1,953
Total Operating Costs	74,861	132,596	979	(77,748)	130,688
INCOME (LOSS) FROM OPERATIONS	146,358	1,317	(979)	--	146,696
OTHER INCOME (LOSS):					
Interest and other income	442	75	22,734	(22,682)	569
Interest expense	(27,814)	(1)	(20,756)	22,682	(25,889)
Gothic standby credit facility costs	--	--	(3,392)	--	(3,392)
Equity in net earnings of subsidiaries	--	--	71,724	(71,724)	--
Total Other Income (Expense)	(27,372)	74	70,310	(71,724)	(28,712)
INCOME (LOSS) BEFORE INCOME TAXES	118,986	1,391	69,331	(71,724)	117,984
INCOME TAX EXPENSE (BENEFIT)	48,097	556	(957)	--	47,696
NET INCOME (LOSS)	\$ 70,889	\$ 835	\$ 70,288	\$ (71,724)	\$ 70,288
	=====	=====	=====	=====	=====

CHESAPEAKE ENERGY CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)CONDENSED CONSOLIDATING STATEMENTS OF CASH FLOWS
(\$ IN THOUSANDS)

	GUARANTOR SUBSIDIARIES	NON-GUARANTOR SUBSIDIARIES	PARENT	ELIMINATIONS	CONSOLIDATED
	-----	-----	-----	-----	-----
FOR THE THREE MONTHS ENDED MARCH 31, 2000:					
CASH FLOWS FROM OPERATING ACTIVITIES	\$ 29,595	\$ (289)	\$ 8,909	\$ --	\$ 38,215
CASH FLOWS FROM INVESTING ACTIVITIES:					
Oil and natural gas properties, net	(47,546)	3,715	--	--	(43,831)
Proceeds from sale of assets	177	--	--	--	177
Additions to other property and equipment	(753)	(16)	(422)	--	(1,191)
Other additions	(35)	--	(2,010)	--	(2,045)
	(48,157)	3,699	(2,432)	--	(46,890)
CASH FLOWS FROM FINANCING ACTIVITIES	12,159	(788)	(14,645)	--	(3,274)
EFFECT OF CHANGES IN EXCHANGE RATE ON CASH	(478)	--	--	--	(478)
NET INCREASE (DECREASE) IN CASH	(6,881)	2,622	(8,168)	--	(12,427)
CASH, BEGINNING OF PERIOD	(7,156)	20,409	25,405	--	38,658
CASH, END OF PERIOD	\$ (14,037)	\$ 23,031	\$ 17,237	\$ --	\$ 26,231
	=====	=====	=====	=====	=====
FOR THE THREE MONTHS ENDED MARCH 31, 2001:					
CASH FLOWS FROM OPERATING ACTIVITIES	\$ 200,370	\$ (1,721)	\$ 7,700	\$ --	\$ 206,349
CASH FLOWS FROM INVESTING ACTIVITIES:					
Oil and natural gas properties, net	(153,699)	--	--	--	(153,699)
Proceeds from sale of assets	35	--	--	--	35
Additions to other property and equipment	(8,745)	(890)	(3,425)	--	(13,060)
Other additions	170	--	(613)	--	(443)
	(162,239)	(890)	(4,038)	--	(167,167)
CASH FLOWS FROM FINANCING ACTIVITIES	(47,534)	(4,066)	34,490	--	(17,110)
EFFECT OF CHANGES IN EXCHANGE RATE ON CASH	(869)	--	--	--	(869)
NET INCREASE (DECREASE) IN CASH	(10,272)	(6,677)	38,152	--	21,203
CASH, BEGINNING OF PERIOD	(19,868)	7,200	12,668	--	--
CASH, END OF PERIOD	\$ (30,140)	\$ 523	\$ 50,820	\$ --	\$ 21,203
	=====	=====	=====	=====	=====

CHESAPEAKE ENERGY CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)CONDENSED CONSOLIDATING STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(\$ IN THOUSANDS)

	GUARANTOR SUBSIDIARIES	NON-GUARANTOR SUBSIDIARIES	PARENT	ELIMINATIONS	CONSOLIDATED
	-----	-----	-----	-----	-----
FOR THE THREE MONTHS ENDED MARCH 31, 2000:					
Net income (loss)	\$ 20,878	\$ 982	\$ 21,202	\$(21,860)	\$ 21,202
Other Comprehensive Income, net of income tax:					
Foreign currency translation	(478)	--	--	--	(478)
	-----	-----	-----	-----	-----
Other comprehensive income (loss)	\$ 20,400	\$ 982	\$ 21,202	\$(21,860)	\$ 20,724
	-----	=====	=====	=====	=====
FOR THE THREE MONTHS ENDED MARCH 31, 2001:					
Net income (loss)	\$ 70,889	\$ 835	\$ 70,288	\$(71,724)	\$ 70,288
Other Comprehensive Income, net of income tax:					
Foreign currency translation	(3,219)	--	--	--	(3,219)
Cumulative effect of accounting change for financial derivatives	(53,580)	--	--	--	(53,580)
Change in fair value of derivative instruments	42,138	--	--	--	42,138
Fair value of derivatives reclassified to earnings...	18,326	--	--	--	18,326
	-----	-----	-----	-----	-----
Other comprehensive income (loss)	\$ 74,554	\$ 835	\$ 70,288	\$(71,724)	\$ 73,953
	-----	=====	=====	=====	=====

CHESAPEAKE ENERGY CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

5. ACQUISITION OF GOTHIC ENERGY CORPORATION

We completed the acquisition of Gothic Energy Corporation on January 16, 2001 by merging a wholly-owned subsidiary into Gothic. We issued a total of 4.0 million shares in the merger. Gothic shareholders (other than Chesapeake) received 0.1908 of a share of Chesapeake common stock (valued at \$7.00 per share which was based on the value of Chesapeake common stock on the day before the merger was announced) for each share of Gothic common stock. In addition, outstanding warrants and options to purchase Gothic common stock were converted to the right to purchase Chesapeake common stock (1.1 million shares as of March 31, 2001 at an average price of \$12.28 per share) based on the merger exchange ratio. Prior to the merger, Chesapeake purchased substantially all of Gothic's 14.125% senior secured discount notes for total consideration valued at \$80.8 million in cash and Chesapeake common stock. Prior to the merger, we also purchased \$31.6 million principal amount of 11.125% senior secured notes due 2005 issued by Gothic's operating subsidiary and guaranteed by Gothic. The consideration for this purchase consisted of cash and Chesapeake common stock valued at \$34.8 million. Subsequent to the acquisition, we redeemed all remaining 14.125% senior secured discount notes for total consideration of \$243,000. In February 2001, we purchased \$1.0 million principal amount of Gothic senior secured notes tendered pursuant to a change-of-control offer at a purchase price of 101%. During April and May 2001, we purchased or redeemed the remaining \$202.3 million principal amount of the 11.125% senior secured notes for total consideration of \$225.9 million, including premium of \$23.1 million and interest of \$0.5 million. Subsequently, Gothic Energy Corporation and Gothic Production Corporation became guarantor subsidiaries of Chesapeake's senior notes.

The acquisition of Gothic was accounted for using the purchase method as of January 1, 2001 because we had effective control as of that date, and the results of operations of Gothic have been included since that date.

The following unaudited pro forma information has been prepared assuming Gothic had been acquired as of the beginning of the period presented. The pro forma information is presented for information purposes only and is not necessarily indicative of what would have occurred if the acquisition had been made as of that date. In addition, the pro forma information is not intended to be a projection of future results and does not reflect any efficiencies that may result from the integration of Gothic.

Pro Forma Information (Unaudited)
(In thousands, except per share data)THREE MONTHS ENDED
MARCH 31, 2000

Revenues	\$129,476
Income before income taxes	\$ 20,075
Net income	\$ 19,312
Earnings per common share -- basic	\$ 0.22
Earnings per common share -- assuming dilution	\$ 0.13

6. SUBSEQUENT EVENTS

\$800 Million Senior Notes Issuance

On March 30, 2001, we entered into an agreement to issue \$800 million of 8.125% senior notes due 2011. The transaction closed and we issued the notes on April 6, 2001. During April 2001, we used a portion of the offering proceeds to purchase \$140.7 million of the 9.625% senior notes and \$3.0 million of the 11.125% senior secured notes. On May 7, 2001, we redeemed \$120 million of our 9.125% senior notes, \$359.3 million of our 9.625% senior notes and \$199.3 million principal amount of 11.125% senior secured notes of Gothic Production Corporation, a Chesapeake subsidiary. The purchase and redemption of these notes included payment of aggregate make-whole and redemption premiums of \$75.6 million. An extraordinary loss of approximately \$44.0 million, net of tax, will be recognized in the second quarter of 2001 related to these purchases and redemptions. The refinancing lowered the interest rate and extended the maturity of approximately 74% of our senior notes. The 8.125% senior notes were not initially registered under the Securities Act of 1933. Pursuant to a registration rights agreement with the initial purchasers, we have agreed to enable the holders of the notes to exchange the notes for publicly registered notes with identical terms.

CHESAPEAKE ENERGY CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

Preferred Stock Redemption

On May 1, 2001, we redeemed all of the outstanding shares of our 7% cumulative convertible preferred stock at a redemption price of \$52.45 per share, payable in 5.7 shares of common stock and cash of \$2.45. Prior to redemption, the preferred stock was convertible into common stock at a conversion price of \$6.95 per share. At March 31, 2001, there were 624,037 shares of preferred stock outstanding. Thereafter and prior to redemption, 622,768 shares of preferred stock were converted into 4,480,171 shares of common stock. On the redemption date, the remaining 1,269 shares of preferred stock were redeemed for 7,239 shares of common stock and cash in the amount of \$3,115, including cash in lieu of fractional shares. Whether the shares had been converted or were redeemed, holders of preferred stock on April 3, 2001, the record date for the last regular quarterly dividend on the preferred stock, received the cash dividend paid on May 1, 2001.

Commitment for Revolving Credit Facility

We have received a commitment from Bear, Stearns & Co. Inc. and Union Bank of California, N.A. to establish a \$225 million senior secured revolving credit facility for the company. The maturity date for this facility may be extended to the fourth anniversary from closing, which is expected to occur in June 2001. Borrowings under the facility will be collateralized by certain producing oil and gas properties and will bear interest at an initial rate of London Interbank Offered Rate (LIBOR) plus 2.25%. Unused portions of the facility will accrue a commitment fee of 0.50%. On May 2, 2001, we received a temporary increase in our existing credit facility to \$150 million, pending the closing of this \$225 million committed facility, to fund the repurchase of a portion of our notes redeemed on May 7, 2001.

7. SEGMENT INFORMATION

Chesapeake has two reportable segments under SFAS No. 131, Disclosures about Segments of an Enterprise and Related Information, consisting of exploration and production, and marketing. The reportable segment information can be derived from note 4 as Chesapeake Energy Marketing, Inc., which is our marketing segment, is the only material non-guarantor subsidiary for all income statement periods presented.

PART I. FINANCIAL INFORMATION

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

RESULTS OF OPERATIONS -- Three Months Ended March 31, 2001 ("Current Quarter") vs. March 31, 2000 ("Prior Quarter")

General. For the three months ended March 31, 2001, we realized net income of \$70.3 million, or \$0.41 per diluted common share. This compares to net income of \$21.2 million, or \$0.15 per diluted common share, in the three months ended March 31, 2000.

Acquisition of Gothic Energy Corporation. We completed the acquisition of Gothic Energy Corporation on January 16, 2001 by a merging a wholly-owned subsidiary into Gothic. We issued 4.0 million shares in the merger along with additional warrants and options in exchange for the outstanding Gothic warrants and options. Prior to the merger, Chesapeake purchased substantially all of Gothic's 14.125% senior secured discount notes for total consideration of \$80.8 million in cash and Chesapeake common stock. We also purchased \$31.6 million principal amount of 11.125% senior secured notes due 2005 issued by Gothic's operating subsidiary for total consideration of \$34.8 million in cash and Chesapeake common stock. Subsequent to the acquisition, we redeemed all remaining 14.125% senior secured discount notes for total consideration of \$243,000 and purchased or redeemed the remaining \$202.3 million of 11.125% senior secured notes for total consideration of \$225.9 million. On May 14, 2001, Gothic Energy Corporation and Gothic Production Corporation became guarantor subsidiaries of Chesapeake's senior notes.

During 2000, we obtained a standby commitment for a \$275 million credit facility, consisting of a \$175 million term loan and a \$100 million revolving credit facility which, if needed, would have replaced our existing revolving credit facility. The term loan was available to provide funds to repurchase any of Gothic Production Corporation's 11.125% senior secured notes tendered following the closing of the Gothic acquisition pursuant to a change-of-control offer to purchase. In February 2001, we purchased \$1.0 million of notes tendered for 101% of such amount. We did not use the standby credit facility and the commitment terminated on February 23, 2001. Chesapeake incurred \$3.4 million of costs for the standby facility which were recognized in the Current Quarter.

Oil and Natural Gas Sales. During the Current Quarter, oil and natural gas sales increased 153% to \$221.2 million from \$87.3 million in the Prior Quarter. For the Current Quarter, we produced 40.2 billion cubic feet equivalent, consisting of 0.7 million barrels of oil and 36.0 billion cubic feet of natural gas, compared to 0.9 mmbo and 28.7 bcf, or 33.9 bcfe, in the Prior Quarter. The production increase is primarily the result of the Gothic acquisition. Average oil prices realized were \$29.01 per barrel of oil in the Current Quarter compared to \$24.58 per bo in the Prior Quarter, an increase of 18%. Average natural gas prices realized were \$5.59 per thousand cubic feet in the Current Quarter compared to \$2.30 per mcf in the Prior Quarter, an increase of 143%.

For the Current Quarter, we realized an average price of \$5.51 per thousand cubic feet equivalent, compared to \$2.57 per mcfe in the Prior Quarter. Our hedging activities resulted in decreased oil and natural gas revenues of \$30.5 million, or \$0.76 per mcfe, in the Current Quarter, compared to decreases in oil and natural gas revenues of \$2.2 million, or \$0.06 per mcfe, in the Prior Quarter.

The following table shows our production by region for the Prior Quarter and the Current Quarter:

OPERATING AREAS	FOR THE THREE MONTHS ENDED MARCH 31,			
	2000		2001	
	(mmcfe)	PERCENT	(mmcfe)	PERCENT
Mid-Continent	19,033	56%	26,721	66%
Gulf Coast	10,182	30	8,298	21
Canada	2,925	9	2,688	7
Permian Basin	1,605	5	1,539	4
Other areas	186	--	910	2
Total	33,931	100%	40,156	100%

Natural gas production represented approximately 90% of our total production volume on an equivalent basis in the Current Quarter, compared to 85% in the Prior Quarter.

Oil and Natural Gas Marketing Sales. We realized \$56.2 million in oil and natural gas marketing sales for third parties in the Current Quarter, with corresponding oil and natural gas marketing expenses of \$54.5 million, for a margin of \$1.7 million. This compares to sales of \$27.4 million, expenses of \$26.5 million, and a margin of \$0.9 million in the Prior Quarter. The increase in marketing sales and cost of sales was due primarily to higher oil and natural gas prices in the Current Quarter as compared to the Prior Quarter.

Production Expenses. Production expenses increased to \$17.8 million in the Current Quarter, a \$5.3 million increase from the \$12.5 million of production expenses incurred in the Prior Quarter. On a unit of production basis, production expenses were \$0.44 and \$0.37 per mcfe in the Current and Prior Quarters, respectively. The increase in production expenses between periods is due primarily to the additional costs associated with properties acquired since the Prior Quarter, the increase in ad valorem taxes due to higher commodity prices, and the overall increase in costs for goods and services that all oil and gas producers are experiencing.

Production Taxes. Production taxes, which consist primarily of wellhead severance taxes, were \$14.3 million and \$5.2 million in the Current and Prior Quarters, respectively. On a per unit basis, production taxes were \$0.36 per mcfe in the Current Quarter compared to \$0.15 per mcfe in the Prior Quarter. The increase in the Current Quarter is due to higher oil and natural gas prices. In general, production taxes are calculated using value-based formulas that produce higher per unit costs when oil and natural gas prices increase.

Oil and Gas Depreciation, Depletion and Amortization. Depreciation, depletion and amortization of oil and natural gas properties for the Current Quarter was \$38.2 million, compared to \$24.5 million in the Prior Quarter. The DD&A rate per mcfe, which is a function of capitalized costs, future development costs and the related underlying reserves in the periods presented, increased from \$0.72 in the Prior Quarter to \$0.95 in the Current Quarter. This increase is a result of the Gothic acquisition and escalating drilling and equipment costs in 2001. Chesapeake's DD&A rate in the future will be a function of the results of future acquisition, exploration, development and production results, however, our rate is expected to trend upward in 2001 based on projected higher drilling, completion and acquisition costs throughout the oil and gas industry.

Depreciation and Amortization of Other Assets. Depreciation and amortization of other assets was \$2.0 million in the Current Quarter compared to \$1.9 million in the Prior Quarter. We anticipate D&A will continue at current levels during the remainder of 2001.

General and Administrative. General and administrative expenses, which are net of capitalized internal costs, were \$4.0 million in the Current Quarter compared to \$3.0 million in the Prior Quarter. The increase was due primarily to an increase in the number of employees and the general increase in overhead associated with the growth of Chesapeake. We capitalized \$1.8 million of internal costs in the Current Quarter directly related to our oil and natural gas exploration and development efforts, compared to \$1.9 million in the Prior Quarter. We anticipate that G&A costs during the remainder of 2001 will remain at approximately the same level as the Current Quarter.

Interest and Other Income. Interest and other income for the Current Quarter was \$0.6 million compared to \$1.2 million in the Prior Quarter.

Interest Expense. Interest expense increased to \$25.9 million in the Current Quarter from \$20.9 million in the Prior Quarter. The increase in the Current Quarter was due to the interest on Gothic Production's senior secured notes. In addition to the interest expense reported, we capitalized \$0.9 million of interest during the Current Quarter compared to \$0.7 million capitalized in the Prior Quarter.

Provision for Income Taxes. During the Current Quarter, we recorded income tax expense of \$47.7 million on pre-tax income of \$118.0 million, compared to income tax expense of \$0.1 million on \$21.3 million of pre-tax income in the Prior Quarter. The Prior Quarter expense related to our Canadian operations only. The Prior Quarter U.S. tax expense was offset by a valuation allowance which had been established due to uncertainty surrounding our ability to utilize tax net operating loss carryforwards prior to their expiration. Based upon various factors, management

determined that a valuation allowance was no longer required as of December 31, 2000 and as a result we recognized income tax expense in the Current Quarter.

RISK MANAGEMENT ACTIVITIES

See Item 3 -- "Quantitative and Qualitative Disclosures About Market Risks."

LIQUIDITY AND CAPITAL RESOURCES

Chesapeake had a working capital deficit of \$13.5 million at March 31, 2001 including a cash balance of \$21.2 million. We have a \$100 million revolving bank credit facility, which matures in July 2002, with a committed borrowing base of \$100 million. On May 2, 2001 we received a temporary increase to \$150 million, pending the closing of our \$225 million committed facility, to fund the repurchase of a portion of our senior notes redeemed on May 7, 2001. As of March 31, 2001, we had borrowed \$14.5 million under this facility and had \$15.4 million of the facility securing various letters of credit. Borrowings under the facility are secured by certain producing oil and natural gas properties and bear interest at variable rates, which averaged 8.8% per annum as of March 31, 2001. Interest is payable quarterly calculated at .50% to 1.25%, depending on utilization, plus the higher of (a) the Union Bank of California reference rate or (b) the federal funds rate plus .50% per year. We may elect to convert a portion of our borrowings to interest calculated under a LIBOR plus 2.00% to 2.75%, depending on utilization. We are required to pay a commitment fee on the unused portion of the borrowing base equal to 0.375% per annum due quarterly.

We have received a commitment from Bear, Stearns & Co. Inc. and Union Bank of California, N.A. for a \$225 million senior secured revolving credit facility. The maturity date for the facility may be extended to the fourth anniversary from closing, which is expected to occur in June 2001. Borrowings under the facility will be collateralized by certain producing oil and gas properties and will bear interest at an initial rate of LIBOR plus 2.25%. Unused portions of the facility will accrue a commitment fee of 0.50%.

At March 31, 2001, our senior notes represented \$1.1 billion of our long-term debt. During the Current Quarter, we purchased and subsequently retired \$7.3 million of our 8.5% senior notes due 2012 for total consideration of \$7.4 million, including accrued interest of \$0.2 million.

On March 30, 2001, we entered into an agreement to issue \$800 million of 8.125% senior notes due 2011. The transaction closed and we issued the notes on April 6, 2001. During April 2001, we used a portion of the offering proceeds to purchase \$140.7 million of our 9.625% senior notes and \$3.0 million of the 11.125% senior secured notes of Gothic Production Corporation, a Chesapeake subsidiary. On May 7, 2001, we redeemed \$120 million of our 9.125% senior notes, \$359.3 million of our 9.625% senior notes and \$199.3 million of Gothic Production's 11.125% senior secured notes. The purchase and redemption of these notes included payment of aggregate make-whole and redemption premiums of \$75.6 million. An extraordinary loss of approximately \$44.0 million, net of tax, will be recognized in the second quarter of 2001 related to these purchases and redemptions. The refinancing lowered the interest rate and extended the maturity of approximately 74% of our senior notes. The 8.125% senior notes were not initially registered under the Securities Act of 1933. Pursuant to a registration rights agreement with the initial purchasers, we have agreed to enable the holders of the notes to exchange the notes for publicly registered notes with identical terms.

Following the note redemptions, our senior notes consist of the following: \$800 million principal amount of 8.125% senior notes due 2011, \$150 million principal amount of 7.875% senior notes due 2004 and \$142.7 million principal amount of 8.5% senior notes due 2012. Debt ratings for the senior notes are B2 by Moody's Investor Service and B+ by Standard & Poor's Ratings Services as of May 1, 2001. Debt ratings for our existing secured bank credit facility is Ba3 by Moody's Investor Service and BB by Standard & Poor's Ratings Services. The pending credit facility has received a rating of BB by Standard & Poor's Ratings Services. There are no scheduled principal payments required on any of the senior notes until March 2004, when \$150 million is due.

The 8.125% senior notes are unsecured senior obligations of Chesapeake and rank equally with all of our other unsecured indebtedness. All of our wholly owned subsidiaries except Chesapeake Energy Marketing, Inc. and Carmen Acquisition Corp. guarantee the notes, including Gothic Energy Corporation and Gothic Production Corporation as of May 14, 2001. We may redeem all or some of the notes at any time after April 1, 2006 and prior to such date pursuant to make-whole provisions in the indenture.

The indenture for the 8.125% senior notes contains covenants limiting our ability and our restricted subsidiaries' ability to incur additional indebtedness; pay dividends on our capital stock or redeem, repurchase or retire our capital stock or subordinated indebtedness; make investments and other restricted payments; create restrictions on the payment of dividends or other amounts to us from our restricted subsidiaries; incur liens; engage in transactions with affiliates; sell assets; and consolidate, merge or transfer assets. The debt incurrence covenant does not affect our ability to borrow under or expand our secured commercial bank facility. As of March 31, 2001, we estimate that secured commercial bank indebtedness of approximately \$900 million could have been incurred under the indenture. The indenture covenants do not apply to CEMI, an unrestricted subsidiary.

On May 1, 2001, we redeemed all of the outstanding shares of our 7% cumulative convertible preferred stock at a redemption price of \$52.45 per share, payable in 5.7 shares of common stock and cash of \$2.45. Prior to redemption, the preferred stock was convertible into common stock at a conversion price of \$6.95 per share. At March 31, 2001, there were 624,037 shares of preferred stock outstanding. Thereafter and prior to redemption, 622,768 shares of preferred stock were converted into 4,480,171 shares of common stock. On the redemption date, the remaining 1,269 shares of preferred stock were redeemed for 7,239 shares of common stock and cash in the amount of \$3,115, including cash in lieu of fractional shares. Whether the shares had been converted or were redeemed, holders of preferred stock on April 3, 2001, the record date for the last regular quarterly dividend on the preferred stock, received the cash dividend paid on May 1, 2001.

We believe we have adequate resources, including cash on hand and budgeted cash flow from operations to fund our capital expenditure budget for exploration and development activities during 2001, which are currently estimated to be approximately \$325 million. However, lower oil and gas prices, unfavorable drilling results or other factors could cause us to reduce our drilling program, which is largely discretionary. Based on our current cash flow assumptions, we expect to have an additional \$250 to \$300 million available for acquisitions, debt repayment and general corporate purposes in 2001.

Our cash provided by operating activities increased 440% to \$206.3 million during the Current Quarter compared to \$38.2 million during the Prior Quarter. The increase was due primarily to higher oil and natural gas prices realized during the Current Quarter and the acquisition of Gothic Energy Corporation on January 16, 2001.

Cash used in investing activities increased to \$167.2 million during the Current Quarter from \$46.9 million in the Prior Quarter. During the Current Quarter we expended approximately \$95.5 million to initiate drilling on 163 (80.8 net) wells and invested approximately \$14.4 million in leasehold acquisitions. This compares to \$34.8 million to initiate drilling on 51 (27.7 net) wells and \$5.4 million to purchase leasehold in the Prior Quarter. During the Current Quarter, we had acquisitions of oil and natural gas properties of \$44.0 million and divestitures of oil and natural gas properties of \$0.1 million. This compares to acquisitions of \$4.6 million and divestitures of \$1.0 million in the Prior Quarter. During the Current Quarter, we had additional investments in drilling equipment and office buildings.

There was \$17.1 million of cash used in financing activities in the Current Quarter, compared to \$3.3 million in the Prior Quarter. The activity in the Current Quarter reflects the net reduction in borrowings under our commercial bank credit facility of \$10.5 million, partially offset by cash received through the exercise of stock options and \$8.3 million in cash used to redeem a portion of our senior notes.

FORWARD-LOOKING STATEMENTS

This report includes "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Forward-looking statements give our current expectations or forecasts of future events. They include statements regarding oil and gas reserve estimates, planned capital expenditures, the drilling of oil and gas wells and future acquisitions, expected oil and gas production, cash flow and

anticipated liquidity, business strategy and other plans and objectives for future operations, expected future expenses and utilization of net operating loss carryforwards.

Although we believe the expectations and forecasts reflected in these and other forward-looking statements are reasonable, we can give no assurance they will prove to have been correct. They can be affected by inaccurate assumptions or by known or unknown risks and uncertainties. Factors that could cause actual results to differ materially from expected results are described under "Risk Factors" in our Form 10-K, as amended, for the year ended December 31, 2000 and include:

- o the volatility of oil and gas prices,
- o our substantial indebtedness,
- o our commodity price risk management activities,
- o our ability to replace reserves,
- o the availability of capital,
- o uncertainties inherent in estimating quantities of oil and gas reserves,
- o projecting future rates of production and the timing of development expenditures,
- o uncertainties in evaluating oil and gas reserves of acquired properties and associated potential liabilities,
- o drilling and operating risks,
- o our ability to generate future taxable income sufficient to utilize our NOLs before expiration,
- o future ownership changes which could result in additional limitations to our NOLs,
- o adverse effects of governmental and environmental regulation,
- o losses possible from pending or future litigation,
- o the strength and financial resources of our competitors, and
- o the loss of officers or key employees

We caution you not to place undue reliance on these forward-looking statements, which speak only as of the date of this report, and we undertake no obligation to update this information. We urge you to carefully review and consider the disclosures made in this and our other reports filed with the SEC that attempt to advise interested parties of the risks and factors that may affect our business.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISKS

COMMODITY PRICE RISK

Chesapeake's results of operations are highly dependent upon the prices received for oil and natural gas production.

HEDGING ACTIVITIES

Periodically Chesapeake utilizes hedging strategies to hedge the price of a portion of its future oil and natural gas production. These strategies include:

- o swap arrangements that establish an index-related price above which we pay the counterparty and below which we are paid by the counterparty (counterparty payments in some contracts are subject to a cap),
- o the purchase of index-related puts that provide for a "floor" price below which the counterparty pays us the amount by which the price of the commodity is below the contracted floor,
- o the sale of index-related calls that provide for a "ceiling" price above which we pay the counterparty the amount by which the price of the commodity is above the contracted ceiling,
- o basis protection swaps, which are arrangements that guarantee the price differential of oil or natural gas from a specified delivery point or points, and
- o collar arrangements that establish an index-related price below which the counterparty pays us and a separate index-related price above which we pay the counterparty.

Commodity markets are volatile, and as a result, our hedging activity is dynamic. As market conditions warrant, we may elect to settle a hedging transaction prior to its scheduled maturity date.

Results from commodity hedging transactions are reflected in oil and natural gas sales to the extent related to our oil and natural gas production. We only enter into commodity hedging transactions related to our oil and natural gas production volumes or physical purchase or sale commitments of our marketing subsidiary. Gains or losses on crude oil and natural gas hedging transactions are recognized as price adjustments in the months of related production.

See Note 1 to our Consolidated Financial Statements for a discussion of activities involving derivative financial instruments during the first quarter 2001.

As of March 31, 2001, we had the following open natural gas swap arrangements designed to hedge a portion of our domestic gas production for periods after March 2001:

MONTHS	VOLUME (mmbtu)	NYMEX-INDEX STRIKE PRICE (per mmbtu)
April 2001	5,400,000	\$4.84
May 2001	6,200,000	4.73
June 2001	4,800,000	4.75
July 2001	4,960,000	4.75
August 2001	4,960,000	4.74
September 2001	4,800,000	4.72
October 2001	1,860,000	5.20

Subsequent to March 31, 2001, we settled the natural gas swaps for April and May 2001. Losses of \$3.3 million and \$1.5 million will be recognized as price adjustments in April and May 2001, respectively.

As of March 31, 2001, we had the following open natural gas collar transactions designed to hedge a portion of our domestic gas production for periods after March 2001:

MONTHS	VOLUME (mmbtu)	NYMEX DEFINED LOW STRIKE PRICE	NYMEX DEFINED HIGH STRIKE PRICE
April 2001	1,800,000	\$ 4.00	\$ 6.08
May 2001	1,860,000	4.00	6.08
June 2001	2,400,000	4.25	6.26
July 2001	2,480,000	4.25	6.26
August 2001	2,480,000	4.25	6.26
September 2001	2,400,000	4.25	6.26
October 2001	1,860,000	4.00	6.08
November 2001	1,800,000	4.00	6.08
December 2001	1,860,000	4.00	6.08
January 2002	620,000	4.00	5.75
February 2002	560,000	4.00	5.75
March 2002	620,000	4.00	5.75
April 2002	1,200,000	4.00	5.38
May 2002	1,240,000	4.00	5.38
June 2002	1,200,000	4.00	5.38
July 2002	1,240,000	4.00	5.38
August 2002	1,240,000	4.00	5.38
September 2002	1,200,000	4.00	5.38
October 2002	1,240,000	4.00	5.38
November 2002	600,000	4.00	5.75
December 2002	620,000	4.00	5.75

Subsequent to March 31, 2001, we settled the natural gas collars for April and May 2001 for no gain or loss.

As of March 31, 2001, we had the following open natural gas cap-swap arrangements designed to hedge a portion of our domestic natural gas production for periods after March 2001. These transactions require that we pay the counterparty if the NYMEX price exceeds an average NYMEX-defined strike price. If the NYMEX price is less than the strike price, the counterparty pays us. However, the counterparty's payment is capped.

MONTHS	VOLUME (mmbtu)	NYMEX INDEX STRIKE PRICE (per mmbtu)	CAPPED LOW STRIKE PRICE (per mmbtu)
May 2001	1,860,000	\$ 5.76	\$ 4.59
June 2001	1,800,000	5.81	4.64
July 2001	1,860,000	5.85	4.68
August 2001	1,860,000	5.87	4.70
September 2001	1,800,000	5.83	4.66
October 2001	1,860,000	5.83	4.66
November 2001	2,400,000	6.00	4.78
December 2001	2,480,000	6.10	4.88
January 2002	2,790,000	6.03	4.81
February 2002	2,520,000	5.82	4.60
March 2002	2,790,000	5.48	4.26
April 2002	5,700,000	4.85	3.85
May 2002	5,890,000	4.81	3.81
June 2002	5,700,000	4.80	3.80
July 2002	5,890,000	4.81	3.81
August 2002	5,890,000	4.81	3.81
September 2002	5,700,000	4.81	3.81
October 2002	5,890,000	4.80	3.80
November 2002	2,100,000	4.97	3.97
December 2002	2,170,000	5.06	4.06

Subsequent to March 31, 2001, we settled the May 2001 natural gas cap-swaps for a gain of \$1.5 million.

During the quarter ended March 31, 2001, we settled the basis protection swaps for the periods of January, February and March 2001 for a net loss of \$0.2 million. As of March 31, 2001, we had no open basis protection swaps; however, we may enter into basis protection swaps in the future.

As of March 31, 2001, we had the following open crude oil swap arrangements designed to hedge a portion of our domestic crude oil production for periods after March 2001:

MONTHS	VOLUME (bbls)	NYMEX-INDEX STRIKE PRICE (per bbl)
April 2001	160,000	\$ 29.80
May 2001	165,000	29.75
June 2001	160,000	29.71
July 2001	165,000	29.68
August 2001	165,000	29.65
September 2001	160,000	29.62
October 2001	165,000	29.59
November 2001	160,000	29.56
December 2001	165,000	29.54

Subsequent to March 31, 2001, we settled the crude oil swap for April 2001 for a gain of \$0.3 million which will be recognized as a price adjustment in April 2001.

Subsequent to March 31, 2001, we entered into the following natural gas swap arrangements designed to hedge a portion of our domestic gas production for periods after March 2001:

MONTHS	VOLUME (mmbtu)	NYMEX-INDEX STRIKE PRICE (per mmbtu)
June 2001	2,400,000	\$ 5.03
July 2001	2,480,000	5.08
August 2001	2,480,000	5.14
September 2001	2,400,000	5.15
October 2001	2,480,000	5.17
November 2001	2,400,000	5.32

Subsequent to March 31, 2001, we entered into the following natural gas cap-swaps designed to hedge a portion of our domestic natural gas production for periods after March 2001. These transactions require that we pay the counterparty if the NYMEX price exceeds an average NYMEX-defined strike price. If the NYMEX price is less than the strike price, the counterparty pays us. However, the counterparty's payment is capped.

MONTHS	VOLUME (mmbtu)	NYMEX INDEX STRIKE PRICE (per mmbtu)	CAPPED LOW STRIKE PRICE (per mmbtu)
October 2001	620,000	\$ 5.99	\$ 4.49
November 2001	1,800,000	5.77	4.27
December 2001	1,860,000	5.88	4.38
January 2002	1,860,000	5.91	4.41
February 2002	1,680,000	5.72	4.22
March 2002	1,860,000	5.37	3.87

Subsequent to March 31, 2001, we entered into crude oil cap-swaps designed to hedge 2,000 bbls per day for calendar year 2002. This transaction requires that we pay the counterparty if the NYMEX price exceeds an average strike price of \$25.15 per bbl for each of the related months of production. If the NYMEX price is less than the strike price, the counterparty pays us. However, the counterparty's payment is capped at the strike price less \$5.00 per bbl.

In addition to commodity hedging transactions related to our oil and gas production, our marketing subsidiary, CEMI, periodically enters into various hedging transactions designed to hedge against physical purchase and sale commitments it makes. Gains or losses on these transactions are recorded as adjustments to oil and gas marketing sales in the consolidated statements of operations and are not considered material by management.

INTEREST RATE RISK

The table below presents principal cash flows and related weighted average interest rates by expected maturity dates. The fair value of the long-term debt has been estimated based on quoted market prices. See "Liquidity and Capital Resources" in Item 2 above for a description of our debt refinancing subsequent to March 31, 2001.

	MARCH 31, 2001						TOTAL	FAIR VALUE
	YEARS OF MATURITY							
	2001	2002	2003	2004	2005	THEREAFTER		
	(\$ IN MILLIONS)							
LIABILITIES:								
Long-term debt, including current portion -- fixed rate	\$ 0.9	\$ 0.4	\$ --	\$142.7	\$702.3	\$270.0	\$1,116.3	\$1,135.8
Average interest rate	9.1%	9.1%	--	7.9%	10.1%	8.8%	9.5%	--
Long-term debt -- variable rate	\$ --	\$ 14.5	\$ --	\$ --	\$ --	\$ --	\$ 14.5	\$ 14.5
Average interest rate	--	9.3%	--	--	--	--	9.3%	--

Changes in interest rates affect the amount of interest we earn on our cash, cash equivalents and short-term investments and the interest rate we pay on borrowings under our credit facility. We are not presently using any interest rate derivative instruments to manage exposure to interest rate changes. All of our other long-term indebtedness is fixed rate and therefore does not expose us to the risk of earnings or cash flow loss due to changes in market interest rates.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

We are subject to ordinary routine litigation incidental to our business. In addition, Chesapeake is a defendant in other pending actions which are described in Item 3 of our Annual Report on Form 10-K for the year ended December 31, 2000.

ITEM 2. CHANGES IN SECURITIES AND USE OF PROCEEDS

In two purchase transactions which closed on March 30, 2001, we issued 1,117,216 shares of our common stock in exchange for 1,349,500 shares of common stock of RAM Energy, Inc., representing 49.5% of its outstanding equity securities, held by two of its shareholders. Our shares were valued at \$8.854 per share, or \$9.9 million in total. We also received an option granted by one of the shareholders to purchase an additional 1.0% of RAM Energy's outstanding equity securities. The option is exercisable for a year beginning in February 2002 for an aggregate exercise price of \$202,000 in cash. Both shareholders represented that they are accredited investors as defined in Regulation D under the Securities Act of 1933 and are sophisticated investors. The shares we issued were not registered under the Securities Act of 1933 in reliance on the exemption from registration provided by Section 4(2) of the Act. We granted registration rights with respect to the shares issued and have agreed to cover any shortfall if the holders sell the shares at a price that is less than \$8.854 per share during the 90-day period following the effective date of the registration statement covering the shares.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES OR DIVIDEND ARREARAGES

- -- Not applicable

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

- -- Not applicable

ITEM 5. OTHER INFORMATION

- -- Not applicable

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K [UPDATE]

(a) Exhibits

The following exhibits are filed as a part of this report:

Exhibit No.

4.1.1 Fifth Supplemental Indenture, dated November 19, 1999, to Indenture dated as of March 15, 1997 among the Registrant, as issuer, its subsidiaries signatory thereto, as Subsidiary Guarantors, and United States Trust Company of New York, as Trustee, with respect to 7-7/8% Senior Notes due 2004.

4.2.1 Fifth Supplemental Indenture, dated November 19, 1999, to Indenture dated as of March 15, 1997 among the Registrant, as issuer, its subsidiaries signatory thereto, as Subsidiary Guarantors, and United States Trust Company of New York, as Trustee, with respect to 8-1/2% Senior Notes due 2012.

4.6 Indenture dated as of April 6, 2001 among the Registrant, as issuer, its subsidiaries signatory thereto, as Subsidiary Guarantors, and United States Trust Company of New York, as Trustee, with respect to 8.125% Senior Notes due 2011. First Supplemental Indenture dated May 14, 2001.

(b) Reports on Form 8-K

During the quarter ended March 31, 2001, we filed the following Current Reports on Form 8-K:

On January 17, 2001, we filed a current report on Form 8-K reporting under Item 5 that we had issued a press release announcing completion of the acquisition of Gothic Energy Corporation on January 16, 2001.

On January 24, 2001, we filed a current report on Form 8-K under Item 9 reporting the posting on our web site of operating assumptions being used in our projections for the first quarter and full year 2001.

On January 31, 2001, we filed an amended current report on Form 8-K reporting under Item 2 the completion of the merger of our acquisition subsidiary into Gothic Energy Corporation on January 16, 2001 and providing Gothic's financial statements and pro forma financial information under Item 7.

On February 6, 2001, we filed a current report on Form 8-K reporting under Item 5 that we had issued a press release announcing our 2000 earnings.

On February 6, 2001, we filed a current report on Form 8-K under Item 9 reporting the posting on our web site of operating assumptions being used in our projections for the first quarter and full year 2001.

On February 13, 2001, we filed a current report on Form 8-K reporting under Item 5 that we had issued a press release announcing proved reserves, finding costs for 2000 and further exploratory success from the Georgetown formation.

On February 21, 2001, we filed a current report on Form 8-K reporting under Item 5 that we had issued a press release announcing record results for fourth quarter and full year 2000.

On March 27, 2001, we filed a current report on Form 8-K reporting under Item 5 that we had issued a press release announcing a preferred stock cash dividend and redemption of our preferred shares.

On March 29, 2001, we filed a current report on Form 8-K reporting under Item 5 that we had issued a press release announcing a proposed \$800 million senior notes offering to replace existing senior notes.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

CHESAPEAKE ENERGY CORPORATION
(Registrant)

By: /s/ Aubrey K. McClendon

Aubrey K. McClendon
Chairman and
Chief Executive Officer

May 15, 2001

Date

By: /s/ Marcus C. Rowland

Marcus C. Rowland
Executive Vice President and
Chief Financial Officer

EXHIBIT INDEX

EXHIBIT NUMBER	DESCRIPTION
4.1.1	Fifth Supplemental Indenture, dated November 19, 1999, to Indenture dated as of March 15, 1997 among the Registrant, as issuer, its subsidiaries signatory thereto, as Subsidiary Guarantors, and United States Trust Company of New York, as Trustee, with respect to 7-7/8% Senior Notes due 2004.
4.2.1	Fifth Supplemental Indenture, dated November 19, 1999, to Indenture dated as of March 15, 1997 among the Registrant, as issuer, its subsidiaries signatory thereto, as Subsidiary Guarantors, and United States Trust Company of New York, as Trustee, with respect to 8-1/2% Senior Notes due 2012.
4.6	Indenture dated as of April 6, 2001 among the Registrant, as issuer, its subsidiaries signatory thereto, as Subsidiary Guarantors, and United States Trust Company of New York, as Trustee, with respect to 8.125% Senior Notes due 2011. First Supplemental Indenture dated May 14, 2001.

FIFTH SUPPLEMENTAL INDENTURE
TO INDENTURE DATED MARCH 15, 1997 (7-7/8% SECURITIES)

FIFTH SUPPLEMENTAL INDENTURE dated as of November 19, 1999, among CHESAPEAKE ENERGY CORPORATION, an Oklahoma corporation (the "Company"), the SUBSIDIARY GUARANTORS listed as signatories hereto, UNITED STATES TRUST COMPANY OF NEW YORK, a New York corporation, as Trustee to the Indenture (the "Trustee"), and CHESAPEAKE ROYALTY COMPANY, an Oklahoma corporation ("CRC").

WHEREAS, the Company, the Subsidiary Guarantors and the Trustee have heretofore entered into the Original Indenture, pursuant to the provisions of which the Company has heretofore issued \$150,000,000 in aggregate principal amount of the Securities;

WHEREAS, the Company has formed CRC as a wholly owned Subsidiary of the Company and the Board of Directors of the Company has adopted resolutions designating CRC as a Restricted Subsidiary, as that term is defined in the Indenture;

WHEREAS, Chesapeake Gothic Corp., an Oklahoma corporation ("CGC"), is a Restricted Subsidiary of the Company and a Subsidiary Guarantor under the Indenture, and CGC has directly or indirectly merged with and into Chesapeake Mid-Continent Corp., an Oklahoma corporation ("CMCC"), and CMCC is the surviving entity, a Restricted Subsidiary of the Company and a Subsidiary Guarantor under the Indenture;

WHEREAS, Chesapeake Acquisitions, Ltd., an Alberta, Canada corporation ("CAL"), is a Restricted Subsidiary of the Company and a Subsidiary Guarantor under the Indenture, and CAL has directly or indirectly merged with and into Chesapeake Canada Corporation, an Alberta, Canada corporation ("CCC"), and CCC is the surviving entity, a Restricted Subsidiary of the Company and a Subsidiary Guarantor under the Indenture;

WHEREAS, Section 10.3(b) of the Indenture provides, among other things, that the Company will cause each Subsidiary that shall become a Restricted Subsidiary after the Issue Date to execute and deliver a supplemental indenture pursuant to which such Restricted Subsidiary shall guarantee the payment of the Securities pursuant to the terms of the Indenture;

WHEREAS, Section 10.3(c) of the Indenture provides, among other things, that a Person may become a Subsidiary Guarantor by executing and delivering to the Trustee (i) a supplemental indenture which is in form and substance satisfactory to the Trustee and which subjects such Person to the provisions (including the representations and warranties) of the Indenture as a Subsidiary Guarantor and (ii) an Opinion of Counsel and Officer's Certificate that such supplemental indenture has been duly authorized and executed by such Person and constitutes the legal, valid, binding and enforceable obligation of such Person;

WHEREAS, Section 10.2(a) of the Indenture provides, among other things, that no Subsidiary Guarantor may consolidate or merge with or into another corporation, entity or Person unless (i) the entity or Person formed by or surviving such consolidation or merger (if other than such Subsidiary Guarantor) assumes all the obligations of such Subsidiary Guarantor pursuant to a supplemental indenture, in a form reasonably satisfactory to the Trustee, under the Securities and the Indenture and (ii) immediately after such transaction, no Default or Event of Default exists;

WHEREAS, no Default or Event of Default exists immediately after the merger of CGC into CMCC and no Default or Event of Default exists immediately after the merger of CAL into CCC;

WHEREAS, the form and substance of this Fifth Supplemental Indenture are satisfactory to the Trustee;

WHEREAS, contemporaneously herewith, there are being delivered to the Trustee executed opinions of counsel and officers' certificate's proper in form and substance;

WHEREAS, Section 9.1 of the Indenture provides, among other things, that the Trustee, the Subsidiary Guarantors and the Company may amend or supplement the Indenture without notice to or consent of any Holder to reflect the addition or release of any Subsidiary Guarantor, as provided for by the Indenture; and

WHEREAS, the execution and delivery of this Fifth Supplemental Indenture have been duly authorized by the Company, the Subsidiary Guarantors and CRC and all actions necessary to make this Fifth Supplemental Indenture a valid and binding instrument according to its terms and the terms of the Original Indenture have been performed.

NOW, THEREFORE, BY THIS FIFTH SUPPLEMENTAL INDENTURE, for and in consideration of the premises and of the mutual covenants herein contained and for other valuable considerations, the receipt whereof is hereby acknowledged, the Company, the Subsidiary Guarantors and CRC covenant and agree with the Trustee, for the equal benefit of all present and future Holders of the Securities, as follows:

ARTICLE I

DEFINITIONS

SECTION 1.1 The definitions set forth in or incorporated by reference in Article I of the Indenture shall be applicable to this Fifth Supplemental Indenture, as fully and to the same extent as if set forth herein, except as otherwise expressly provided herein. As used in this Fifth Supplemental Indenture, the following terms shall have the following meanings:

"Indenture" means the Original Indenture, as amended by this Fifth Supplemental Indenture, relating to the Securities.

"Original Indenture" means the Indenture dated as of March 15, 1997, among the Company, the Subsidiary Guarantors listed as signatories thereto and the Trustee, relating to the Securities, as amended by: (i) that certain First Supplemental Indenture dated as of December 17, 1997, (ii) that certain Second Supplemental Indenture dated as of February 16, 1998, (iii) that certain Third Supplemental Indenture dated as of April 22, 1998, and (iv) that certain Fourth Supplemental Indenture dated as of July 1, 1998.

ARTICLE II

ADDITION OF SUBSIDIARY GUARANTOR

SECTION 2.1 As a Subsidiary Guarantor, CRC hereby: (a) unconditionally guarantees to each Holder and to the Trustee the due and punctual payment of the principal of, premium, if any, and interest on the Securities and all other amounts due and payable under the Indenture and the Securities by the Company, whether at maturity, by acceleration, redemption, repurchase or otherwise including, without limitation, interest on the overdue principal of, premium, if any, and interest on the Securities to the extent lawful, all in accordance with the terms and subject to the limitations of the Indenture as if CRC had been an original party thereto; and (b) subjects CRC to the provisions (including the representations and warranties) of the Indenture as a Subsidiary Guarantor.

ARTICLE III

RELEASE OF SUBSIDIARY GUARANTOR

SECTION 3.1 As a result of the direct or indirect merger with CMCC, which constitutes a merger with a Subsidiary Guarantor under Section 10.2(a) of the Indenture, CGC shall for all purposes be released as a Subsidiary Guarantor from all of its Guarantee and related obligations in the Indenture, pursuant to Section 10.4(b) of the Indenture and, as a result of the direct or indirect merger with CCC, which constitutes a merger with a Subsidiary Guarantor under Section 10.2(a) of the Indenture, CAL shall for all purposes be released as a Subsidiary Guarantor from all of its Guarantee and related obligations in the Indenture, pursuant to Section 10.4(b) of the Indenture.

SECTION 3.2 The notation on the Securities relating to the Guarantee shall be deemed to exclude the names of CGC and CAL and the signature of an Officer on behalf of CGC and CAL.

ARTICLE IV

ASSUMPTION OF OBLIGATIONS

SECTION 4.1 As the surviving entity in its merger with CGC and as a Subsidiary Guarantor, CMCC hereby agrees to assume all the obligations of CGC and, as the surviving entity in its merger with CAL and as a Subsidiary Guarantor, CCC hereby agrees to assume all the obligations of CAL.

ARTICLE V

MISCELLANEOUS

SECTION 5.1 This Fifth Supplemental Indenture is a supplemental indenture pursuant to Section 9.1 of the Indenture. Upon execution and delivery of this Fifth Supplemental Indenture, the terms and conditions of this Fifth Supplemental Indenture will be part of the terms and conditions of the Indenture for any and all purposes, and all the terms and conditions of both shall be read together as though they constitute one instrument, except that in case of conflict, the provisions of this Fifth Supplemental Indenture will control.

SECTION 5.2 Except as they have been modified in this Fifth Supplemental Indenture, each and every term and provision of the Indenture shall remain in full force and effect.

SECTION 5.3 This Fifth Supplemental Indenture may be executed in any number of counterparts, each of which when so executed and delivered shall be an original, but such counterparts shall together constitute but one and the same instrument.

SECTION 5.4 This Fifth Supplemental Indenture shall be governed by and construed in accordance with the laws of the State of New York without giving effect to applicable principals of conflicts of law to the extent that the application of the law of another jurisdiction would be required thereby.

SIGNATURES

IN WITNESS WHEREOF, the parties hereto have caused this Fifth Supplemental Indenture to be duly executed as of the date first written above.

CHESAPEAKE ENERGY CORPORATION, an
Oklahoma corporation

By /s/ Aubrey K. McClendon

Aubrey K. McClendon,
Chief Executive Officer

CHESAPEAKE ROYALTY COMPANY, an
Oklahoma corporation

By /s/ Aubrey K. McClendon

Aubrey K. McClendon,
Chief Executive Officer

UNITED STATES TRUST COMPANY OF NEW YORK,
a New York corporation, as Trustee

By /s/ Louis P. Young

Name: Louis P. Young

Title: Vice President

SUBSIDIARY GUARANTORS

CHESAPEAKE OPERATING, INC., an Oklahoma
corporation

By /s/ Aubrey K. McClendon

Aubrey K. McClendon,
Chief Executive Officer

CHESAPEAKE PANHANDLE LIMITED PARTNERSHIP,
an Oklahoma limited partnership

By Chesapeake Operating, Inc., an
Oklahoma corporation, Sole General
Partner

By /s/ Aubrey K. McClendon

Aubrey K. McClendon,
Chief Executive Officer

CHESAPEAKE ACQUISITION CORPORATION, an
Oklahoma corporation

By /s/ Aubrey K. McClendon

Aubrey K. McClendon, President

CHESAPEAKE MID-CONTINENT CORP., an
Oklahoma corporation

By /s/ Aubrey K. McClendon

Aubrey K. McClendon, President

CHESAPEAKE EXPLORATION LIMITED
PARTNERSHIP, an Oklahoma limited
partnership

By Chesapeake Operating, Inc., an
Oklahoma corporation, Sole General
Partner

By /s/ Aubrey K. McClendon

Aubrey K. McClendon,
Chief Executive Officer

CHESAPEAKE ENERGY LOUISIANA CORPORATION,
an Oklahoma corporation

By /s/ Aubrey K. McClendon

Aubrey K. McClendon,
Chief Executive Officer

CHESAPEAKE CANADA CORPORATION, an
Alberta, Canada corporation

By /s/ Aubrey K. McClendon

Aubrey K. McClendon,
Chief Executive Officer

CHESAPEAKE LOUISIANA, L.P., an Oklahoma
limited partnership

By Chesapeake Operating, Inc., an
Oklahoma corporation, Sole General
Partner

By /s/ Aubrey K. McClendon

Aubrey K. McClendon,
Chief Executive Officer

THE AMES COMPANY, INC., an Oklahoma
corporation

By /s/ Aubrey K. McClendon

Aubrey K. McClendon,
Chief Executive Officer

FIFTH SUPPLEMENTAL INDENTURE
TO INDENTURE DATED MARCH 15, 1997 (8 1/2% SECURITIES)

FIFTH SUPPLEMENTAL INDENTURE dated as of November 19, 1999, among CHESAPEAKE ENERGY CORPORATION, an Oklahoma corporation (the "Company"), the SUBSIDIARY GUARANTORS listed as signatories hereto, UNITED STATES TRUST COMPANY OF NEW YORK, a New York corporation, as Trustee to the Indenture (the "Trustee"), and CHESAPEAKE ROYALTY COMPANY, an Oklahoma corporation ("CRC").

WHEREAS, the Company, the Subsidiary Guarantors and the Trustee have heretofore entered into the Original Indenture, pursuant to the provisions of which the Company has heretofore issued \$150,000,000 in aggregate principal amount of the Securities;

WHEREAS, the Company has formed CRC as a wholly owned Subsidiary of the Company and the Board of Directors of the Company has adopted resolutions designating CRC as a Restricted Subsidiary, as that term is defined in the Indenture;

WHEREAS, Chesapeake Gothic Corp., an Oklahoma corporation ("CGC"), is a Restricted Subsidiary of the Company and a Subsidiary Guarantor under the Indenture, and CGC has directly or indirectly merged with and into Chesapeake Mid-Continent Corp., an Oklahoma corporation ("CMCC"), and CMCC is the surviving entity, a Restricted Subsidiary of the Company and a Subsidiary Guarantor under the Indenture;

WHEREAS, Chesapeake Acquisitions, Ltd., an Alberta, Canada corporation ("CAL"), is a Restricted Subsidiary of the Company and a Subsidiary Guarantor under the Indenture, and CAL has directly or indirectly merged with and into Chesapeake Canada Corporation, an Alberta, Canada corporation ("CCC"), and CCC is the surviving entity, a Restricted Subsidiary of the Company and a Subsidiary Guarantor under the Indenture;

WHEREAS, Section 10.3(b) of the Indenture provides, among other things, that the Company will cause each Subsidiary that shall become a Restricted Subsidiary after the Issue Date to execute and deliver a supplemental indenture pursuant to which such Restricted Subsidiary shall guarantee the payment of the Securities pursuant to the terms of the Indenture;

WHEREAS, Section 10.3(c) of the Indenture provides, among other things, that a Person may become a Subsidiary Guarantor by executing and delivering to the Trustee (i) a supplemental indenture which is in form and substance satisfactory to the Trustee and which subjects such Person to the provisions (including the representations and warranties) of the Indenture as a Subsidiary Guarantor and (ii) an Opinion of Counsel and Officer's Certificate that such supplemental indenture has been duly authorized and executed by such Person and constitutes the legal, valid, binding and enforceable obligation of such Person;

WHEREAS, Section 10.2(a) of the Indenture provides, among other things, that no Subsidiary Guarantor may consolidate or merge with or into another corporation, entity or Person unless (i) the entity or Person formed by or surviving such consolidation or merger (if other than such Subsidiary Guarantor) assumes all the obligations of such Subsidiary Guarantor pursuant to a supplemental indenture, in a form reasonably satisfactory to the Trustee, under the Securities and the Indenture and (ii) immediately after such transaction, no Default or Event of Default exists;

WHEREAS, no Default or Event of Default exists immediately after the merger of CGC into CMCC and no Default or Event of Default exists immediately after the merger of CAL into CCC;

WHEREAS, the form and substance of this Fifth Supplemental Indenture are satisfactory to the Trustee;

WHEREAS, contemporaneously herewith, there are being delivered to the Trustee executed opinions of counsel and officers' certificate's proper in form and substance;

WHEREAS, Section 9.1 of the Indenture provides, among other things, that the Trustee, the Subsidiary Guarantors and the Company may amend or supplement the Indenture without notice to or consent of any Holder to reflect the addition or release of any Subsidiary Guarantor, as provided for by the Indenture; and

WHEREAS, the execution and delivery of this Fifth Supplemental Indenture have been duly authorized by the Company, the Subsidiary Guarantors and CRC and all actions necessary to make this Fifth Supplemental Indenture a valid and binding instrument according to its terms and the terms of the Original Indenture have been performed.

NOW, THEREFORE, BY THIS FIFTH SUPPLEMENTAL INDENTURE, for and in consideration of the premises and of the mutual covenants herein contained and for other valuable considerations, the receipt whereof is hereby acknowledged, the Company, the Subsidiary Guarantors and CRC covenant and agree with the Trustee, for the equal benefit of all present and future Holders of the Securities, as follows:

ARTICLE I

DEFINITIONS

SECTION 1.1 The definitions set forth in or incorporated by reference in Article I of the Indenture shall be applicable to this Fifth Supplemental Indenture, as fully and to the same extent as if set forth herein, except as otherwise expressly provided herein. As used in this Fifth Supplemental Indenture, the following terms shall have the following meanings:

"Indenture" means the Original Indenture, as amended by this Fifth Supplemental Indenture, relating to the Securities.

"Original Indenture" means the Indenture dated as of March 15, 1997, among the Company, the Subsidiary Guarantors listed as signatories thereto and the Trustee, relating to the Securities, as amended by: (i) that certain First Supplemental Indenture dated as of December 17, 1997, (ii) that certain Second Supplemental Indenture dated as of February 16, 1998, (iii) that certain Third Supplemental Indenture dated as of April 22, 1998, and (iv) that certain Fourth Supplemental Indenture dated as of July 1, 1998.

ARTICLE II

ADDITION OF SUBSIDIARY GUARANTOR

SECTION 2.1 As a Subsidiary Guarantor, CRC hereby: (a) unconditionally guarantees to each Holder and to the Trustee the due and punctual payment of the principal of, premium, if any, and interest on the Securities and all other amounts due and payable under the Indenture and the Securities by the Company, whether at maturity, by acceleration, redemption, repurchase or otherwise including, without limitation, interest on the overdue principal of, premium, if any, and interest on the Securities to the extent lawful, all in accordance with the terms and subject to the limitations of the Indenture as if CRC had been an original party thereto; and (b) subjects CRC to the provisions (including the representations and warranties) of the Indenture as a Subsidiary Guarantor.

ARTICLE III

RELEASE OF SUBSIDIARY GUARANTOR

SECTION 3.1 As a result of the direct or indirect merger with CMCC, which constitutes a merger with a Subsidiary Guarantor under Section 10.2(a) of the Indenture, CGC shall for all purposes be released as a Subsidiary Guarantor from all of its Guarantee and related obligations in the Indenture, pursuant to Section 10.4(b) of the Indenture and, as a result of the direct or indirect merger with CCC, which constitutes a merger with a Subsidiary Guarantor under Section 10.2(a) of the Indenture, CAL shall for all purposes be released as a Subsidiary Guarantor from all of its Guarantee and related obligations in the Indenture, pursuant to Section 10.4(b) of the Indenture.

SECTION 3.2 The notation on the Securities relating to the Guarantee shall be deemed to exclude the names of CGC and CAL and the signature of an Officer on behalf of CGC and CAL.

ARTICLE IV

ASSUMPTION OF OBLIGATIONS

SECTION 4.1 As the surviving entity in its merger with CGC and as a Subsidiary Guarantor, CMCC hereby agrees to assume all the obligations of CGC and, as the

surviving entity in its merger with CAL and as a Subsidiary Guarantor, CCC hereby agrees to assume all the obligations of CAL.

ARTICLE V

MISCELLANEOUS

SECTION 5.1 This Fifth Supplemental Indenture is a supplemental indenture pursuant to Section 9.1 of the Indenture. Upon execution and delivery of this Fifth Supplemental Indenture, the terms and conditions of this Fifth Supplemental Indenture will be part of the terms and conditions of the Indenture for any and all purposes, and all the terms and conditions of both shall be read together as though they constitute one instrument, except that in case of conflict, the provisions of this Fifth Supplemental Indenture will control.

SECTION 5.2 Except as they have been modified in this Fifth Supplemental Indenture, each and every term and provision of the Indenture shall remain in full force and effect.

SECTION 5.3 This Fifth Supplemental Indenture may be executed in any number of counterparts, each of which when so executed and delivered shall be an original, but such counterparts shall together constitute but one and the same instrument.

SECTION 5.4 This Fifth Supplemental Indenture shall be governed by and construed in accordance with the laws of the State of New York without giving effect to applicable principals of conflicts of law to the extent that the application of the law of another jurisdiction would be required thereby.

SIGNATURES

IN WITNESS WHEREOF, the parties hereto have caused this Fifth Supplemental Indenture to be duly executed as of the date first written above.

CHESAPEAKE ENERGY CORPORATION, an Oklahoma corporation

By /s/ Aubrey K. McClendon

Aubrey K. McClendon,
Chief Executive Officer

CHESAPEAKE ROYALTY COMPANY, an Oklahoma corporation

By /s/ Aubrey K. McClendon

Aubrey K. McClendon,
Chief Executive Officer

UNITED STATES TRUST COMPANY OF NEW YORK,
a New York corporation, as Trustee

By /s/ Louis P. Young

Name: Louis P. Young

Title: Vice President

SUBSIDIARY GUARANTORS

CHESAPEAKE OPERATING, INC., an Oklahoma
corporation

By /s/ Aubrey K. McClendon

Aubrey K. McClendon,
Chief Executive Officer

CHESAPEAKE PANHANDLE LIMITED PARTNERSHIP,
an Oklahoma limited partnership

By Chesapeake Operating, Inc., an
Oklahoma corporation, Sole General
Partner

By /s/ Aubrey K. McClendon

Aubrey K. McClendon,
Chief Executive Officer

CHESAPEAKE ACQUISITION CORPORATION, an
Oklahoma corporation

By /s/ Aubrey K. McClendon

Aubrey K. McClendon, President

CHESAPEAKE MID-CONTINENT CORP., an
Oklahoma corporation

By /s/ Aubrey K. McClendon

Aubrey K. McClendon, President

CHESAPEAKE EXPLORATION LIMITED
PARTNERSHIP, an Oklahoma limited
partnership

By Chesapeake Operating, Inc., an
Oklahoma corporation, Sole General
Partner

By /s/ Aubrey K. McClendon

Aubrey K. McClendon,
Chief Executive Officer

CHESAPEAKE ENERGY LOUISIANA CORPORATION,
an Oklahoma corporation

By /s/ Aubrey K. McClendon

Aubrey K. McClendon,
Chief Executive Officer

CHESAPEAKE CANADA CORPORATION, an
Alberta, Canada corporation

By /s/ Aubrey K. McClendon

Aubrey K. McClendon,
Chief Executive Officer

CHESAPEAKE LOUISIANA, L.P., an Oklahoma
limited partnership

By Chesapeake Operating, Inc., an
Oklahoma corporation, Sole General
Partner

By /s/ Aubrey K. McClendon

Aubrey K. McClendon,
Chief Executive Officer

THE AMES COMPANY, INC., an Oklahoma
corporation

By /s/ Aubrey K. McClendon

Aubrey K. McClendon,
Chief Executive Officer

=====

CHESAPEAKE ENERGY CORPORATION

as Issuer,

THE SUBSIDIARY GUARANTORS,

as Guarantors,

AND

UNITED STATES TRUST COMPANY OF NEW YORK,
as Trustee

INDENTURE

DATED AS OF APRIL 6, 2001

8-1/8% SENIOR NOTES DUE 2011

=====

CROSS-REFERENCE TABLE

TIA SECTION	INDENTURE SECTION
310	(a)(1)..... 7.10
	(a)(2)..... 7.10
	(a)(3)..... N.A.
	(a)(4)..... N.A.
	(a)(5)..... 7.08
	(b)..... 7.08; 7.10
	(c)..... N.A.
311	(a)..... 7.11
	(b)..... 7.11
	(c)..... N.A.
312	(a)..... 2.05
	(b)..... 12.03
	(c)..... 12.03
313	(a)..... 7.06
	(b)(1)..... N.A.
	(b)(2)..... 7.06
	(c)..... 7.06; 12.02
	(d)..... 7.06
314	(a)..... 4.02; 4.03; 12.02
	(b)..... N.A.
	(c)(1)..... 12.04
	(c)(2)..... 12.04
	(c)(3)..... N.A.
	(d)..... N.A.
	(e)..... 12.05
	(f)..... N.A.
315	(a)..... 7.01(b)
	(b)..... 7.05; 12.02
	(c)..... 7.01(a)
	(d)..... 7.01(c)
	(e)..... 6.11
316	(a)(last sentence)..... 2.09
	(a)(1)(A)..... 6.05
	(a)(1)(B)..... 6.02; 6.04; 9.02
	(a)(2)..... N.A.
	(b)..... 6.07
	(c)..... N.A.
317	(a)(1)..... 6.08
	(a)(2)..... 6.09
	(b)..... 2.04
318	(a)..... 12.01
318	(c)..... 12.01

- - - - -

N.A. means Not Applicable

NOTE: This Cross-Reference table shall not, for any purpose, be deemed part of this Indenture.

TABLE OF CONTENTS

ARTICLE ONE DEFINITIONS AND INCORPORATION BY REFERENCE

SECTION 1.01.	Definitions.....	1
SECTION 1.02.	Other Definitions.....	20
SECTION 1.03.	Incorporation by Reference of Trust Indenture Act.....	20
SECTION 1.04.	Rules of Construction.....	21

ARTICLE TWO THE SECURITIES

SECTION 2.01.	Form and Dating.....	22
SECTION 2.02.	Execution and Authentication.....	22
SECTION 2.03.	Registrar and Paying Agent.....	22
SECTION 2.04.	Paying Agent To Hold Money in Trust.....	23
SECTION 2.05.	Holder Lists.....	23
SECTION 2.06.	Transfer and Exchange.....	23
SECTION 2.07.	Replacement Securities.....	23
SECTION 2.08.	Outstanding Securities.....	24
SECTION 2.09.	Temporary Securities.....	24
SECTION 2.10.	Cancellation.....	24
SECTION 2.11.	Defaulted Interest.....	24
SECTION 2.12.	CUSIP Numbers.....	25
SECTION 2.13.	Issuance of Additional Securities.....	25

ARTICLE THREE REDEMPTION

SECTION 3.01.	Notice to Trustee.....	26
SECTION 3.02.	Selection of Securities to Be Redeemed.....	26
SECTION 3.03.	Notice of Redemption.....	26
SECTION 3.04.	Effect of Notice of Redemption.....	27
SECTION 3.05.	Deposit of Redemption Price.....	27
SECTION 3.06.	Securities Redeemed in Part.....	27
SECTION 3.07.	Optional Redemption.....	28
SECTION 3.08.	Equity Offering Redemption.....	28
SECTION 3.09.	Optional Redemption at Make-Whole Price.....	28

ARTICLE FOUR COVENANTS

SECTION 4.01.	Payment of Securities.....	29
SECTION 4.02.	SEC Reports.....	29
SECTION 4.03.	Compliance Certificates.....	30
SECTION 4.04.	Maintenance of Office or Agency.....	31
SECTION 4.05.	Corporate Existence.....	31
SECTION 4.06.	Waiver of Stay, Extension or Usury Laws.....	31
SECTION 4.07.	Payment of Taxes and Other Claims.....	32
SECTION 4.08.	Maintenance of Properties and Insurance.....	32
SECTION 4.09.	Limitation on Incurrence of Additional Indebtedness.....	32
SECTION 4.10.	Limitation on Restricted Payments.....	33
SECTION 4.11.	Limitation on Sale of Assets.....	34
SECTION 4.12.	Limitation on Liens Securing Indebtedness.....	36

SECTION 4.13.	Limitation on Sale/Leaseback Transactions.....	37
SECTION 4.14.	Limitation on Payment Restrictions Affecting Subsidiaries.....	37
SECTION 4.15.	Limitation on Transactions with Affiliates.....	38
SECTION 4.16.	Change of Control.....	38

ARTICLE FIVE SUCCESSOR CORPORATION

SECTION 5.01.	When Company May Merge, etc.....	39
SECTION 5.02.	Successor Corporation Substituted.....	40

ARTICLE SIX DEFAULTS AND REMEDIES

SECTION 6.01.	Events of Default.....	40
SECTION 6.02.	Acceleration.....	42
SECTION 6.03.	Other Remedies.....	43
SECTION 6.04.	Waiver of Past Defaults.....	43
SECTION 6.05.	Control by Majority.....	43
SECTION 6.06.	Limitation on Remedies.....	43
SECTION 6.07.	Rights of Holders to Receive Payment.....	44
SECTION 6.08.	Collection Suit by Trustee.....	44
SECTION 6.09.	Trustee May File Proofs of Claim.....	44
SECTION 6.10.	Priorities.....	45
SECTION 6.11.	Undertaking for Costs.....	45

ARTICLE SEVEN TRUSTEE

SECTION 7.01.	Duties of Trustee.....	45
SECTION 7.02.	Rights of Trustee.....	46
SECTION 7.03.	Individual Rights of Trustee.....	47
SECTION 7.04.	Trustee's Disclaimer.....	47
SECTION 7.05.	Notice of Defaults.....	47
SECTION 7.06.	Reports by Trustee to Holders.....	47
SECTION 7.07.	Compensation and Indemnity.....	47
SECTION 7.08.	Replacement of Trustee.....	48
SECTION 7.09.	Successor Trustee by Merger, etc.....	49
SECTION 7.10.	Eligibility; Disqualification.....	49
SECTION 7.11.	Preferential Collection of Claims Against Company.....	49

ARTICLE EIGHT DISCHARGE OF INDENTURE

SECTION 8.01.	Option to Effect Legal Defeasance or Covenant Defeasance.....	49
SECTION 8.02.	Legal Defeasance and Discharge.....	50
SECTION 8.03.	Covenant Defeasance.....	50
SECTION 8.04.	Conditions to Legal or Covenant Defeasance.....	50
SECTION 8.05.	Deposited Money and U.S. Government Securities to Be Held in Trust; Other Miscellaneous Provisions.....	52
SECTION 8.06.	Repayment to Company.....	53
SECTION 8.07.	Reinstatement.....	53

ARTICLE NINE AMENDMENTS, SUPPLEMENTS AND WAIVERS

SECTION 9.01.	Without Consent of Holders.....	53
SECTION 9.02.	With Consent of Holders.....	54
SECTION 9.03.	Compliance with Trust Indenture Act.....	55
SECTION 9.04.	Revocation and Effect of Consents.....	55
SECTION 9.05.	Notation on or Exchange of Senior Notes.....	56
SECTION 9.06.	Trustee Protected.....	56

ARTICLE TEN GUARANTEES

SECTION 10.01.	Unconditional Guarantee.....	56
SECTION 10.02.	Subsidiary Guarantors May Consolidate, etc., on Certain Terms.....	58
SECTION 10.03.	Addition of Subsidiary Guarantors.....	58
SECTION 10.04.	Release of a Subsidiary Guarantor.....	59
SECTION 10.05.	Limitation of Subsidiary Guarantor's Liability.....	59
SECTION 10.06.	Contribution.....	59
SECTION 10.07.	[Intentionally Omitted.].....	60
SECTION 10.08.	Severability.....	60

ARTICLE ELEVEN MISCELLANEOUS

SECTION 11.01.	Trust Indenture Act Controls.....	60
SECTION 11.02.	Notices.....	60
SECTION 11.03.	Communication by Holders with Other Holders.....	61
SECTION 11.04.	Certificate and Opinion as to Conditions Precedent.....	61
SECTION 11.05.	Statements Required in Certificate or Opinion.....	61
SECTION 11.06.	Rules by Trustee and Agents.....	61
SECTION 11.07.	Legal Holidays.....	62
SECTION 11.08.	Governing Law.....	62
SECTION 11.09.	No Adverse Interpretation of Other Agreements.....	62
SECTION 11.10.	No Recourse Against Others.....	62
SECTION 11.11.	Successors.....	62
SECTION 11.12.	Duplicate Originals.....	62
SECTION 11.13.	Severability.....	62

SIGNATURES.....63

RULE 144A/REGULATION S APPENDIX.....A-1

EXHIBIT 1 TO THE RULE 144A/REGULATION S APPENDIX - FORM OF INITIAL SECURITY.....B-1

EXHIBIT A-1 - FORM OF REVERSE EXCHANGE SECURITY OR PRIVATE EXCHANGE SECURITY.....C-1

- - - - -

NOTE: This Table of Contents shall not, for any purpose, be deemed to be a part of this Indenture.

INDENTURE, dated as of April 6, 2001, among CHESAPEAKE ENERGY CORPORATION, an Oklahoma corporation (the "Company"), the SUBSIDIARY GUARANTORS listed as signatories hereto, and United States Trust Company of New York, a New York corporation, as Trustee.

Each party agrees as follows for the benefit of the other parties and for the equal and ratable benefit of the holders of the Company's 8-1/8% Senior Notes due 2011:

ARTICLE ONE

DEFINITIONS AND INCORPORATION BY REFERENCE

SECTION 1.01. Definitions.

"Additional Securities" means, subject to the Company's compliance with Section 4.09(a), 8-1/8% Senior Notes due 2011 issued from time to time after the Issue Date under the terms of this Indenture (other than pursuant to Section 2.06, 2.07, 2.09 or 3.06 of this Indenture and other than Exchange Securities or Private Exchange Securities issued pursuant to an exchange offer for other Securities outstanding under this Indenture).

"Adjusted Consolidated EBITDA" means the Consolidated Net Income of the Company and its Restricted Subsidiaries for the Reference Period, (a) increased (to the extent deducted in determining Consolidated Net Income) by the sum, without duplication, of: (i) all income and state franchise taxes of the Company and its Restricted Subsidiaries paid or accrued according to GAAP for such period (other than income taxes attributable to extraordinary, unusual or non-recurring gains or losses); (ii) all interest expense of the Company and its Restricted Subsidiaries paid or accrued in accordance with GAAP for such period (including amortization of original issue discount or premium); (iii) depreciation and depletion of the Company and its Restricted Subsidiaries; (iv) amortization of the Company and its Restricted Subsidiaries including, without limitation, amortization of capitalized debt issuance costs; (v) any loss realized in accordance with GAAP upon the sale or other disposition of any property, plant or equipment of the Company or its Restricted Subsidiaries (including pursuant to any Sale/Leaseback Transaction) which is not sold or otherwise disposed of in the ordinary course of business and any loss realized in accordance with GAAP upon the sale or other disposition of any Capital Stock of any Person; (vi) any loss realized in accordance with GAAP from currency exchange transactions not in the ordinary course of business consistent with past practice; (vii) any loss net of income taxes realized in accordance with GAAP attributable to extraordinary items; (viii) any charges associated solely with the prepayment of any Indebtedness; and (ix) any other non-cash charges to the extent deducted from Consolidated Net Income and (b) decreased (to the extent included in determining Consolidated Net Income) by the sum of (i) the amount of deferred revenues that are amortized during the Reference Period and are attributable to reserves that are subject to Volumetric Production Payments and (ii) amounts recorded in accordance with GAAP as repayments of principal and interest pursuant to Dollar-Denominated Production Payments.

"Adjusted Consolidated EBITDA Coverage Ratio" means, for any Reference Period, the ratio on a pro forma basis of (a) Adjusted

Consolidated EBITDA for the Reference Period to (b) Adjusted Consolidated Interest Expense for such Reference Period; provided, that, in calculating Adjusted Consolidated EBITDA and Adjusted Consolidated Interest Expense (i) acquisitions which occurred during the Reference Period or subsequent to the Reference Period and on or prior to the date of the transaction giving rise to the need to calculate the Adjusted Consolidated EBITDA Coverage Ratio (the "Transaction Date") shall be assumed to have occurred on the first day of the Reference Period, (ii) the incurrence of any Indebtedness (including the issuance of the Securities) or issuance of any Disqualified Stock during the Reference Period or subsequent to the Reference Period and on or prior to the Transaction Date shall be assumed to have occurred on the first day of such Reference Period, (iii) any Indebtedness that had been outstanding during the Reference Period that has been repaid on or prior to the Transaction Date shall be assumed to have been repaid as of the first day of such Reference Period, (iv) the Adjusted Consolidated Interest Expense attributable to interest on any Indebtedness or dividends on any Disqualified Stock bearing a floating interest (or dividend) rate shall be computed on a pro forma basis as if the rate in effect on the Transaction Date were the average rate in effect during the entire Reference Period and (v) in determining the amount of Indebtedness pursuant to Section 4.09, the incurrence of Indebtedness or issuance of Disqualified Stock giving rise to the need to calculate the Adjusted Consolidated EBITDA Coverage Ratio and, to the extent the net proceeds from the incurrence or issuance thereof are used to retire Indebtedness, the application of the proceeds therefrom shall be assumed to have occurred on the first day of the Reference Period.

"Adjusted Consolidated Interest Expense" means, with respect to the Company and its Restricted Subsidiaries, for the Reference Period, the aggregate amount (without duplication) of (a) interest expensed in accordance with GAAP (including, in accordance with the following sentence, interest attributable to Capitalized Lease Obligations, but excluding interest attributable to Dollar-Denominated Production Payments and amortization of deferred debt expense) during such period in respect of all Indebtedness of the Company and its Restricted Subsidiaries (including (i) amortization of original issue discount or premium on any Indebtedness (other than with respect to the Existing Notes and the Securities), (ii) the interest portion of all deferred payment obligations, calculated in accordance with GAAP, and (iii) all commissions, discounts and other fees and charges owed with respect to bankers' acceptance financings and currency and interest rate swap arrangements, in each case to the extent attributable to such period), and (b) dividend requirements of the Company and its Restricted Subsidiaries with respect to any Preferred Stock dividends (whether in cash or otherwise (except dividends paid solely in shares of Qualified Stock)) paid (other than to the Company or any of its Restricted Subsidiaries), declared, accrued or accumulated during such period, divided by one minus the applicable actual combined federal, state, local and foreign income tax rate of the Company and its Subsidiaries (expressed as a decimal), on a consolidated basis, for the four quarters immediately preceding the date of the transaction giving rise to the need to calculate Consolidated Interest Expense, in each case to the extent attributable to such period and excluding items eliminated in consolidation. For purposes of this definition, (a) interest on a Capitalized Lease Obligation shall be deemed to accrue at an interest rate reasonably determined by the Company to be the rate of interest implicit in such Capitalized Lease Obligation in accordance with GAAP and (b) interest expense attributable to any Indebtedness represented by the guarantee by the Company or a

Restricted Subsidiary of the Company of an obligation of another Person shall be deemed to be the interest expense attributable to the Indebtedness guaranteed.

"Adjusted Consolidated Net Tangible Assets" means (without duplication), as of the date of determination, (a) the sum of (i) discounted future net revenue from proved oil and gas reserves of the Company and its Restricted Subsidiaries calculated in accordance with SEC guidelines before any state or federal income taxes, as estimated by independent petroleum engineers in a reserve report prepared as of the end of the Company's most recently completed fiscal year, as increased by, as of the date of determination, the discounted future net revenue of (A) estimated proved oil and gas reserves of the Company and its Restricted Subsidiaries attributable to any acquisition consummated since the date of such year-end reserve report, and (B) estimated proved oil and gas reserves of the Company and its Restricted Subsidiaries attributable to extensions, discoveries and other additions and upward revisions of estimates of proved oil and gas reserves due to exploration, development or exploitation, production or other activities conducted or otherwise occurring since the date of such year-end reserve report, which, in the case of sub-clauses (A) and (B), would, in accordance with standard industry practice, result in such increases as calculated in accordance with SEC guidelines (utilizing the prices utilized in such year-end reserve report), and decreased by, as of the date of determination, the discounted future net revenue of (C) estimated proved oil and gas reserves of the Company and its Restricted Subsidiaries produced or disposed of since the date of such year-end reserve report and (D) reductions in the estimated oil and gas reserves of the Company and its Restricted Subsidiaries since the date of such year-end reserve report attributable to downward revisions of estimates of proved oil and gas reserves due to exploration, development or exploitation, production or other activities conducted or otherwise occurring since the date of such year-end reserve report which, in the case of sub-clauses (C) and (D), would, in accordance with standard industry practice, result in such decreases as calculated in accordance with SEC guidelines (utilizing the prices utilized in such year-end reserve report); provided that, in the case of each of the determinations made pursuant to clauses (A) through (D), such increases and decreases shall be as estimated by the Company's engineers, (ii) the capitalized costs that are attributable to oil and gas properties of the Company and its Restricted Subsidiaries to which no proved oil and gas reserves are attributable, based on the Company's books and records as of a date no earlier than the date of the Company's latest annual or quarterly financial statements, (iii) the Net Working Capital on a date no earlier than the date of the Company's latest annual or quarterly financial statements and (iv) the greater of (I) the net book value on a date no earlier than the date of the Company's latest annual or quarterly financial statements and (II) the appraised value, as estimated by independent appraisers, of other tangible assets (including Investments in unconsolidated Subsidiaries) of the Company and its Restricted Subsidiaries, as of a date no earlier than the date of the Company's latest audited financial statements, minus (b) the sum of (i) minority interests, (ii) any gas balancing liabilities of the Company and its Restricted Subsidiaries reflected in the Company's latest annual or quarterly financial statements, (iii) the discounted future net revenue, calculated in accordance with SEC guidelines (utilizing the prices utilized in the Company's year-end reserve report), attributable to reserves which are required to be delivered to third parties to fully

satisfy the obligations of the Company and its Restricted Subsidiaries with respect to Volumetric Production Payments on the schedules specified with respect thereto, (iv) the discounted future net revenue, calculated in accordance with SEC guidelines, attributable to reserves subject to Dollar-Denominated Production Payments which, based on the estimates of production included in determining the discounted future net revenue specified in (a) (i) above (utilizing the same prices utilized in the Company's year-end reserve report), would be necessary to fully satisfy the payment obligations of the Company and its Restricted Subsidiaries with respect to Dollar-Denominated Production Payments on the schedules specified with respect thereto and (v) the discounted future net revenue, calculated in accordance with SEC guidelines (utilizing the same prices utilized in the Company's year-end reserve report), attributable to reserves subject to participation interests, overriding royalty interests or other interests of third parties, pursuant to participation, partnership, vendor financing or other agreements then in effect, or which otherwise are required to be delivered to third parties. If the Company changes its method of accounting from the full cost method to the successful efforts method or a similar method of accounting, Adjusted Consolidated Net Tangible Assets will continue to be calculated as if the Company were still using the full cost method of accounting.

"Adjusted Net Assets of a Subsidiary Guarantor" at any date shall mean the lesser of (i) the amount by which the fair value of the property of such Subsidiary Guarantor exceeds the total amount of liabilities, including, without limitation, contingent liabilities (after giving effect to all other fixed and contingent liabilities incurred or assumed on such date), but excluding liabilities under the Guarantee of such Subsidiary Guarantor at such date and (ii) the amount by which the present fair saleable value of the assets of such Subsidiary Guarantor at such date exceeds the amount that will be required to pay the probable liability of such Subsidiary Guarantor on its debts (after giving effect to all other fixed and contingent liabilities incurred or assumed on such date and after giving effect to any collection from any Subsidiary of such Subsidiary Guarantor in respect of the obligations of such Subsidiary under the Guarantee), excluding debt in respect of the Guarantee, as they become absolute and matured.

"Affiliate" of any specified Person means any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person. For the purposes of this definition, "control" when used with respect to any specified Person means the power to direct the management and policies of such Person directly or indirectly, whether through the ownership of Voting Stock, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Agent" means any Registrar, Paying Agent or co-registrar.

"Asset Sale" means any sale, lease, transfer, exchange or other disposition (or series of related sales, leases, transfers, exchanges or dispositions) having a fair market value of \$1,000,000 or more of shares of Capital Stock of a Restricted Subsidiary (other than directors' qualifying shares), or of property or assets (including the creation of Dollar-Denominated Production Payments and Volumetric Production Payments, other than Dollar-Denominated Production Payments and Volumetric Production Payments created or sold in connection with the financing of, and within 30 days after, the acquisition of the properties

subject thereto) or any interests therein (each referred to for purposes of this definition as a "disposition") by the Company or any of its Restricted Subsidiaries, including any disposition by means of a merger, consolidation or similar transaction (other than (a) by the Company to a Wholly Owned Restricted Subsidiary or by a Subsidiary to the Company or a Wholly Owned Restricted Subsidiary, (b) a sale of oil, gas or other hydrocarbons or other mineral products in the ordinary course of business of the Company's oil and gas production operations, (c) any abandonment, farm-in, farm-out, lease and sub-lease of developed and/or undeveloped properties made or entered into in the ordinary course of business, but excluding (x) any sale of a net profits or overriding royalty interest, in each case conveyed from or burdening proved developed or proved undeveloped reserves and (y) any sale of hydrocarbons or other mineral products as a result of the creation of Dollar-Denominated Production Payments or Volumetric Production Payments, other than Dollar-Denominated Production Payments and Volumetric Production Payments created or sold in connection with the financing of, and within 30 days after, the acquisition of the properties subject thereto), (d) the disposition of all or substantially all of the assets of the Company in compliance with Article Five, (e) Sale/Leaseback Transactions in compliance with Section 4.13, (f) the provision of services and equipment for the operation and development of the Company's oil and gas wells, in the ordinary course of the Company's oil and gas service businesses, notwithstanding that such transactions may be recorded as asset sales in accordance with full cost accounting guidelines, and (g) the issuance by the Company of shares of its Capital Stock).

"Attributable Indebtedness" means, with respect to any particular lease under which any Person is at the time liable and at any date as of which the amount thereof is to be determined, the present value of the total net amount of rent required to be paid by such Person under the lease during the primary term thereof, without giving effect to any renewals at the option of the lessee, discounted from the respective due dates thereof to such date at the rate of interest per annum implicit in the terms of the lease. As used in the preceding sentence, the "net amount of rent" under any lease for any such period shall mean the sum of rental and other payments required to be paid with respect to such period by the lessee thereunder excluding any amounts required to be paid by such lessee on account of maintenance and repairs, insurance, taxes, assessments, water rates or similar charges. In the case of any lease which is terminable by the lessee upon payment of a penalty, such net amount of rent shall also include the amount of such penalty, but no rent shall be considered as required to be paid under such lease subsequent to the first date upon which it may be so terminated.

"Average Life" means, as of the date of determination, with respect to any Indebtedness, the quotient obtained by dividing (i) the product of (x) the number of years from such date to the date of each successive scheduled principal payment of such Indebtedness multiplied by (y) the amount of such principal payment by (ii) the sum of all such principal payments.

"Bank Credit Facility" means any revolving credit, term credit or letter of credit facility, the proceeds of which are used for working capital and other general corporate purposes to be entered into by one or more of the Company and/or its Restricted Subsidiaries and certain financial institutions, as amended, extended or refinanced from time to time.

"Board of Directors" means, with respect to any Person, the Board of Directors of such Person or any committee of the Board of Directors of such Person duly authorized to act on behalf of the Board of Directors of such Person.

"Board Resolution" means, with respect to any Person, a copy of a resolution certified by the Secretary or an Assistant Secretary of such Person to have been duly adopted by the Board of Directors or the managing partner(s) of such Person and to be in full force and effect on the date of such certification, and delivered to the Trustee.

"Business Day" means any day on which the New York Stock Exchange, Inc. is open for trading and which is not a Legal Holiday.

"Capital Stock" means, with respect to any Person, any and all shares, interests, participations or other equivalents (however designated) of corporate stock or partnership or limited liability company interests and any and all warrants, options and rights with respect thereto (whether or not currently exercisable), including each class of common stock and preferred stock of such Person.

"Capitalized Lease Obligations" of any Person means the obligations of such Person to pay rent or other amounts under a lease of property, real or personal, that is required to be capitalized for financial reporting purposes in accordance with GAAP, and the amount of such obligations shall be the capitalized amount thereof determined in accordance with GAAP.

"Change of Control" means the occurrence of any of the following: (i) the sale, lease or transfer, in one or a series of related transactions, of all or substantially all of the Company's assets to any Person or group (as such term is used in Section 13(d)(3) of the Exchange Act), other than to Permitted Holders; (ii) the adoption of a plan relating to the liquidation or dissolution of the Company; (iii) the acquisition, directly or indirectly, by any Person or group (as such term is used in Section 13(d)(3) of the Exchange Act), other than Permitted Holders, of beneficial ownership (as defined in Rule 13d-3 under the Exchange Act, except that such Person shall be deemed to have beneficial ownership of all shares that any such Person has the right to acquire, whether such right is exercisable immediately or only after passage of time) of more than 50% of the aggregate voting power of the Voting Stock of the Company; provided, however, that the Permitted Holders beneficially own (as defined in Rules 13d-3 and 13d-5 under the Exchange Act), directly or indirectly, in the aggregate a lesser percentage of the total voting power of the Voting Stock of the Company than such other Person and do not have the right or ability by voting power, contract or otherwise to elect or designate for election a majority of the Board of Directors of the Company (for the purposes of this definition, such other Person shall be deemed to beneficially own any Voting Stock of a specified corporation held by a parent corporation, if such other Person is the beneficial owner (as defined above), directly or indirectly, of more than 35% of the voting power of the Voting Stock of such parent corporation and the Permitted Holders beneficially own (as defined in this proviso), directly or indirectly, in the aggregate a lesser percentage of the voting power of the Voting Stock of such parent corporation and do not have the right or ability by voting power, contract or otherwise to elect or designate for election a majority of the Board of Directors of such parent corporation);

or (iv) during any period of two consecutive years, individuals who at the beginning of such period constituted the Board of Directors of the Company (together with any new directors whose election by such Board of Directors or whose nomination for election by the shareholders of the Company was approved by a vote of 66-2/3% of the directors of the Company then still in office who were either directors at the beginning of such period or whose election or nomination for election was previously so approved) cease for any reason to constitute a majority of the Board of Directors of the Company then in office.

"Company" means the party named as such above, until a successor replaces such Person in accordance with the terms of this Indenture, and thereafter means such successor.

"Consolidated Net Income" of the Company means, for any period, the aggregate net income (or loss) of the Company and its Restricted Subsidiaries for such period on a consolidated basis, determined in accordance with GAAP; provided, however, that there shall not be included in such Consolidated Net Income: (a) any net income of any Person if such Person is not the Company or a Restricted Subsidiary, except that (i) subject to the limitations contained in clause (d) below, the Company's equity in the net income of any such Person for such period shall be included in such Consolidated Net Income up to the aggregate amount of cash or cash equivalents actually distributed by such Person during such period to the Company or a Restricted Subsidiary as a dividend or other distribution (subject, in the case of a dividend or other distribution to a Restricted Subsidiary, to the limitations contained in clause (c) below) and (ii) the Company's equity in a net loss of any such Person (other than an Unrestricted Subsidiary) for such period shall be included in determining such Consolidated Net Income; (b) any net income (or loss) of any Person acquired by the Company or a Subsidiary in a pooling of interests transaction for any period prior to the date of such acquisition; (c) the net income of any Restricted Subsidiary to the extent that the payment of dividends or the making of distributions by such Restricted Subsidiary, directly or indirectly, to the Company, is prohibited; (d) any gain (but not loss) realized upon the sale or other disposition of any property, plant or equipment of the Company or any Restricted Subsidiary (including pursuant to any Sale/Leaseback Transaction) which is not sold or otherwise disposed of in the ordinary course of business and any gain (but not loss) realized upon the sale or other disposition of any Capital Stock of any Person; (e) any gain (but not loss) from currency exchange transactions not in the ordinary course of business consistent with past practice; (f) the cumulative effect of a change in accounting principles; (g) to the extent deducted in the calculation of net income, the non-cash charges associated with the repayment of Indebtedness with the proceeds from the sale of the Securities and the prepayment of any of the Securities; and (h) any writedowns of non-current assets; provided, however, that any "ceiling limitation" writedowns under SEC guidelines shall be treated as capitalized costs, as if such writedowns had not occurred; and (i) any gain (but not loss) attributable to extraordinary items.

"Consolidated Tangible Net Worth" means, with respect to the Company and its Restricted Subsidiaries, as at any date of determination, the sum of Capital Stock (other than Disqualified Stock) and additional paid-in capital plus retained earnings (or minus accumulated deficit) minus all intangible assets, including, without limitation, organization costs, patents, trademarks, copyrights, franchises, research and

development costs, and any amount reflected in treasury stock, of the Company and its Restricted Subsidiaries determined on a consolidated basis in accordance with GAAP.

"Currency Hedge Obligations" means, at any time as to the Company and its Restricted Subsidiaries, the obligations of such Person at such time that were incurred in the ordinary course of business pursuant to any foreign currency exchange agreement, option or futures contract or other similar agreement or arrangement designed to protect against or manage such Person's or any of its Subsidiaries' exposure to fluctuations in foreign currency exchange rates.

"Default" means any event which is, or after notice or passage of time would be, an Event of Default.

"Disinterested Director" means, with respect to an Affiliate Transaction or series of related Affiliate Transactions, a member of the Board of Directors of the Company who has no financial interest, and whose employer has no financial interest, in such Affiliate Transaction or series of related Affiliate Transactions.

"Disqualified Stock" means any Capital Stock of the Company or any Restricted Subsidiary of the Company which, by its terms (or by the terms of any security into which it is convertible or for which it is exchangeable), or upon the happening of any event or with the passage of time, matures or is mandatorily redeemable, pursuant to a sinking fund obligation or otherwise, or is redeemable at the option of the holder thereof, in whole or in part, on or prior to the Maturity Date or which is exchangeable or convertible into debt securities of the Company or any Restricted Subsidiary of the Company, except to the extent that such exchange or conversion rights cannot be exercised prior to the Maturity Date.

"Dollar-Denominated Production Payments" mean production payment obligations recorded as liabilities in accordance with GAAP, together with all undertakings and obligations in connection therewith.

"Equity Offering" means any underwritten public offering of Capital Stock (other than Disqualified Stock) of the Company pursuant to a registration statement filed pursuant to the Securities Act or any private placement of Capital Stock (other than Disqualified Stock) of the Company (other than to any Person who, prior to such private placement, was an Affiliate of the Company) which offering or placement is consummated after the Issue Date.

"Exchange Act" means the Securities Exchange Act of 1934, as amended, and the rules and regulations of the SEC thereunder.

"Existing Notes" means the Company's outstanding (i) 7.875% Senior Notes due 2004, (ii) 9.125% Senior Notes due 2006, (iii) 9.625% Senior Notes due 2005 and (iv) 8.5% Senior Notes due 2012.

"GAAP" means generally accepted accounting principles as in effect in the United States of America as of the Issue Date.

"Gothic Energy" means Gothic Energy Corporation, an Oklahoma corporation.

"Gothic Notes" means Gothic Production's outstanding 11.125% Senior Secured Notes due 2005.

"Gothic Production" means Gothic Production Corporation, an Oklahoma corporation.

"Guarantee" means, individually and collectively, the guarantees given by the Subsidiary Guarantors pursuant to Article Ten hereof.

"Holder" means a Person in whose name a Security is registered on the Registrar's books.

"Indebtedness" means, without duplication, with respect to any Person, (a) all obligations of such Person (i) in respect of borrowed money (whether or not the recourse of the lender is to the whole of the assets of such Person or only to a portion thereof), (ii) evidenced by bonds, notes, debentures or similar instruments, (iii) representing the balance deferred and unpaid of the purchase price of any property or services (other than accounts payable or other obligations arising in the ordinary course of business), (iv) evidenced by bankers' acceptances or similar instruments issued or accepted by banks, (v) for the payment of money relating to a Capitalized Lease Obligation, or (vi) evidenced by a letter of credit or a reimbursement obligation of such Person with respect to any letter of credit; (b) all net obligations of such Person under Interest Rate Hedging Agreements, Oil and Gas Hedging Contracts and Currency Hedge Obligations, except to the extent such net obligations are taken into account in the determination of future net revenues from proved oil and gas reserves for purposes of the calculation of Adjusted Consolidated Net Tangible Assets; (c) all liabilities of others of the kind described in the preceding clauses (a) or (b) that such Person has guaranteed or that are otherwise its legal liability (including, with respect to any Production Payment, any warranties or guaranties of production or payment by such Person with respect to such Production Payment but excluding other contractual obligations of such Person with respect to such Production Payment); (d) Indebtedness (as otherwise defined in this definition) of another Person secured by a Lien on any asset of such Person, whether or not such Indebtedness is assumed by such Person, the amount of such obligations being deemed to be the lesser of (1) the full amount of such obligations so secured, and (2) the fair market value of such asset, as determined in good faith by the Board of Directors of such Person, which determination shall be evidenced by a Board Resolution, (e) with respect to such Person, the liquidation preference or any mandatory redemption payment obligations in respect of Disqualified Stock; (f) the aggregate preference in respect of amounts payable on the issued and outstanding shares of Preferred Stock of any of the Company's Restricted Subsidiaries in the event of any voluntary or involuntary liquidation, dissolution or winding up (excluding any such preference attributable to such shares of Preferred Stock that are owned by such Person or any of its Restricted Subsidiaries; provided, that if such Person is the Company, such exclusion shall be for such preference attributable to such shares of Preferred Stock that are owned by the Company or any of its Restricted Subsidiaries); and (g) any and all deferrals, renewals, extensions, refinancings and refundings (whether direct or indirect) of, or amendments, modifications or supplements to, any liability of the kind described in any of the preceding clauses (a), (b), (c), (d), (e), (f) or this clause (g), whether or not between or among the same parties. Subject to clause (c) of the preceding sentence,

neither Dollar-Denominated Production Payments nor Volumetric Production Payments shall be deemed to be Indebtedness.

"Indenture" means this Indenture, as amended or supplemented from time to time in accordance with the terms hereof.

"Initial Purchasers" means, collectively, Salomon Smith Barney Inc., Bear, Stearns & Co. Inc. and Lehman Brothers Inc.

"Interest Rate Hedging Agreements" means, with respect to the Company and its Restricted Subsidiaries, the obligations of such Persons under (i) interest rate swap agreements, interest rate cap agreements and interest rate collar agreements and (ii) other agreements or arrangements designed to protect any such Person or any of its Subsidiaries against fluctuations in interest rates.

"Investment" of any Person means (i) all investments by such Person in any other Person in the form of loans, advances or capital contributions, (ii) all guarantees of Indebtedness or other obligations of any other Person by such Person, (iii) all purchases (or other acquisitions for consideration) by such Person of assets, Indebtedness, Capital Stock or other securities of any other Person and (iv) all other items that would be classified as investments (including, without limitation, purchases of assets outside the ordinary course of business) or advances on a balance sheet of such Person prepared in accordance with GAAP.

"Issue Date" means April 6, 2001.

"Lien" means, with respect to any Person, any mortgage, pledge, lien, encumbrance, easement, restriction, covenant, right-of-way, charge or adverse claim affecting title or resulting in an encumbrance against real or personal property of such Person, or a security interest of any kind (including any conditional sale or other title retention agreement, any lease in the nature thereof, any option, right of first refusal or other similar agreement to sell, in each case securing obligations of such Person and any filing of or agreement to give any financing statement under the Uniform Commercial Code (or equivalent statute or statutes) of any jurisdiction).

"Make-Whole Amount" with respect to a Security means an amount equal to the excess, if any, of (i) the present value of the remaining interest, premium and principal payments due on such Security (excluding any portion of such payments of interest accrued as of the redemption date) as if such Security were redeemed on April 1, 2006, computed using a discount rate equal to the Treasury Rate plus 50 basis points, over (ii) the outstanding principal amount of such Security. As used herein, "Treasury Rate" is defined as the yield to maturity (calculated on a semi-annual bond equivalent basis) at the time of the computation of United States Treasury securities with a constant maturity (as compiled by and published in the most recent Federal Reserve Statistical Release H.15 (519), which has become publicly available at least two Business Days prior to the date of the redemption notice or, if such Statistical Release is no longer published, any publicly available source of similar market data) most nearly equal to the then remaining maturity of the Securities assuming redemption of the Securities on April 1, 2006; provided, however, that if the Make-Whole Average Life of such Security is not equal to the constant maturity of the United States Treasury security for which a

weekly average yield is given, the Treasury Rate shall be obtained by linear interpolation (calculated to the nearest one-twelfth of a year) from the weekly average yields of United States Treasury securities for which such yields are given, except that if the Make-Whole Average Life of such Securities is less than one year, the weekly average yield on actually traded United States Treasury securities adjusted to a constant maturity of one year shall be used. As used herein, "Make-Whole Average Life" means the number of years (calculated to the nearest one-twelfth) between the date of redemption and April 1, 2006.

"Make-Whole Price" means the greater of (i) the sum of (A) the outstanding principal amount of the Securities to be redeemed plus (B) the Make-Whole Amount and (ii) the redemption price (expressed as a percentage of the principal amount) of the Securities on April 1, 2006 set forth in Section 3.07.

"Maturity Date" means April 1, 2011.

"Net Available Proceeds" means, with respect to any Asset Sale or Sale/ Leaseback Transaction of any Person, cash proceeds received (including any cash proceeds received by way of deferred payment of principal pursuant to a note or installment receivable or otherwise, but only as and when received, and excluding any other consideration until such time as such consideration is converted into cash) therefrom, in each case net of all legal, title and recording tax expenses, commissions and other fees and expenses incurred, and all federal, state or local taxes required to be accrued as a liability as a consequence of such Asset Sale or Sale/ Leaseback Transaction, and in each case net of all Indebtedness which is secured by such assets, in accordance with the terms of any Lien upon or with respect to such assets, or which must, by its terms or in order to obtain a necessary consent to such Asset Sale or Sale/ Leaseback Transaction or by applicable law, be repaid out of the proceeds from such Asset Sale or Sale/Leaseback Transaction and which is actually so repaid.

"Net Cash Proceeds" means, in the case of any sale by the Company of securities pursuant to clauses (B) or (C) of Section 4.10(a)(iii), the aggregate net cash proceeds received by the Company, after payment of expenses, commissions, discounts and any other transaction costs incurred in connection therewith.

"Net Working Capital" means (i) all current assets of the Company and its Restricted Subsidiaries, minus (ii) all current liabilities of the Company and its Restricted Subsidiaries, except current liabilities included in Indebtedness.

"Non-Recourse Indebtedness" means Indebtedness or that portion of Indebtedness of a Non-Recourse Subsidiary as to which (a) neither the Company nor any other Subsidiary (other than a Non-Recourse Subsidiary) (i) provides credit support, including any undertaking, agreement or instrument which would constitute Indebtedness or (ii) is directly or indirectly liable for such Indebtedness and (b) no default with respect to such Indebtedness (including any rights which the holders thereof may have to take enforcement action against a Non-Recourse Subsidiary) would permit (upon notice, lapse of time or both) any holder of any other Indebtedness (other than Non-Recourse Indebtedness) of the Company or its Subsidiaries (other than a Non-Recourse Subsidiary) to declare a default on such other Indebtedness or cause the payment thereof to be accelerated or payable prior to its stated maturity.

"Non-Recourse Subsidiary" means a Subsidiary or an Affiliate (i) established for the purpose of acquiring or investing in property securing Non-Recourse Indebtedness, (ii) substantially all of the assets of which consist of property securing Non-Recourse Indebtedness, and (iii) which shall have been designated as a Non-Recourse Subsidiary by a Board Resolution adopted by the Board of Directors of the Company, as evidenced by an Officers' Certificate delivered to the Trustee. The Company may redesignate any Non-Recourse Subsidiary of the Company to be a Subsidiary other than a Non-Recourse Subsidiary by a Board Resolution adopted by the Board of Directors of the Company, as evidenced by an Officers' Certificate delivered to the Trustee, if, after giving effect to such redesignation, the Company could borrow \$1.00 of additional Indebtedness pursuant to Section 4.09(a) (such redesignation being deemed an incurrence of additional Indebtedness (other than Non-Recourse Indebtedness)).

"Officer" means, with respect to any Person, the Chairman of the Board, the President, any Vice President, the Chief Financial Officer or the Treasurer of such Person.

"Officers' Certificate" means, with respect to any Person, a certificate signed by two Officers or by an Officer and either the Secretary, or an Assistant Secretary or Assistant Treasurer of such Person. One of the Officers signing an Officers' Certificate given pursuant to Section 4.03(a) shall be the principal executive, financial or accounting officer of the Person delivering such certificate.

"Oil and Gas Business" means the business of the exploration for, and exploitation, development, production, processing (but not refining), marketing, storage and transportation of, hydrocarbons, and other related energy and natural resource businesses (including oil and gas services businesses related to the foregoing).

"Oil and Gas Hedging Contracts" means any oil and gas purchase or hedging agreements, and other agreement or arrangement, in each case, that is designed to provide protection against price fluctuations of oil, gas or other commodities.

"Oil and Gas Securities" means the Voting Stock of a Person primarily engaged in the Oil and Gas Business, provided that such Voting Stock shall constitute a majority of the Voting Stock of such Person in the event that such Voting Stock is not registered under Section 12 of the Exchange Act.

"Opinion of Counsel" means a written opinion from legal counsel who is reasonably acceptable to the Trustee. The counsel may be an employee of or counsel to the Company (or any Subsidiary Guarantor, if applicable) or the Trustee.

"Permitted Business Investments" means (i) Investments in assets used in the Oil and Gas Business; (ii) the acquisition of Oil and Gas Securities; (iii) the entry into operating agreements, joint ventures, processing agreements, farm-out agreements, development agreements, area of mutual interest agreements, contracts for the sale, transportation or exchange of oil and natural gas, unitization agreements, pooling arrangements, joint bidding agreements, service contracts, partnership agreements (whether general or limited) or other similar or customary agreements, transactions, properties, interests or arrangements, and

Investments and expenditures in connection therewith or pursuant thereto, in each case made or entered into in the ordinary course of the Oil and Gas Business, excluding, however, Investments in corporations; (iv) the acquisition of working interests, royalty interests or mineral leases relating to oil and gas properties; (v) Investments by the Company or any Wholly Owned Restricted Subsidiary in any Person which, immediately prior to the making of such Investment, is a Wholly Owned Restricted Subsidiary; (vi) Investments in the Company by any Wholly Owned Restricted Subsidiary; (vii) Investments permitted under Section 4.11 or Section 4.13; (viii) Investments in any Person the consideration for which consists of Qualified Stock and (ix) any other Investments in an amount not to exceed 10% of Adjusted Consolidated Net Tangible Assets determined as of the date of the making or incurrence of such Investment.

"Permitted Company Refinancing Indebtedness" means Indebtedness of the Company, the net proceeds of which are used to renew, extend, refinance, refund or repurchase outstanding Indebtedness of the Company, provided that (i) if the Indebtedness (including the Securities) being renewed, extended, refinanced, refunded or repurchased is pari passu with or subordinated in right of payment to the Securities, then such Indebtedness is pari passu or subordinated in right of payment to, as the case may be, the Securities at least to the same extent as the Indebtedness being renewed, extended, refinanced, refunded or repurchased, (ii) such Indebtedness is scheduled to mature no earlier than the Indebtedness being renewed, extended, refinanced, refunded or repurchased, and (iii) such Indebtedness has an Average Life at the time such Indebtedness is incurred that is equal to or greater than the Average Life of the Indebtedness being renewed, extended, refinanced, refunded or repurchased; provided, further, that such Indebtedness (to the extent that such Indebtedness constitutes Permitted Company Refinancing Indebtedness) is in an aggregate principal amount (or, if such Indebtedness is issued at a price less than the principal amount thereof, the aggregate amount of gross proceeds therefrom is) not in excess of the aggregate principal amount then outstanding of the Indebtedness being renewed, extended, refinanced, refunded or repurchased (or if the Indebtedness being renewed, extended, refinanced, refunded or repurchased was issued at a price less than the principal amount thereof, then not in excess of the amount of liability in respect thereof determined in accordance with GAAP).

"Permitted Financial Investments" means the following kinds of instruments if, in the case of instruments referred to in clauses (i)-(iv) below, on the date of purchase or other acquisition of any such instrument by the Company or any Subsidiary, the remaining term to maturity is not more than one year; (i) readily marketable obligations issued or unconditionally guaranteed as to principal of and interest thereon by the United States of America or by any agency or authority controlled or supervised by and acting as an instrumentality of the United States of America; (ii) repurchase obligations for instruments of the type described in clause (i) for which delivery of the instrument is made against payment; (iii) obligations (including, but not limited to, demand or time deposits, bankers' acceptances and certificates of deposit) issued by a depository institution or trust company incorporated or doing business under the laws of the United States of America, any state thereof or the District of Columbia or a branch or subsidiary of any such depository institution or trust company operating outside the United States, provided, that such depository institution or trust company has, at the time of the Company's or such Subsidiary's investment therein or contractual commitment providing for such investment, capital surplus or

undivided profits (as of the date of such institution's most recently published financial statements) in excess of \$500,000,000; (iv) commercial paper issued by any corporation, if such commercial paper has, at the time of the Company's or any Subsidiary's investment therein or contractual commitment providing for such investment, credit ratings of A-1 (or higher) by Standard & Poor's Ratings Services and P-1 (or higher) by Moody's Investors Service, Inc.; and (v) money market mutual or similar funds having assets in excess of \$500,000,000.

"Permitted Holders" means Aubrey K. McClendon and Tom L. Ward and their respective Affiliates.

"Permitted Indebtedness" means (i) Indebtedness of the Company and its Restricted Subsidiaries under a Bank Credit Facility as the same may be amended, refinanced, or replaced, in a principal amount outstanding at any time not to exceed the greater of (a) \$300 million and (b) \$100 million plus 20% of Adjusted Consolidated Net Tangible Assets, less any Net Available Proceeds applied in accordance with Section 4.11(b) hereof to repay or prepay such Indebtedness which repayment or prepayment results in a permanent reduction in any revolving credit or other commitment relating thereto or the maximum amount that may be borrowed thereunder; (ii) Indebtedness of the Company and its Restricted Subsidiaries outstanding on the Issue Date; (iii) other Indebtedness of the Company and its Restricted Subsidiaries in a principal amount not to exceed \$25 million at any one time outstanding; (iv) Non-Recourse Indebtedness; (v) Indebtedness of the Company to any Wholly Owned Restricted Subsidiary of the Company and Indebtedness of any Restricted Subsidiary of the Company to the Company or another Wholly Owned Restricted Subsidiary of the Company; (vi) Permitted Company Refinancing Indebtedness; (vii) Permitted Subsidiary Refinancing Indebtedness; (viii) obligations of the Company and its Restricted Subsidiaries under Currency Hedge Obligations, Oil and Gas Hedging Contracts or Interest Rate Hedging Agreements; (ix) Indebtedness under the Securities (excluding any Additional Securities); and (x) Indebtedness of a Subsidiary pursuant to a Guarantee of the Securities in accordance with Article Ten of this Indenture.

"Permitted Investments" means Permitted Business Investments and Permitted Financial Investments.

"Permitted Liens" means (i) Liens existing on the Issue Date; (ii) Liens under a Bank Credit Facility; provided, however, such Liens are limited to Proved Developed Properties of the Company and its Subsidiaries and such Liens secure Indebtedness in an amount not in excess of that permitted to be incurred in accordance with clause (i) of the definition of "Permitted Indebtedness"; (iii) Liens now or hereafter securing any Interest Rate Hedging Agreements so long as the related Indebtedness (a) constitutes the Existing Notes or the Securities (or any Permitted Company Refinancing Indebtedness in respect thereof) or (b) is, or is permitted to be under this Indenture, secured by a Lien on the same property securing such interest rate hedging obligations; (iv) Liens securing Permitted Company Refinancing Indebtedness or Permitted Subsidiary Refinancing Indebtedness; provided, that such Liens extend to or cover only the property or assets currently securing the Indebtedness being refinanced; (v) Liens for taxes, assessments and governmental charges not yet delinquent or being contested in good faith and for which adequate reserves have been established to the extent required by GAAP; (vi) mechanics', worker's, materialmen's, operators' or similar Liens

arising in the ordinary course of business; (vii) Liens in connection with worker's compensation, unemployment insurance or other social security, old age pension or public liability obligations; (viii) Liens, deposits or pledges to secure the performance of bids, tenders, contracts (other than contracts for the payment of money), leases, public or statutory obligations, surety, stay, appeal, indemnity, performance or other similar bonds, or other similar obligations arising in the ordinary course of business; (ix) survey exceptions, encumbrances, easements or reservations of, or rights of others for, rights of way, zoning or other restrictions as to the use of real properties, and minor defects in title which, in the case of any of the foregoing, were not incurred or created to secure the payment of borrowed money or the deferred purchase price of property or services, and in the aggregate do not materially adversely affect the value of such properties or materially impair use for the purposes of which such properties are held by the Company or any Restricted Subsidiaries; (x) Liens on, or related to, properties to secure all or part of the costs incurred in the ordinary course of business of exploration, drilling, development or operation thereof; (xi) Liens on pipeline or pipeline facilities which arise out of operation of law; (xii) judgment and attachment Liens not giving rise to an Event of Default or Liens created by or existing from any litigation or legal proceeding that are currently being contested in good faith by appropriate proceedings and for which adequate reserves have been made; (xiii) (a) Liens upon any property of any Person existing at the time of acquisition thereof by the Company or a Restricted Subsidiary, (b) Liens upon any property of a Person existing at the time such Person is merged or consolidated with the Company or any Restricted Subsidiary or existing at the time of the sale or transfer of any such property of such Person to the Company or any Restricted Subsidiary, or (c) Liens upon any property of a Person existing at the time such Person becomes a Restricted Subsidiary; provided, that in each case such Lien has not been created in contemplation of such sale, merger, consolidation, transfer or acquisition, and provided, further, that in each such case no such Lien shall extend to or cover any property of the Company or any Restricted Subsidiary other than the property being acquired and improvements thereon; (xiv) Liens on deposits to secure public or statutory obligations or in lieu of surety or appeal bonds entered into in the ordinary course of business; (xv) Liens in favor of collecting or payor banks having a right of setoff, revocation, refund or chargeback with respect to money or instruments of the Company or any Subsidiary on deposit with or in possession of such bank; (xvi) purchase money security interests granted in connection with the acquisition of assets in the ordinary course of business and consistent with past practices, provided, that (A) such Liens attach only to the property so acquired with the purchase money indebtedness secured thereby and (B) such Liens secure only Indebtedness that is not in excess of 100% of the purchase price of such assets; (xvii) Liens reserved in oil and gas mineral leases for bonus or rental payments and for compliance with the terms of such leases; (xviii) Liens arising under partnership agreements, oil and gas leases, farm-out agreements, division orders, contracts for the sale, purchase, exchange, transportation or processing (but not refining) of oil, gas or other hydrocarbons, unitization and pooling declarations and agreements, development agreements, operating agreements, area of mutual interest agreements, and other similar agreements which are customary in the Oil and Gas Business; (xix) Liens securing obligations of the Company or any of its Restricted Subsidiaries under Currency Hedge Obligations or Oil and Gas Hedging Contracts; and (xx) Liens to secure Dollar-Denominated Production Payments and Volumetric Production Payments.

"Permitted Subsidiary Refinancing Indebtedness" means Indebtedness of any Restricted Subsidiary, the net proceeds of which are used to renew, extend, refinance, refund or repurchase outstanding Indebtedness of such Restricted Subsidiary, provided that (i) if the Indebtedness (including the Guarantees) being renewed, extended, refinanced, refunded or repurchased is pari passu with or subordinated in right of payment to the Guarantees, then such Indebtedness is pari passu with or subordinated in right of payment to, as the case may be, the Guarantees at least to the same extent as the Indebtedness being renewed, extended, refinanced, refunded or repurchased, (ii) such Indebtedness is scheduled to mature no earlier than the Indebtedness being renewed, extended, refinanced, refunded or repurchased, and (iii) such Indebtedness has an Average Life at the time such Indebtedness is incurred that is equal to or greater than the Average Life of the Indebtedness being renewed, extended, refinanced, refunded or repurchased; provided, further, that such Indebtedness (to the extent that such Indebtedness constitutes Permitted Subsidiary Refinancing Indebtedness) is in an aggregate principal amount (or, if such Indebtedness is issued at a price less than the principal amount thereof, the aggregate amount of gross proceeds therefrom is) not in excess of the aggregate principal amount then outstanding of the Indebtedness being renewed, extended, refinanced, refunded or repurchased (or if the Indebtedness being renewed, extended, refinanced, refunded or repurchased was issued at a price less than the principal amount thereof, then not in excess of the amount of liability in respect thereof determined in accordance with GAAP); provided, however, that a Restricted Subsidiary shall not incur refinancing Indebtedness to renew, extend, refinance, refund or repurchase outstanding Indebtedness of the Company or another Subsidiary.

"Person" means any individual, corporation, partnership, joint venture, trust, estate, unincorporated organization or government or any agency or political subdivision thereof.

"Preferred Shares" means the 4,600,000 shares (which includes 600,000 shares subject to purchase pursuant to an over-allotment option) of 7% Cumulative Convertible Preferred Stock of the Company having a par value of \$0.01 per share and a liquidation preference of \$50 per share issued by the Company and offered for sale pursuant to the Preferred Stock Offering.

"Preferred Stock," as applied to the Capital Stock of any corporation, means Capital Stock of any class or classes (however designated), which is preferred as to the payment of dividends, or upon any voluntary or involuntary liquidation or dissolution of such corporation, over shares of Capital Stock of any other class of such corporation.

"Preferred Stock Offering" means the private placement of Preferred Shares that closed on or about April 22, 1998.

"Production Payments" means, collectively, Dollar-Denominated Production Payments and Volumetric Production Payments.

"pro forma" means, with respect to any calculation made or required to be made pursuant to the terms of this Indenture, a calculation in accordance with Article Eleven of Regulation S-X under the Securities Act.

"Proved Developed Properties" means working interests, royalty interests, and other interests in oil, gas or mineral leases or other interests in oil, gas or mineral properties to which reserves are attributed which may properly be categorized as proved developed reserves under Regulation S-X under the Securities Act; together with all contracts, agreements and contract rights which cover, affect or otherwise relate to such interests; all hydrocarbons and all payments of any type in lieu of production; all improvements, fixtures, equipment, information, data and other property used in connection therewith or in connection with the treating, handling, storing, processing, transporting or marketing of such hydrocarbons; all insurance policies relating thereto or to the operation thereof; all personal property related thereto; and all proceeds thereof.

"Qualified Stock" means any Capital Stock that is not Disqualified Stock.

"Reference Date" means March 31, 1998.

"Reference Period" means, with respect to any Person, the period of four consecutive fiscal quarters ending with the last full fiscal quarter for which financial information is available immediately preceding any date upon which any determination is to be made pursuant to the terms of the Securities or this Indenture.

"Restricted Payment" means, with respect to any Person, any of the following: (i) any dividend or other distribution in respect of such Person's Capital Stock (other than (a) dividends or distributions payable solely in Capital Stock (other than Disqualified Stock) (b) in the case of Restricted Subsidiaries of the Company, dividends or distributions payable to the Company or to a Restricted Subsidiary of the Company and (c) in the case of the Company, cash dividends payable on the Preferred Shares); (ii) the purchase, redemption or other acquisition or retirement for value of any Capital Stock, or any option, warrant, or other right to acquire shares of Capital Stock, of the Company or any of its Restricted Subsidiaries; (iii) the making of any principal payment on, or the purchase, defeasance, repurchase, redemption or other acquisition or retirement for value, prior to any scheduled maturity, scheduled repayment or scheduled sinking fund payment, of any Indebtedness which is subordinated in right of payment to the Securities; and (iv) the making by such Person of any Investment other than a Permitted Investment.

"Restricted Security" has the meaning provided in Rule 144(a)(3) under the Securities Act.

"Restricted Subsidiary" means any Subsidiary of the Company other than an Unrestricted Subsidiary. Pursuant to Section 10.03, Gothic Energy and Gothic Production shall become Restricted Subsidiaries on or prior to May 14, 2001. The Board of Directors may designate any other Unrestricted Subsidiary to be a Restricted Subsidiary; provided, however, that, immediately after giving effect to such designation, the Company could incur at least \$1.00 in additional Indebtedness pursuant to Section 4.09(a). As of the Issue Date, all of the Company's Subsidiaries other than Chesapeake Energy Marketing, Inc., Gothic Energy and Gothic Production (which shall constitute Unrestricted Subsidiaries as of the Issue Date) shall be Restricted Subsidiaries.

"Sale/Leaseback Transaction" means with respect to the Company or any of its Restricted Subsidiaries, any arrangement with any Person providing for the leasing by the Company or any of its Restricted Subsidiaries of any principal property, acquired or placed into service more than 180 days prior to such arrangement, whereby such property has been or is to be sold or transferred by the Company or any of its Restricted Subsidiaries to such Person.

"SEC" means the Securities and Exchange Commission.

"Securities Act" means the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

"Senior Indebtedness" means any Indebtedness of the Company (whether outstanding on the Issue Date or thereafter incurred), unless such Indebtedness is contractually subordinate or junior in right of payment of principal, premium and interest to the Securities.

"Senior Indebtedness of a Subsidiary Guarantor" means any Indebtedness of such Subsidiary Guarantor (whether outstanding on the Issue Date or thereafter incurred), unless such Indebtedness is contractually subordinate or junior in right of payment of principal, premium and interest to the Guarantees.

"Subordinated Indebtedness of a Subsidiary Guarantor" means any Indebtedness of such Subsidiary Guarantor (whether outstanding on the Issue Date or thereafter incurred) which is contractually subordinate or junior in right of payment of principal, premium and interest to the Guarantees.

"Subordinated Indebtedness of the Company" means any Indebtedness of the Company (whether outstanding on the Issue Date or thereafter incurred) which is contractually subordinate or junior in right of payment of principal, premium and interest to the Securities.

"Subsidiary" means any subsidiary of the Company. A "subsidiary" of any Person means (i) a corporation a majority of whose Voting Stock is at the time, directly or indirectly, owned by such Person, by one or more subsidiaries of such Person or by such Person and one or more subsidiaries of such Person, (ii) a partnership in which such Person or a subsidiary of such Person is, at the date of determination, a general or limited partner of such partnership, but only if such Person or its subsidiary is entitled to receive more than 50 percent of the assets of such partnership upon its dissolution, or (iii) any other Person (other than a corporation or partnership) in which such Person, directly or indirectly, at the date of determination thereof, has (x) at least a majority ownership interest or (y) the power to elect or direct the election of a majority of the directors or other governing body of such Person.

"Subsidiary Guarantor" means (i) each of the Subsidiaries that becomes a guarantor of the Securities in compliance with the provisions of Article Ten of this Indenture and (ii) each of the Subsidiaries executing a supplemental indenture in which such Subsidiary agrees to be bound by the terms of this Indenture.

"TIA" means the Trust Indenture Act of 1939 (15 U.S. Code Sections 77aaa-77bbbb) as in effect on the date of this Indenture, except as provided in Section 9.03.

"Trust Officer" means any officer or assistant officer within the corporate trust department of the Trustee assigned by the Trustee to administer its corporate trust matters.

"Trustee" means the party named as such above until a successor replaces it in accordance with the applicable provisions of this Indenture and thereafter means the successor.

"Unrestricted Subsidiary" means (a) Carmen Acquisition Corp., Chesapeake Energy Marketing, Inc., Gothic Energy and Gothic Production until such time as any such Subsidiary shall be designated as a Restricted Subsidiary, (b) any Subsidiary of an Unrestricted Subsidiary or (c) any Subsidiary of the Company or of a Restricted Subsidiary that is designated as an Unrestricted Subsidiary by a resolution adopted by the Board of Directors in accordance with the requirements of the following sentence. The Company may designate any Subsidiary of the Company or of a Restricted Subsidiary (including a newly acquired or newly formed Subsidiary or any Restricted Subsidiary of the Company), to be an Unrestricted Subsidiary by a resolution of the Board of Directors of the Company, as evidenced by written notice thereof delivered to the Trustee, if immediately after giving effect to such designation, (i) the Company could incur \$1.00 of additional Indebtedness pursuant to Section 4.09(a), (ii) the Company could make an additional Restricted Payment of \$1.00 pursuant to Section 4.10(a), (iii) such Subsidiary does not own or hold any Capital Stock of, or any lien on any property of, the Company or any Restricted Subsidiary and (iv) such Subsidiary is not liable, directly or indirectly, with respect to any Indebtedness other than Unrestricted Subsidiary Indebtedness.

"Unrestricted Subsidiary Indebtedness" of any Person means Indebtedness of such Person (a) as to which neither the Company nor any Restricted Subsidiary is directly or indirectly liable (by virtue of the Company's or such Restricted Subsidiary's being the primary obligor, or guarantor of, or otherwise liable in any respect on, such Indebtedness), (b) which, with respect to Indebtedness incurred after the Issue Date by the Company or any Restricted Subsidiary, upon the occurrence of a default with respect thereto, does not result in, or permit any holder of any Indebtedness of the Company or any Restricted Subsidiary to declare a default on such Indebtedness of the Company or any Restricted Subsidiary and (c) which is not secured by any assets of the Company or of any Restricted Subsidiary.

"U.S. Government Securities" means securities that are (i) direct obligations of the United States of America for the payment of which its full faith and credit is pledged or (ii) obligations of a Person controlled or supervised by and acting as an agency or instrumentality of the United States of America the payment of which is unconditionally guaranteed as a full faith and credit obligation by the United States of America, which, in either case under clauses (i) or (ii) are not callable or redeemable at the option of the issuer thereof.

"U.S. Legal Tender" means such coin or currency of the United States as at the time of payment shall be legal tender for the payment of public and private debts.

"Volumetric Production Payments" mean production payment obligations recorded as deferred revenue in accordance with GAAP, together with all undertakings and obligations in connection therewith.

"Voting Stock" means, with respect to any Person, securities of any class or classes of Capital Stock in such Person entitling the holders thereof (whether at all times or only so long as no senior class of stock has voting power by reason of contingency) to vote in the election of members of the Board of Directors or other governing body of such Person.

"Wholly Owned Restricted Subsidiary" means a Restricted Subsidiary all the Capital Stock (other than directors' qualifying shares, if applicable) of which is owned by the Company or another Wholly Owned Restricted Subsidiary.

SECTION 1.02. Other Definitions.

Other terms used in this Indenture are defined in the Appendix or in the Section indicated below:

Term - - - - -	Defined in Section -----
"Affiliate Transaction".....	4.15
"Appendix".....	2.01
"Bankruptcy Law".....	6.01
"Change of Control Offer".....	4.16
"Change of Control Notice".....	4.16
"Change of Control Payment Date".....	4.16
"Covenant Defeasance".....	8.03
"Custodian"	6.01
"Event of Default".....	6.01
"Excess Proceeds".....	4.11
"Funding Guarantor".....	10.06
"incur"	4.09
"Legal Defeasance"	8.02
"Legal Holiday"	11.07
"Net Proceeds Offer"	4.11
"Net Proceeds Offer Amount".....	4.11
"Net Proceeds Payment Date".....	4.11
"Paying Agent".....	2.03
"Payment Default".....	6.01
"Payment Restriction".....	4.14
"Registrar".....	2.03

SECTION 1.03. Incorporation by Reference of Trust Indenture Act.

Whenever this Indenture refers to a provision of the TIA, the provision is incorporated by reference in and made a part of this Indenture. The following TIA terms, if used in this Indenture, have the following meanings:

"Commission" means the SEC.

"indenture securities" means the Securities and the Guarantees.

"indenture security holder" means a Holder.

"indenture to be qualified" means this Indenture.

"indenture trustee" or "institutional trustee" means the

Trustee.

"obligor" on the indenture securities means the Company, the Subsidiary Guarantors and any other obligor on the Securities or the Guarantees.

All other TIA terms used in this Indenture that are defined by the TIA, defined by TIA reference to another statute or defined by SEC rule have the meanings assigned to them therein.

SECTION 1.04. Rules of Construction.

Unless the context otherwise requires:

- (1) a term has the meaning assigned to it;
 - (2) an accounting term not otherwise defined has the meaning assigned to it in accordance with GAAP;
 - (3) "or" is not exclusive;
 - (4) words in the singular include the plural, and words in the plural include the singular;
 - (5) any gender used in this Indenture shall be deemed to include the neuter, masculine or feminine genders;
 - (6) provisions apply to successive events and transactions;
- and
- (7) "herein," "hereof" and other words of similar import refer to this Indenture as a whole and not to any particular Article, Section or other Subdivision.

ARTICLE TWO

THE SECURITIES

SECTION 2.01. Form and Dating. Provisions relating to the Initial Securities, the Private Exchange Securities and the Exchange Securities are set forth in the Rule 144A/Regulation S Appendix attached hereto (the "Appendix") which is hereby incorporated in and expressly made part of this Indenture. The Initial Securities and the Trustee's certificate of authentication shall be substantially in the form of Exhibit 1 to the Appendix which is hereby incorporated in and expressly made a part of this Indenture. The Exchange Securities, the Private Exchange Securities and the Trustee's certificate of authentication shall be substantially in the form of Exhibit A, which is hereby incorporated in and expressly made a part of this Indenture. The Securities may have notations, legends or endorsements required by law, stock exchange rule, agreements to which the Company is subject, if any, or usage (provided that any such notation, legend or endorsement is in a form acceptable to the Company and to the Trustee). Each Security shall be dated the date of its authentication. The terms of the Securities set forth in the Appendix and Exhibit A are part of the terms of this Indenture.

SECTION 2.02. Execution and Authentication. Two Officers shall sign the Securities for the Company by manual or facsimile signature.

If an Officer whose signature is on a Security no longer holds that office at the time the Trustee authenticates the Security, the Security shall be valid nevertheless.

A Security shall not be valid until an authorized signatory of the Trustee manually signs the certificate of authentication on the Security. The signature shall be conclusive evidence that the Security has been authenticated under this Indenture.

On the Issue Date, the Trustee shall authenticate and deliver \$800 million of Initial Securities and, at any time and from time to time thereafter, the Trustee shall authenticate and deliver Securities for original issue in an aggregate principal amount specified in such order, in each case upon a written order of the Company signed by two Officers or by an Officer and either an Assistant Treasurer or an Assistant Secretary of the Company. Such order shall specify the amount of the Securities to be authenticated and the date on which the original issue of Securities is to be authenticated and, in the case of an issuance of Additional Securities pursuant to Section 2.13 after the Issue Date, shall certify that such issuance is in compliance with Section 4.09. Subject to Section 2.07, the aggregate principal amount at maturity of Securities outstanding at any time may not exceed \$1 billion.

The Trustee may appoint an authenticating agent reasonably acceptable to the Company to authenticate the Securities. Unless limited by the terms of such appointment, an authenticating agent may authenticate Securities whenever the Trustee may do so. Each reference in this Indenture to authentication by the Trustee includes authentication by such agent. An authenticating agent has the same rights with respect to the Company as any Registrar, Paying Agent or agent for service of notices and demands.

SECTION 2.03. Registrar and Paying Agent. The Company shall maintain an office or agency where Securities may be presented for registration of transfer or for exchange (the "Registrar") and an office or agency where Securities may be presented for payment (the "Paying Agent"). The Registrar shall keep a register of the Securities and of

their transfer and exchange. The Company may have one or more co-registrars and one or more additional paying agents. The term "Paying Agent" includes any additional paying agent.

The Company shall enter into an appropriate agency agreement with any Registrar, Paying Agent or co-registrar not a party to this Indenture, which shall incorporate the terms of the TIA. The agreement shall implement the provisions of this Indenture that relate to such agent. The Company shall notify the Trustee of the name and address of any such agent and shall furnish the Trustee with an executed counterpart of any such agency agreement. If the Company fails to maintain a Registrar or Paying Agent, the Trustee shall act as such and shall be entitled to appropriate compensation therefor pursuant to Section 7.07. The Company or any Wholly Owned Subsidiary incorporated or organized within The United States of America may act as Paying Agent, Registrar, co-registrar or transfer agent.

The Company initially appoints the Trustee as Registrar and Paying Agent in connection with the Securities.

SECTION 2.04. Paying Agent To Hold Money in Trust. Prior to 11:00 a.m., New York time, each due date of the principal and interest on any Security, the Company shall deposit with the Paying Agent a sum sufficient to pay such principal and interest when so becoming due. The Company shall require each Paying Agent (other than the Trustee) to agree in writing that the Paying Agent shall hold in trust for the benefit of Holders or the Trustee all money held by the Paying Agent for the payment of principal of or interest on the Securities and shall notify the Trustee of any default by the Company in making any such payment. If the Company or a Subsidiary acts as Paying Agent, it shall segregate the money held by it as Paying Agent and hold it as a separate trust fund. The Company at any time may require a Paying Agent to pay all money held by it to the Trustee and to account for any funds disbursed by the Paying Agent. Upon complying with this Section, the Paying Agent shall have no further liability for the money delivered to the Trustee.

SECTION 2.05. Holder Lists. The Trustee shall preserve in as current a form as is reasonably practicable the most recent list available to it of the names and addresses of Holders. If the Trustee is not the Registrar, the Company shall furnish to the Trustee, in writing at least five Business Days before each interest payment date and at such other times as the Trustee may request in writing, a list in such form and as of such date as the Trustee may reasonably require of the names and addresses of Holders.

SECTION 2.06. Transfer and Exchange. The Securities shall be issued in registered form and shall be transferable only upon the surrender of a Security for registration of transfer. When a Security is presented to the Registrar or a co-registrar with a request to register a transfer, the Registrar shall register the transfer as requested if the requirements of this Indenture and Section 8-401(1) of the Uniform Commercial Code are met. When Securities are presented to the Registrar or a co-registrar with a request to exchange them for an equal principal amount of Securities of other denominations, the Registrar shall make the exchange as requested if the same requirements are met.

SECTION 2.07. Replacement Securities. If a mutilated Security is surrendered to the Registrar or if the Holder of a Security claims that

the Security has been lost, destroyed or wrongfully taken, the Company shall issue and the Trustee shall authenticate a replacement Security if the requirements of Section 8-405 of the Uniform Commercial Code are met and the Holder satisfies any other reasonable requirements of the Trustee. If required by the Trustee or the Company, such Holder shall furnish an indemnity bond sufficient in the judgment of the Company and the Trustee to protect the Company, the Trustee, the Paying Agent, the Registrar and any co-registrar from any loss which any of them may suffer if a Security is replaced. The Company and the Trustee may charge the Holder for their expenses in replacing a Security.

Every replacement Security is an additional obligation of the Company.

SECTION 2.08. Outstanding Securities. Securities outstanding at any time are all Securities authenticated by the Trustee except for those canceled by it, those delivered to it for cancellation and those described in this Section as not outstanding. A Security does not cease to be outstanding because the Company or an Affiliate of the Company holds the Security.

If a Security is replaced pursuant to Section 2.07, it ceases to be outstanding unless the Trustee and the Company receive proof satisfactory to them that the replaced Security is held by a bona fide purchaser.

If the Paying Agent segregates and holds in trust, in accordance with this Indenture, on a redemption date or maturity date money sufficient to pay all principal and interest payable on that date with respect to the Securities (or portions thereof) to be redeemed or maturing, as the case may be, then on and after that date such Securities (or portions thereof) cease to be outstanding and interest on them ceases to accrue.

SECTION 2.09. Temporary Securities. Until definitive Securities are ready for delivery, the Company may prepare and the Trustee shall authenticate temporary Securities. Temporary Securities shall be substantially in the form of definitive Securities but may have variations that the Company considers appropriate for temporary Securities. Without unreasonable delay, the Company shall prepare and the Trustee shall authenticate definitive Securities and deliver them in exchange for temporary Securities.

SECTION 2.10. Cancellation. The Company at any time may deliver Securities to the Trustee for cancellation. The Registrar and the Paying Agent shall forward to the Trustee any Securities surrendered to them for registration of transfer, exchange or payment. The Trustee and no one else shall cancel and destroy (subject to the record retention requirements of the Exchange Act) all Securities surrendered for registration of transfer, exchange, payment or cancellation and deliver a certificate of such destruction to the Company unless the Company directs the Trustee to deliver canceled Securities to the Company. The Company may not issue new Securities to replace Securities it has redeemed, paid or delivered to the Trustee for cancellation.

SECTION 2.11. Defaulted Interest. If the Company defaults in a payment of interest on the Securities, the Company shall pay defaulted interest (plus interest on such defaulted interest to the extent lawful) in any lawful manner. The Company may pay the defaulted interest to the

persons who are Holders on a subsequent special record date. The Company shall fix or cause to be fixed any such special record date and payment date to the reasonable satisfaction of the Trustee and shall promptly mail to each Holder a notice that states the special record date, the payment date and the amount of defaulted interest to be paid.

SECTION 2.12. CUSIP Numbers. The Company in issuing the Securities may use "CUSIP" numbers (if then generally in use) and, if so, the Trustee shall use "CUSIP" numbers in notices of redemption as a convenience to Holders; provided, however, that any such notice may state that no representation is made as to the correctness of such numbers either as printed on the Securities or as contained in any notice of a redemption and that reliance may be placed only on the other identification numbers printed on the Securities, and any such redemption shall not be affected by any defect in or omission of such numbers.

SECTION 2.13. Issuance of Additional Securities. The Company shall be entitled, subject to its compliance with Section 4.09(a), to issue Additional Securities under this Indenture which shall have identical terms as the Initial Securities issued on the Issue Date, other than with respect to the date of issuance and issue price. The Initial Securities issued on the Issue Date, any Additional Securities and all Exchange Securities or Private Exchange Securities issued in exchange therefor shall be treated as a single class for all purposes under this Indenture.

With respect to any Additional Securities, the Company shall set forth in a resolution of the Board of Directors and an Officers' Certificate, a copy of each which shall be delivered to the Trustee, the following information:

(1) the aggregate principal amount of such Additional Securities to be authenticated and delivered pursuant to this Indenture;

(2) the issue price, the issue date and the CUSIP number of such Additional Securities; provided, however, that no Additional Securities may be issued at a price that would cause such Additional Securities to have "original issue discount" within the meaning of Section 1273 of the Code; and

(3) whether such Additional Securities shall be Transfer Restricted Securities and issued in the form of Initial Securities as set forth in the Appendix to this Indenture or shall be issued in the form of Exchange Securities as set forth in Exhibit A.

ARTICLE THREE

REDEMPTION

SECTION 3.01. Notice to Trustee. If the Company elects to redeem Securities pursuant to the optional redemption provisions of Paragraphs 5, 6 or 7 of the Securities, it shall furnish to the Trustee and the Registrar, at least 45 days but not more than 60 days before the redemption date (unless the Trustee consents to a shorter period in writing), an Officers' Certificate setting forth the redemption date, the principal amount of Securities to be redeemed and the redemption price, including the detail of the calculation of the Make-Whole Price, if applicable.

SECTION 3.02. Selection of Securities to Be Redeemed. If less than all of the Securities are to be redeemed at any time, the Trustee shall select the Securities to be redeemed pro rata, by lot or, if the Securities are listed on any securities exchange, by any other method that the Trustee considers fair and appropriate and that complies with the requirements of such exchange; provided, however, that no Securities with a principal amount of \$1,000 or less will be redeemed in part. The Trustee shall make the selection from outstanding Securities not previously called for redemption not less than 30 nor more than 60 days prior to the redemption date. Securities and portions of them it selects shall be in amounts of \$1,000 or whole multiples of \$1,000. Provisions of this Indenture that apply to Securities called for redemption also apply to portions of Securities called for redemption. The Trustee shall notify the Company promptly of the Securities or portions of Securities selected for redemption.

SECTION 3.03. Notice of Redemption. (a) At least 30 days but not more than 60 days before a redemption date, the Company shall mail a notice of redemption by first-class mail to each Holder of Securities to be redeemed at such Holder's registered address.

The notice shall identify the Securities to be redeemed and shall state:

- (1) the redemption date;
- (2) the redemption price;
- (3) the aggregate principal amount of Securities being redeemed;
- (4) the name and address of the Paying Agent;
- (5) that Securities called for redemption must be surrendered to the Paying Agent at the address specified in such notice to collect the redemption price;
- (6) that, unless the Company defaults in the payment of the redemption price or accrued interest, interest on Securities called for redemption ceases to accrue on and after the redemption date and the only remaining right of the Holders is to receive payment of the redemption prices in respect of the Securities upon surrender to the Paying Agent of the Securities;

(7) if any Security is being redeemed in part, the portion of the principal amount of such Security to be redeemed and that, after the redemption date, upon surrender of such Security, a new Security or Securities in principal amount equal to the unredeemed portion will be issued in the name of the Holder thereof upon cancelation of the Security or Securities being redeemed;

(8) the paragraph of the Securities pursuant to which the Securities called for redemption are being redeemed; and

(9) the CUSIP number of the Securities.

(b) At the Company's request, the Trustee shall give the notice of redemption required in Section 3.03(a) in the Company's name and at the Company's expense; provided, however, that the Company shall deliver to the Trustee, at least 45 days prior to the redemption date (unless the Trustee consents to a shorter notice period in writing), an Officers' Certificate requesting that the Trustee give such notice and setting forth the information to be stated in such notice as provided in Section 3.03(a).

SECTION 3.04. Effect of Notice of Redemption. Once notice of redemption is mailed in accordance with Section 3.03, Securities called for redemption become due and payable on the redemption date at the redemption price. Upon surrender to the Paying Agent, such Securities shall be paid at the redemption price, plus accrued and unpaid interest to the redemption date (subject to the right of Holders of record on the relevant record date to receive interest due on the related interest payment date). Failure to give notice or any defect in the notice to any Holder shall not affect the validity of the notice to any other Holder.

SECTION 3.05. Deposit of Redemption Price. Prior to 11:00 a.m., New York time, the redemption date, the Company shall deposit with the Paying Agent (or if the Company or a Subsidiary is the Paying Agent, shall segregate and hold in trust) funds available on the redemption date sufficient to pay the redemption price of, and accrued and unpaid interest on, the Securities to be redeemed on that date. The Paying Agent shall promptly return to the Company any money so deposited which is not required for that purpose upon the written request of the Company, except with respect to monies owed as obligations to the Trustee pursuant to Article Seven.

If any Security called for redemption shall not be so paid upon redemption because of the failure of the Company to comply with the preceding paragraph, interest will continue to be payable on the unpaid principal and premium, if any, including from the redemption date until such principal and premium, if any, is paid, and, to the extent lawful, on any interest not paid on such unpaid principal, in each case at the rate provided in the Securities and in Section 4.01 hereof.

SECTION 3.06. Securities Redeemed in Part. Upon surrender of a Security that is to be redeemed in part, the Company shall issue and the Trustee shall authenticate for the Holder, at the expense of the Company, a new Security equal in aggregate amount to the unredeemed portion of the Security surrendered.

SECTION 3.07. Optional Redemption. Except as set forth in Sections 3.08 and 3.09 hereof, the Company shall not have the option to redeem the Securities prior to April 1, 2006. The Securities may be redeemed at the option of the Company, in whole or from time to time in part, at any time on or after April 1, 2006, at the redemption prices set forth below (expressed as a percentage of the principal amount of the Securities to be redeemed), together with accrued and unpaid interest on the Securities so redeemed to the redemption date, if redeemed during the 12-month period commencing on April 1 of the years indicated below:

Year ----	Redemption Price -----
2006.....	104.063%
2007.....	102.708%
2008.....	101.354%
2009 and thereafter.....	100.000%

Any redemption pursuant to this Section 3.07 shall be made, to the extent applicable, pursuant to the provisions of Sections 3.01 through 3.06 hereof.

SECTION 3.08. Equity Offering Redemption. In the event the Company consummates one or more Equity Offerings on or prior to April 1, 2004, the Company may redeem, in its sole discretion, up to 33-1/3% of the aggregate principal amount of the Securities (which includes Additional Securities, if any) with all or a portion of the aggregate net proceeds received by the Company from any such Equity Offering or Equity Offerings at a redemption price of 108.125% of the aggregate principal amount of the Securities so redeemed, plus accrued and unpaid interest on the Securities so redeemed to the redemption date; provided, however, that (i) the date of any such redemption occurs within the 90-day period after the Equity Offering in respect of which such redemption is made and (ii) following each such redemption, at least 66-2/3% of the aggregate principal amount of the Securities (which includes Additional Securities, if any) remains outstanding.

Any redemption pursuant to this Section 3.08 shall be made, to the extent applicable, pursuant to the provisions of Sections 3.01 through 3.06 hereof.

SECTION 3.09. Optional Redemption at Make-Whole Price. At any time prior to April 1, 2006, the Company may, at its option, redeem all or any portion of the Securities at the Make-Whole Price plus accrued and unpaid interest on the Securities so redeemed to the date of redemption.

Any redemption pursuant to this Section 3.09 shall be made, to the extent applicable, pursuant to the provisions of Sections 3.01 through 3.06 hereof.

ARTICLE FOUR

COVENANTS

SECTION 4.01. Payment of Securities. The Company shall pay the principal of, premium, if any, and interest on, the Securities on the dates and in the manner provided in the Securities and this Indenture. Principal, premium and interest shall be considered paid on the date due if the Trustee or Paying Agent holds on that date money deposited by the Company designated for and sufficient to pay all principal, premium and interest then due. All references to interest in this Indenture shall for all purposes be deemed to include any additional interest payable as liquidated damages pursuant to the Registration Rights Agreement.

The Company shall pay interest (including post-petition interest in any proceeding under any Bankruptcy Law) on overdue principal, and premium, if any, at the rate borne by the Securities to the extent lawful; and it shall pay interest (including post-petition interest in any proceeding under any Bankruptcy Law) on overdue installments of interest (without regard to any applicable grace period) at the same rate to the extent lawful.

SECTION 4.02. SEC Reports. (a) The Company, within 15 days after it files the same with the SEC, shall deliver to Holders, copies of the annual reports and the information, documents and other reports (or copies of any such portions of any of the foregoing as the SEC may by rules and regulations prescribe) that the Company is required to file with the SEC pursuant to Section 13 or 15(d) of the Exchange Act. Notwithstanding that the Company may not be required to remain subject to the reporting requirements of Section 13 or 15(d) of the Exchange Act, the Company shall file with the SEC and provide Holders with such annual reports and such information, documents and other reports specified in Sections 13 and 15(d) of the Exchange Act. The Company and each Subsidiary Guarantor shall also comply with the provisions of TIA Section 314(a).

(b) The Company may request the Trustee on behalf of the Company at the Company's expense to mail the foregoing to Holders. In such case, the Company shall provide the Trustee with a sufficient number of copies of all reports and other documents and information that the Trustee may be required to deliver to Holders under this Section.

SECTION 4.03. Compliance Certificates. (a) The Company shall deliver to the Trustee, within 90 days after the end of each fiscal year of the Company, an Officers' Certificate substantially in the form of Exhibit J hereto, stating that a review of the activities of the Company and the Subsidiaries during the preceding fiscal year has been made under the supervision of the signing Officers with a view to determining whether the Company has kept, observed, performed and fulfilled its obligations under this Indenture, and further stating, as to each such Officer signing such certificate, that, to the best of such Officer's knowledge, the Company and each Subsidiary Guarantor has kept, observed, performed and fulfilled each and every covenant contained in this Indenture and is not in default in the performance or observance of any of the terms, provisions and conditions hereof (or, if a Default or Event of Default shall have occurred, describing all such Defaults or Events of Default of which such Officer may have knowledge and what action the Company is taking or proposes to take with respect thereto) and that to the best of such Officer's knowledge, after reasonable inquiry, no event has occurred and remains in existence by reason of which payments on account of the principal of, premium, if any, or interest, if any, on the Securities are prohibited or, if such event has occurred, a description of the event and what action the Company and the Subsidiary Guarantors are taking or propose to take with respect thereto. Such Officers' Certificate shall comply with TIA Section 314(a)(4). The Company hereby represents that, as of the Issue Date, its fiscal year ends December 31, and hereby covenants that it shall notify the Trustee at least 30 days in advance of any change in its fiscal year.

(b) So long as not contrary to the then current recommendations of the American Institute of Certified Public Accountants, the year-end financial statements delivered pursuant to Section 4.02 shall be accompanied by a written statement of the Company's independent public accountants (which shall be a firm of established national reputation) that in making the examination necessary for certification of such financial statements nothing has come to their attention that would lead them to believe that the Company has violated any provisions of Sections 4.07, 4.09, 4.10, 4.11 or 4.15 of this Indenture (to the extent such provisions relate to accounting matters) or, if any such violation has occurred, specifying the nature and period of existence thereof. Where such financial statements are not accompanied by such a written statement, the Company shall furnish the Trustee with an Officers' Certificate stating that any such written statement would be contrary to the then current recommendations of the American Institute of Certified Public Accountants.

(c) The Company and the Subsidiary Guarantors will, so long as any of the Securities are outstanding, deliver to the Trustee forthwith upon any Officer becoming aware of any Default or Event of Default or default in the performance of any covenant, agreement or condition contained in this Indenture, an Officers' Certificate specifying such Default or Event of Default and what action the Company or any Subsidiary Guarantor proposes to take with respect thereto.

SECTION 4.04. Maintenance of Office or Agency. The Company will maintain in the Borough of Manhattan, The City of New York, an office or agency where Securities may be surrendered for registration of transfer or exchange or for presentation for payment and where notices and demands to or upon the Company in respect of the Securities and this Indenture may be served. The Company will give prompt written notice to the Trustee of the location, and any change in the location, of such office or agency. If at any time the Company shall fail to maintain any such required office or agency or shall fail to furnish the Trustee with the address thereof, such presentations, surrenders, notices and demands may be made or served at the address of the Trustee set forth in Section 11.02. If at any time the Company shall fail to maintain any required office or agency or shall fail to furnish the Trustee with the address thereof, such surrenders, presentations, notices and demands may be made or served at the corporate trust office of the Trustee.

Subject to Section 2.03, the Company may also from time to time designate one or more other offices or agencies where the Securities may be presented or surrendered for any or all such purposes and may from time to time rescind such designations; provided, that no such designation or rescission shall in any manner relieve the Company of its obligation to maintain an office or agency in the Borough of Manhattan, The City of New York, for such purposes. The Company will give prompt written notice to the Trustee of any such designation or rescission and of any change in the location of any such other office or agency.

SECTION 4.05. Corporate Existence. The Company will do or cause to be done all things necessary to preserve and keep in full force and effect its corporate existence and the corporate, partnership or other existence of each Subsidiary and all rights (charter and statutory) and franchises of the Company and the Subsidiaries; provided, that the Company shall not be required to preserve the corporate existence of any Subsidiary, or any such right or franchise, if the Company shall determine that the preservation thereof is no longer desirable in the conduct of the business of the Company and that the loss thereof is not disadvantageous in any material respect to the Holders.

SECTION 4.06. Waiver of Stay, Extension or Usury Laws. The Company and each Subsidiary Guarantor covenants (to the extent that each may lawfully do so) that it will not at any time insist upon, plead, or in any manner whatsoever claim or take the benefit or advantage of, any stay, extension, or usury law or other law, which would prohibit or forgive the Company or any Subsidiary Guarantor from paying all or any portion of the principal of, premium, if any, or interest on the Securities as contemplated herein, wherever enacted, now or at any time hereafter in force, or which may affect the covenants or the performance of this Indenture; and (to the extent that it may lawfully do so) each of the Company and the Subsidiary Guarantors hereby expressly waives all benefit or advantage of any such law, and covenants that it will not hinder, delay or impede the execution of any power herein granted to the Trustee, but will suffer and permit the execution of every such power as though no such law had been enacted.

SECTION 4.07. Payment of Taxes and Other Claims. The Company shall pay or discharge or cause to be paid or discharged, before the same shall become delinquent, (a) all taxes, assessments and governmental charges levied or imposed upon the Company or any Subsidiary or upon the income, profits or property of the Company or any Subsidiary and (b) all lawful claims for labor, materials and supplies which, if unpaid, might by law become a Lien upon the property of the Company or any Subsidiary; provided, however, that the Company shall not be required to pay or discharge or cause to be paid or discharged any such tax, assessment, charge or claim whose amount, applicability or validity is being contested in good faith by appropriate proceedings.

SECTION 4.08. Maintenance of Properties and Insurance. (a) The Company shall cause all properties used or held for use in the conduct of its business or the business of any Subsidiary to be maintained and kept in good condition, repair and working order (ordinary wear and tear excepted) and supplied with all necessary equipment and shall cause to be made all necessary repairs, renewals, replacements, betterments and improvements thereof, all as in the judgment of the Company may be necessary so that the business carried on in connection therewith may be properly and advantageously conducted at all times; provided, however, that nothing in this Section shall prevent the Company from discontinuing the operation or maintenance of any such property, or disposing of it, if such discontinuance or disposal is, in the judgment of the Company, desirable in the conduct of its business and not disadvantageous in any material respect to the Holders.

(b) The Company shall provide or cause to be provided, for itself and each of its Subsidiaries, insurance (including appropriate self-insurance) against loss or damage of the kinds that, in the reasonable, good faith opinion of the Company, are adequate and appropriate for the conduct of the business of the Company and such Subsidiaries in a prudent manner, with reputable insurers or with the government of the United States or an agency or instrumentality thereof, in such amounts, with such deductibles, and by such methods as shall be customary, in the reasonable, good faith opinion of the Company, for corporations similarly situated in the industry.

SECTION 4.09. Limitation on Incurrence of Additional Indebtedness.

(a) The Company will not, and will not permit any of its Restricted Subsidiaries, directly or indirectly, to issue, incur, assume, guarantee, become liable, contingently or otherwise, with respect to or otherwise become responsible for the payment of (collectively, "incur") any Indebtedness; provided, however, that if no Default or Event of Default shall have occurred and be continuing at the time or as a consequence of the incurrence of such Indebtedness, the Company or its Restricted Subsidiaries may incur Indebtedness if, on a pro forma basis, after giving effect to such incurrence and the application of the proceeds therefrom, either of the following tests shall have been satisfied: (i) the Adjusted Consolidated EBITDA Coverage Ratio would have been at least 2.25 to 1.0; or (ii) Adjusted Consolidated Net Tangible Assets would have been greater than 200% of Indebtedness of the Company and its Restricted Subsidiaries.

(b) Notwithstanding the foregoing, if no Default or Event of Default shall have occurred and be continuing at the time or as a

consequence of the incurrence of such Indebtedness, the Company and its Restricted Subsidiaries may incur Permitted Indebtedness.

(c) Any Indebtedness of a Person existing at the time such Person becomes a Restricted Subsidiary (whether by merger, consolidation, acquisition or otherwise) shall be deemed to be incurred by such Restricted Subsidiary at the time it becomes a Restricted Subsidiary.

SECTION 4.10. Limitation on Restricted Payments. (a) The Company will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, make any Restricted Payment, unless:

(i) no Default or Event of Default shall have occurred and be continuing at the time of or immediately after giving effect to such Restricted Payment;

(ii) at the time of and immediately after giving effect to such Restricted Payment, the Company would be able to incur at least \$1.00 of additional Indebtedness (other than Permitted Indebtedness) pursuant to Section 4.09(a); and

(iii) immediately after giving effect to such Restricted Payment, the aggregate of all Restricted Payments declared or made after the Reference Date does not exceed the sum of (A) 50% of the Consolidated Net Income of the Company and its Restricted Subsidiaries (or in the event such Consolidated Net Income shall be a deficit, minus 100% of such deficit) during the period (treated as one accounting period) subsequent to the Reference Date and ending on the last day of the fiscal quarter immediately preceding the date of such Restricted Payment; (B) the aggregate Net Cash Proceeds, and the fair market value of property other than cash (as determined in good faith by the Company's Board of Directors, including a majority of the Company's Disinterested Directors, and evidenced by a resolution of such Board), received by the Company during such period from any Person other than a Subsidiary of the Company as a result of the issuance or sale of Capital Stock of the Company (other than any Disqualified Stock and other than Preferred Shares issued in the Preferred Stock Offering), other than in connection with the conversion of Indebtedness or Disqualified Stock; (C) the aggregate Net Cash Proceeds, and the fair market value of property other than cash (as determined in good faith by the Company's Board of Directors, including a majority of the Company's Disinterested Directors, and evidenced by a resolution of such Board), received by the Company during such period from any Person other than a Subsidiary of the Company as a result of the issuance or sale of any Indebtedness or Disqualified Stock to the extent that at the time the determination is made such Indebtedness or Disqualified Stock, as the case may be, has been converted into or exchanged for Capital Stock of the Company (other than Disqualified Stock); (D)(i) in case any Unrestricted Subsidiary has been redesignated a Restricted Subsidiary, an amount equal to the lesser of (x) the book value (determined in accordance with GAAP) at the date of such redesignation of the aggregate Investments made by the Company and its Restricted Subsidiaries in such Unrestricted Subsidiary and (y) the fair market value of such Investments

in such Unrestricted Subsidiary at the time of such redesignation, as determined in good faith by the Company's Board of Directors, including a majority of the Company's Disinterested Directors, whose determination shall be conclusive and evidenced by a resolution of such Board; or (ii) in case any Restricted Subsidiary has been redesignated an Unrestricted Subsidiary, minus the greater of (x) the book value (determined in accordance with GAAP) at the date of redesignation of the aggregate Investments made by the Company and its Restricted Subsidiaries in such Restricted Subsidiary and (y) the fair market value of such Investments in such Restricted Subsidiary at the time of such redesignation, as determined in good faith by the Company's Board of Directors, including a majority of the Company's Disinterested Directors, whose determination shall be conclusive and evidenced by a resolution of such Board; and (E) \$25,000,000.

(b) Notwithstanding the foregoing, the above limitations will not prevent (i) the payment of any dividend within 60 days after the date of declaration thereof, if at such date of declaration such payment complied with the provisions hereof; (ii) the purchase, redemption, acquisition or retirement of any shares of Capital Stock of the Company in exchange for, or out of the net proceeds of the substantially concurrent sale (other than to a Restricted Subsidiary of the Company) of, other shares of Capital Stock (other than Disqualified Stock) of the Company; and (iii) any dividend or other distribution payable from a Restricted Subsidiary to the Company or any other Restricted Subsidiary.

SECTION 4.11. Limitation on Sale of Assets. (a) The Company will not, and will not permit any Restricted Subsidiary to, make any Asset Sale unless:

(i) the Company (or its Restricted Subsidiaries, as the case may be) receives consideration at the time of such sale or other disposition at least equal to the fair market value thereof (as determined in good faith by the Company's Board of Directors and evidenced by a resolution of such Board, including a majority of the Company's Disinterested Directors, in the case of any Asset Sales or series of related Asset Sales having a fair market value of \$20,000,000 or greater);

(ii) at least 75% of the proceeds from such Asset Sale consist of cash, cash equivalents or property, equipment, leasehold interests or other assets used in the Oil and Gas Business; and

(iii) the Net Available Proceeds received by the Company (or its Restricted Subsidiaries, as the case may be) from such Asset Sale are applied in accordance with paragraphs (b) or (c) hereof.

(b) The Company may apply such Net Available Proceeds within 365 days after receipt of Net Available Proceeds from any Asset Sale, to: (i) the repayment of Indebtedness of the Company under a Bank Credit Facility or other Senior Indebtedness, including any mandatory redemption or repurchase or optional redemption of the Existing Notes or the Securities; (ii) make an Investment in assets used in the Oil and Gas Business; or (iii) develop by drilling the Company's oil and gas reserves.

(c) If, upon completion of the 365-day period referred to above, any portion of the Net Available Proceeds of any Asset Sale shall not have been applied by the Company as described in clauses (i), (ii) or (iii) of the immediately preceding paragraph and such remaining Net Available Proceeds, together with any remaining net cash proceeds from any prior Asset Sale (such aggregate constituting "Excess Proceeds"), exceed \$15,000,000, then the Company will be obligated to make an offer (the "Net Proceeds Offer") to purchase the Securities and any other Senior Indebtedness in respect of which such an offer to purchase is required to be made concurrently with the Net Proceeds Offer having an aggregate principal amount equal to the Excess Proceeds (such purchase to be made on a pro rata basis if the amount available for such repurchase is less than the principal amount of the Securities and other Senior Indebtedness tendered in such Net Proceeds Offer) at a purchase price of 100% of the principal amount thereof plus accrued and unpaid interest on the Securities and other Senior Indebtedness so repurchased to the date of repurchase. Upon the completion of the Net Proceeds Offer, the amount of Excess Proceeds will be reset to zero.

(d) The Company shall commence a Net Proceeds Offer by preparing and mailing a notice to the Trustee, the Paying Agent and each Holder as of such record date as the Company shall establish (upon written notice to the Trustee). Notice of a Net Proceeds Offer to purchase the Securities will be made on behalf of the Company not less than 25 Business Days nor more than 60 Business Days before the payment date of the Net Proceeds Offer (the "Net Proceeds Payment Date"), and shall set forth the Net Proceeds Offer Amount and the Net Proceeds Payment Date and refer to and summarize the material points contained in Sections 4.11(d) and (e) hereof. Securities tendered to the Company pursuant to a Net Proceeds Offer will cease to accrue interest after the Net Proceeds Payment Date. For purposes of this covenant, the term "Net Proceeds Offer Amount" means the principal of outstanding Securities in an aggregate principal amount equal to any remaining Net Available Proceeds (rounded to the next lowest \$1,000). If the Net Proceeds Payment Date is on or after an interest payment record date and on or before the related interest payment date, any accrued interest payable on such interest payment date will be paid to the Person in whose name a Security is registered at the close of business on such record date, and no additional interest will be payable to Holders who tender Securities pursuant to the Net Proceeds Offer.

(e) On the Net Proceeds Payment Date, the Company will (i) accept for payment Securities and any other Senior Indebtedness in respect of which such an offer to purchase is required to be made concurrently with the Net Proceeds Offer or portions thereof pursuant to the Net Proceeds Offer in an aggregate principal amount equal to the Net Proceeds Offer Amount or such lesser amount as has been tendered, (ii) deposit with the Paying Agent (or if the Company or a Subsidiary is the Paying Agent, shall segregate and hold in trust) money sufficient to pay the purchase price of all Securities and such other Senior Indebtedness or portions thereof so tendered in an aggregate principal amount equal to the Net Proceeds Offer Amount or such lesser amount, including any accrued and unpaid interest thereon, and (iii) deliver or cause to be delivered to the Trustee, Securities so accepted together with an Officers' Certificate stating the Securities or portions thereof tendered to the Company. If the aggregate principal amount of Securities and such other Senior Indebtedness tendered exceeds the Net Proceeds Offer Amount, the Trustee will select the Securities and other Senior

Indebtedness to be purchased (in integral multiples of \$1,000) on a pro rata basis based on the principal amount of Securities and other Senior Indebtedness so tendered and notify the Company, the Registrar and the Paying Agent. The Paying Agent, upon instruction of the Company, will promptly mail or deliver to Holders of Securities so accepted payment in an amount equal to the purchase price (representing those funds received pursuant to clause (ii) of this Section 4.11(e)), and the Company will execute and the Trustee will promptly authenticate and mail or make available for delivery to Holders a new Security equal in principal amount to any unpurchased portion of the Security surrendered. Any Securities not so accepted will be promptly mailed or delivered to the Holder thereof by the Company, or, if the Company so directs the Trustee, by the Trustee on behalf of the Company at the Company's expense. The Company will publicly announce the results of the Net Proceeds Offer on or as soon as practicable after the Net Proceeds Payment Date. For purposes of this Section 4.11, the Trustee will act as the Paying Agent.

(f) The Company will comply with Section 14 of the Exchange Act and the provisions of Regulation 14E and any other tender offer rules under the Exchange Act and any other federal and state securities laws, rules and regulations which may then be applicable to any Net Proceeds Offer.

(g) During the period between any Asset Sale and the application of the Net Available Proceeds therefrom in accordance with this covenant, all Net Available Proceeds shall be maintained in a segregated account and shall be invested in Permitted Financial Investments.

(h) Notwithstanding the foregoing, the Company will not and will not permit any Restricted Subsidiary to, directly or indirectly, make any Asset Sale of any of the Capital Stock of a Restricted Subsidiary except pursuant to an Asset Sale of all of the Capital Stock of such Restricted Subsidiary.

SECTION 4.12. Limitation on Liens Securing Indebtedness. The Company will not, and will not permit any of its Restricted Subsidiaries to, create, incur, assume or suffer to exist any Liens (other than Permitted Liens) upon any of their respective properties securing (i) any Indebtedness of the Company, unless the Securities are equally and ratably secured or (ii) any Indebtedness of any Restricted Subsidiary, unless the Guarantees are equally and ratably secured; provided, that if such Indebtedness is expressly subordinated to the Securities or the Guarantees, the Lien securing such Indebtedness will be subordinated and junior to any Lien securing the Securities or the Guarantees, with the same relative priority as such Subordinated Indebtedness of the Company or Subordinated Indebtedness of a Restricted Subsidiary will have with respect to the Securities or the Guarantees, as the case may be.

SECTION 4.13. Limitation on Sale/Leaseback Transactions. The Company will not, and will not permit any of its Restricted Subsidiaries to, enter into any Sale/Leaseback Transaction with any Person (other than the Company or any Wholly Owned Restricted Subsidiary) unless (i) the Company or such Restricted Subsidiary, as the case may be, would be able to incur Indebtedness in a principal amount equal to the Attributable Indebtedness with respect to such Sale/Leaseback Transaction in accordance with Section 4.09 or (ii) the Company or such Restricted Subsidiary receives proceeds from such Sale/Leaseback Transaction at least equal to the fair market value thereof (as determined in good faith by the Company's Board of Directors, whose determination in good faith, evidenced by a resolution of such Board shall be conclusive) and such proceeds are applied in the same manner and to the same extent as Net Available Proceeds and Excess Proceeds from an Asset Sale.

SECTION 4.14. Limitation on Payment Restrictions Affecting Subsidiaries. The Company will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, create or otherwise cause or suffer to exist or become effective any consensual encumbrance or consensual restriction on the ability of any Restricted Subsidiary of the Company to (i) pay dividends or make any other distributions on its Capital Stock to the Company or a Restricted Subsidiary, (ii) pay any Indebtedness owed to the Company or a Restricted Subsidiary of the Company; (iii) make loans or advances to the Company or a Restricted Subsidiary of the Company; or (iv) transfer any of its properties or assets to the Company or a Restricted Subsidiary of the Company (each, a "Payment Restriction"), except for (a) encumbrances or restrictions under a Bank Credit Facility; provided, that any Payment Restrictions thereunder (other than, with respect to (iv) above, customary restrictions in security agreements or other loan documents thereunder securing or governing Indebtedness of a Restricted Subsidiary) may be imposed only upon the acceleration of the maturity of the Indebtedness thereunder; (b) consensual encumbrances or consensual restrictions binding upon any Person at the time such Person becomes a Restricted Subsidiary of the Company (unless the agreement creating such consensual encumbrances or consensual restrictions was entered into in connection with, or in contemplation of, such entity becoming a Restricted Subsidiary); (c) consensual encumbrances or consensual restrictions under any agreement that refinances or replaces any agreement described in clauses (a) and (b) above, provided that the terms and conditions of any such restrictions are in the aggregate no less favorable to the holders of the Securities than those under the agreement so refinanced or replaced; and (d) customary non-assignment provisions in leases, purchase money financings and any encumbrance or restriction due to applicable law.

SECTION 4.15. Limitation on Transactions with Affiliates. The Company will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, enter into any transaction or series of transactions (including, without limitation, the sale, purchase or lease of any assets or properties or the rendering of any services) with any Affiliate or beneficial owner (as defined in Rules 13d-3 and 13d-5 under the Exchange Act) of 10% or more of the Company's common stock (other than with a Wholly Owned Restricted Subsidiary of the Company) (an "Affiliate Transaction"), on terms that are less favorable to the Company or such Restricted Subsidiary, as the case may be, than would be available in a comparable transaction with an unrelated Person. In addition, the Company will not, and will not permit any Restricted Subsidiary of the Company to, enter into an Affiliate Transaction, or any series of related Affiliate Transactions having a value of (a) more than \$5,000,000 unless a majority of the Board of Directors of the Company (including a majority of the Company's Disinterested Directors) determines in good faith, as evidenced by a resolution of such Board, that such Affiliate Transaction or series of related Affiliate Transactions is fair to the Company; or (b) more than \$25,000,000, unless the Company receives a written opinion from a nationally recognized investment banking firm with total assets in excess of \$1,000,000,000 that such transaction or series of transactions is fair to the Company from a financial point of view.

SECTION 4.16. Change of Control. (a) Following the occurrence of any Change of Control, the Company shall offer (a "Change of Control Offer") to purchase all outstanding Securities at a purchase price equal to 101% of the aggregate outstanding principal amount of the Securities, plus accrued and unpaid interest on the Securities so purchased to the date of purchase. The Change of Control Offer shall be deemed to have commenced upon mailing of the notice described in the next succeeding paragraph and shall terminate 20 Business Days after its commencement, unless a longer offering period is required by law. Promptly after the termination of the Change of Control Offer (the "Change of Control Payment Date"), the Company shall purchase and mail or deliver payment for all Securities tendered in response to the Change of Control Offer. If the Change of Control Payment Date is on or after an interest payment record date and on or before the related interest payment date, any accrued interest payable on such interest payment date will be paid to the Person in whose name a Security is registered at the close of business on such record date, and no additional interest will be payable to Holders who tender Securities pursuant to the Change of Control Offer.

(b) Within 15 days after any Change of Control, the Company (with notice to the Trustee and the Paying Agent), or the Trustee at the Company's request and expense, will mail or cause to be mailed to all Holders on the date of the Change of Control a notice prepared by the Company (the "Change of Control Notice") of the occurrence of such Change of Control and of the Holders' rights arising as a result thereof. The Change of Control Notice will contain all instructions and materials necessary to enable Holders to tender their Securities to the Company. The Change of Control Notice, which shall govern the terms of the Change of Control Offer, shall state: (1) that the Change of Control Offer is being made pursuant to this Section 4.16; (2) the purchase price and the Change of Control Payment Date; (3) that any Security not tendered will continue to accrue interest at the stated rate; (4) that any Security accepted for payment pursuant to the Change of Control Offer shall cease to accrue interest on the Change of Control Payment Date; (5) that Holders electing to have a Security purchased pursuant to any Change of Control Offer will be required to surrender the Security, with the form entitled "Option of Holder to Elect Purchase" on the reverse of the Security completed, to the Company, a depository, if appointed by the Company, or a Paying Agent at the address specified in the notice prior to termination of the Change of Control

Offer; (6) that Holders will be entitled to withdraw their election if the Company, depository or Paying Agent, as the case may be, receives, not later than the expiration of the Change of Control Offer, or such longer period as may be required by law, a telegram, telex, facsimile transmission or letter setting forth the name of the Holder, the principal amount of the Security the Holder delivered for purchase and a statement that such Holder is withdrawing its election to have the Security purchased; and (7) that Holders whose Securities are purchased only in part will be issued Securities equal in principal amount to the unpurchased portion of the Securities surrendered.

(c) On the Change of Control Payment Date, the Company shall, to the extent permitted by applicable law, (i) accept for payment Securities or portions thereof tendered pursuant to the Change of Control Notice, (ii) if the Company appoints a depository or Paying Agent, deposit with such depository or Paying Agent money sufficient to pay the purchase price of all Securities or portions thereof so tendered and (iii) deliver to the Trustee Securities so accepted together with an Officers' Certificate stating the Securities or portions thereof tendered to the Company. The depository, the Company or the Paying Agent, as the case may be, shall promptly mail to the Holders of Securities so accepted payment in an amount equal to the purchase price (representing those funds received pursuant to clause (ii) of this Section 4.16(c)), and the Trustee shall promptly authenticate and mail to each such Holder a new Security equal in principal amount to any unpurchased portion of the Security surrendered; provided that each such new Security will be in a principal amount of \$1,000 or an integral multiple thereof. The Company will publicly announce the results of the Change of Control Offer on or as soon as practicable after the Change of Control Payment Date. For purposes of this Section 4.16, the Trustee shall act as the Paying Agent.

(d) The Company will comply with Section 14 of the Exchange Act and the provisions of Regulation 14E and any other tender offer rules under the Exchange Act and any other federal and state securities laws, rules and regulations which may then be applicable to any offer by the Company to purchase the Securities at the option of the Holders upon a Change of Control.

ARTICLE FIVE

SUCCESSOR CORPORATION

SECTION 5.01. When Company May Merge, etc. The Company shall not consolidate with or merge with or into any Person or sell, convey, lease, transfer or otherwise dispose of all or substantially all of its assets to any Person, unless:

(1) the Company survives such merger or the Person formed by such consolidation or into which the Company is merged or that acquires by sale, conveyance, transfer or other disposition, or which leases, all or substantially all of the assets of the Company is a corporation organized and existing under the laws of the United States of America, any state thereof or the District of Columbia, or Canada or any province

thereof, and expressly assumes, by supplemental indenture, the due and punctual payment of the principal of, premium, if any, and interest on, all the Securities and the performance of every other covenant and obligation of the Company under this Indenture;

(2) immediately before and after giving effect to such transaction no Default or Event of Default exists;

(3) immediately after giving effect to such transaction on a pro forma basis, the Consolidated Tangible Net Worth of the Company (or the surviving or transferee entity) is equal to or greater than the Consolidated Tangible Net Worth of the Company immediately before such transaction; and

(4) immediately after giving effect to such transaction on a pro forma basis, the Company (or the surviving or transferee entity) would be able to incur \$1.00 of additional Indebtedness under the test described in Section 4.09(a) (other than Permitted Indebtedness).

In connection with any consolidation, merger, sale, conveyance, lease, transfer or other disposition contemplated by this Section 5.01, the Company shall deliver to the Trustee prior to the consummation of the proposed transaction an Officers' Certificate to the foregoing effect and an Opinion of Counsel stating that the proposed transaction and such supplemental indenture comply with this Indenture.

SECTION 5.02. Successor Corporation Substituted. Upon any consolidation, merger, lease, conveyance or transfer in accordance with Section 5.01, the Trustee shall be notified by the Company and the successor Person, and the successor Person formed by such consolidation or into which the Company is merged or to which such lease, conveyance or transfer is made shall succeed to, and be substituted for, and may exercise every right and power of, the Company under this Indenture with the same effect as if such successor had been named as the Company herein and thereafter (except in the case of a lease) the predecessor corporation will be relieved of all further obligations and covenants under this Indenture and the Securities.

ARTICLE SIX

DEFAULTS AND REMEDIES

SECTION 6.01. Events of Default. An "Event of Default" occurs upon:

(1) default by the Company or any Subsidiary Guarantor in the payment of principal of, or premium, if any, on the Securities when due and payable at maturity, upon repurchase pursuant to Section 4.11 or 4.16, upon acceleration or otherwise;

(2) default by the Company or any Subsidiary Guarantor in the payment of any installment of interest on the Securities when due and payable and continuance of such default for 30 days;

(3) default by the Company or any Subsidiary Guarantor in the deposit of any optional redemption payment, when and as due and payable pursuant to Article Three;

(4) default on any other Indebtedness (other than Non-Recourse Indebtedness and Unrestricted Subsidiary Indebtedness) of the Company, any Subsidiary Guarantor or any other Subsidiary (other than a Non-Recourse Subsidiary or an Unrestricted Subsidiary) if either (A) such default results in the acceleration of the maturity of any such Indebtedness having a principal amount of \$10,000,000 or more individually or, taken together with the principal amount of any other such Indebtedness the maturity of which has been so accelerated, in the aggregate, or (B) such default results from the failure to pay when due principal of, premium, if any, or interest on, any such Indebtedness, after giving effect to any applicable grace period (a "Payment Default"), having a principal amount of \$10,000,000 or more individually or, taken together with the principal amount of any other Indebtedness under which there has been a Payment Default, in the aggregate;

(5) default in the performance, or breach of, the covenants set forth in Section 4.10 and Article Five, or in the performance, or breach of, any other covenant or agreement of the Company or any Subsidiary Guarantor in this Indenture and failure to remedy such default within a period of 45 days after written notice thereof from the Trustee or Holders of 25% of the principal amount of the outstanding Securities;

(6) the entry by a court of one or more judgments or orders for the payment of money against the Company, any Subsidiary Guarantor or any other Subsidiary (other than a Non-Recourse Subsidiary or an Unrestricted Subsidiary, provided that neither the Company nor any Restricted Subsidiary is liable, directly or indirectly, for such judgment or order) in an aggregate amount in excess of \$10,000,000 (net of applicable insurance coverage by a third party insurer which is acknowledged in writing by such insurer) that has not been vacated, discharged, satisfied or stayed pending appeal within 60 days from the entry thereof;

(7) a Guarantee by a Subsidiary Guarantor shall cease to be in full force and effect (other than a release of a Guarantee in accordance with Section 10.04) or any Subsidiary Guarantor shall deny or disaffirm its obligations with respect thereto;

(8) the Company or any Subsidiary (other than a Non-Recourse Subsidiary or an Unrestricted Subsidiary) pursuant to or within the meaning of any Bankruptcy Law:

(A) commences a voluntary case or proceeding,

(B) consents to the entry of an order for relief against it in an involuntary case or proceeding,

(C) consents to the appointment of a Custodian of it or for all or substantially all of its property,

(D) makes a general assignment for the benefit of its creditors, or

(E) admits in writing that it generally is unable to pay its debts as the same become due; or

(9) a court of competent jurisdiction enters an order or decree under any Bankruptcy Law that:

(A) is for relief (with respect to the petition commencing such case) against the Company or any Subsidiary (other than a Non-Recourse Subsidiary or an Unrestricted Subsidiary) in an involuntary case or proceeding,

(B) appoints a Custodian of the Company or any Subsidiary (other than a Non-Recourse Subsidiary or an Unrestricted Subsidiary) or for all or substantially all of its property, or

(C) orders the liquidation of the Company or any Subsidiary (other than a Non-Recourse Subsidiary or an Unrestricted Subsidiary), and the order or decree remains unstayed and in effect for 60 days.

The term "Bankruptcy Law" means Title 11, U.S. Code or any similar federal or state law for the relief of debtors. The term "Custodian" means any receiver, trustee, assignee, liquidator or similar official under any Bankruptcy Law.

SECTION 6.02. Acceleration. If an Event of Default (other than an Event of Default specified in clauses (8) or (9)) under Section 6.01 occurs and is continuing, then and in every such case the Trustee or the Holders of not less than 25% of the principal amount of the outstanding Securities may declare the unpaid principal of and premium, if any, or the Change of Control purchase price if the Event of Default includes failure to pay the Change of Control purchase price, and accrued and unpaid interest on, all the Securities then outstanding to be due and payable, by a notice in writing to the Company (and to the Trustee, if given by Holders), and upon any such declaration such principal, premium, if any, and accrued and unpaid interest shall become immediately due and payable, notwithstanding anything contained in this Indenture or the Securities to the contrary. If an Event of Default specified in clauses 8 or 9 above occurs, all unpaid principal of, and premium, if any, and accrued and unpaid interest on, the Securities then outstanding will become due and payable, without any declaration or other act on the part of the Trustee or any Holder.

The Holders of a majority of the principal amount of the outstanding Securities, by written notice to the Company, the Subsidiary Guarantors and the Trustee, may rescind and annul a declaration of acceleration and its consequences if (1) the Company or any Subsidiary Guarantor has paid or deposited with such Trustee a sum sufficient to pay (A) all overdue installments of interest on all the Securities, (B) the principal of, and premium, if any, on any Securities that have become due

otherwise than by such declaration of acceleration and interest thereon at the rate or rates prescribed therefor in the Securities, (C) to the extent that payment of such interest is lawful, interest on the defaulted interest at the rate or rates prescribed therefor in the Securities, and (D) all money paid or advanced by the Trustee thereunder and the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel; (2) all Events of Default, other than the non-payment of the principal of any Securities that have become due solely by such declaration of acceleration, have been cured or waived as provided in this Indenture; and (3) the rescission would not conflict with any judgment or decree of a court of competent jurisdiction. No such rescission will affect any subsequent Event of Default or impair any right consequent thereon.

SECTION 6.03. Other Remedies. If an Event of Default occurs and is continuing, the Trustee may, but is not obligated to, pursue, in its own name and as trustee of an express trust, any available remedy by proceeding at law or in equity to collect the payment of principal or interest on the Securities or to enforce the performance of any provision of the Securities or this Indenture. If an Event of Default specified under clauses (8) or (9) of Section 6.01 occurs with respect to the Company at a time when the Company is the Paying Agent, the Trustee shall automatically assume the duties of Paying Agent.

The Trustee may maintain a proceeding even if it does not possess any of the Securities or does not produce any of them in the proceeding. A delay or omission by the Trustee or any Holder in exercising any right or remedy accruing upon an Event of Default shall not impair the right or remedy or constitute a waiver of or acquiescence in the Event of Default. No remedy is exclusive of any other remedy. All available remedies are cumulative.

SECTION 6.04. Waiver of Past Defaults. Subject to Sections 6.07 and 9.02, the Holders of at least a majority of the principal amount of the outstanding Securities by notice to the Trustee may waive an existing Default or Event of Default and its consequences, except a Default or Event of Default in payment of principal or interest on the Securities, including any optional redemption payments or Change of Control or Net Proceeds Offer payments.

SECTION 6.05. Control by Majority. The Holders of a majority in principal amount of the Securities will have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or exercising any trust or power conferred on such Trustee, provided that (1) such direction is not in conflict with any rule of law or with this Indenture and (2) the Trustee may take any other action deemed proper by such Trustee that is not inconsistent with such direction.

SECTION 6.06. Limitation on Remedies. No Holder of any of the Securities will have any right to institute any proceeding, judicial or otherwise, or for the appointment of a receiver or trustee or pursue any remedy under this Indenture, unless:

- (1) such Holder has previously given notice to the Trustee of a continuing Event of Default,

(2) the Holders of not less than 25% of the principal amount of the outstanding Securities have made written request to such Trustee to institute proceedings in respect of such Event of Default in its own name as Trustee under this Indenture,

(3) such Holder or Holders have offered to such Trustee reasonable indemnity against the costs, expenses and liabilities to be incurred in compliance with such request,

(4) such Trustee for 60 days after its receipt of such notice, request and offer of indemnity has failed to institute any proceeding, and

(5) no direction inconsistent with such written request has been given to such Trustee during such 60-day period by the Holders of a majority of the principal amount of the outstanding Securities.

A Holder may not use this Indenture to prejudice the rights of another Holder or to obtain a preference or priority over other Holders.

SECTION 6.07. Rights of Holders to Receive Payment. Notwithstanding any other provision of this Indenture, the Holder of any Securities will have the right, which is absolute and unconditional, to receive payment of the principal of and interest on such Securities on the stated maturity therefor and to institute suit for the enforcement of any such payment, and such right may not be impaired without the consent of such Holder.

SECTION 6.08. Collection Suit by Trustee. If an Event of Default in payment of principal, premium, if any, or interest specified in Section 6.01(1), (2) or (3) occurs and is continuing, the Trustee may recover judgment in its own name and as trustee of an express trust against the Company or any Subsidiary Guarantor for the whole amount of principal, premium, if any, and interest remaining unpaid with respect to the Securities, and interest on overdue principal and premium, if any, and, to the extent lawful, interest on overdue interest, and such further amounts as shall be sufficient to cover the costs and expenses of collection, including the reasonable compensation and expenses of the Trustee, its agents and counsel.

SECTION 6.09. Trustee May File Proofs of Claim. (a) The Trustee may file such proofs of claim and other papers or documents as may be necessary or advisable in order to have the claims of the Trustee and the Holders allowed in any judicial proceedings relative to the Company, the Subsidiary Guarantors, their creditors or their property and may collect and receive any money or securities or other property payable or deliverable on any such claims and to distribute the same.

(b) Nothing herein contained shall be deemed to authorize the Trustee to authorize or consent to or accept or adopt on behalf of any Holder any plan of reorganization, arrangement, adjustment or composition affecting the Securities or the rights of any Holder thereof, or to authorize the Trustee to vote in respect of the claim of any Holder in any such proceeding.

SECTION 6.10. Priorities. If the Trustee collects any money pursuant to this Article Six, it shall pay out the money in the following order:

First: to the Trustee for amounts due under Section 7.07;

Second: to Holders for amounts due and unpaid on the Securities for principal and interest, ratably, without preference or priority of any kind, according to the amounts due and payable on the Securities for principal and interest, respectively; and

Third: to the Company.

The Trustee may fix a record date and payment date for any payment to Holders pursuant to this Section 6.10.

SECTION 6.11. Undertaking for Costs. In any suit for the enforcement of any right or remedy under this Indenture or in any suit against the Trustee for any action taken or omitted by it as Trustee, a court in its discretion may require the filing by any party litigant in the suit of an undertaking to pay the costs of the suit, and the court in its discretion may assess reasonable costs, including reasonable attorneys' fees, against any party litigant in the suit, having due regard to the merits and good faith of the claims or defenses made by the party litigant. This Section 6.11 does not apply to a suit by the Trustee, a suit by a Holder pursuant to Section 6.07, or a suit by Holders of more than 10% in principal amount of the then outstanding Securities.

ARTICLE SEVEN

TRUSTEE

SECTION 7.01. Duties of Trustee. (a) If an Event of Default has occurred and is continuing, the Trustee shall exercise such rights and powers vested in it by this Indenture and use the same degree of care and skill in such exercise as a prudent person would exercise or use under the circumstances in the conduct of such person's own affairs.

(b) Except during the continuance of an Event of Default:

(1) The Trustee need perform only those duties that are specifically set forth (or incorporated by reference) in this Indenture and no others.

(2) In the absence of bad faith on its part, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Trustee and conforming to the requirements of this Indenture. However, the Trustee shall examine such certificates and opinions to determine whether or not they conform to the requirements of this Indenture.

(c) The Trustee may not be relieved from liability for its own negligent action, its own negligent failure to act, or its own willful misconduct, except that:

(1) This paragraph (c) does not limit the effect of paragraph (b) of this Section.

(2) The Trustee shall not be liable for any error of judgment made in good faith by an officer of the Trustee, unless it is proved that the Trustee was negligent in ascertaining the pertinent facts.

(3) The Trustee shall not be liable with respect to action it takes or omits to take in good faith in accordance with a direction received by it pursuant to Section 6.05, and the Trustee shall be entitled from time to time to request such a direction.

(d) Every provision of this Indenture that in any way relates to the Trustee is subject to paragraphs (a), (b) and (c) of this Section.

(e) The Trustee shall be under no obligation and may refuse to perform any duty or exercise any right or power unless it receives indemnity satisfactory to it against any loss, liability or expense. No provision of this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur financial liability in the performance of any of its duties hereunder or in the exercise of any of its rights or powers, if it shall have reasonable grounds to believe that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

(f) The Trustee shall not be liable for interest on any money received by it except as the Trustee may agree in writing with the Company. Money held in trust by the Trustee need not be segregated from other funds except to the extent required by law.

SECTION 7.02. Rights of Trustee. Subject to Section 7.01:

(a) The Trustee may rely on and shall be protected in acting or refraining from acting upon any document believed by it to be genuine and to have been signed or presented by the proper person. The Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture or other paper or document, but the Trustee, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit, and, if the Trustee shall determine to make such further inquiry or investigation, it shall be entitled to examine the books, records and premises of the Company, personally or by agent or attorney, to the extent reasonably required by such inquiry or investigation.

(b) Before the Trustee acts or refrains from acting, it may require an Officers' Certificate or an Opinion of Counsel. The Trustee shall not be liable for any action it takes or omits to take in good faith in reliance on such certificate or opinion.

(c) The Trustee may act through agents and shall not be responsible for the misconduct or negligence of any agent appointed with due care.

(d) The Trustee shall not be liable for any action it takes or omits to take in good faith which it believes to be authorized or within its rights or powers.

SECTION 7.03. Individual Rights of Trustee. The Trustee in its individual or any other capacity may become the owner or pledgee of Securities and may otherwise deal with the Company or its Subsidiaries or Affiliates with the same rights it would have if it were not Trustee. Any Agent may do the same with like rights. However, the Trustee must comply with Sections 7.10 and 7.11.

SECTION 7.04. Trustee's Disclaimer. The Trustee makes no representation as to the validity or adequacy of this Indenture or the Securities, it shall not be accountable for the Company's use of the proceeds from the Securities or any prospectus, offering or solicitation documents, and it shall not be responsible for any statement in the Securities other than its certificate of authentication.

SECTION 7.05. Notice of Defaults. If a Default occurs and is continuing and if it is known to the Trustee, the Trustee shall mail to each Holder pursuant to Section 11.02 a notice of the Default within 90 days after it occurs. Except in the case of a Default in any payment on any Security, the Trustee may withhold the notice if and so long as the board of directors, executive committee or a trust committee of officers in good faith determines that withholding the notice is in the interests of Holders.

SECTION 7.06. Reports by Trustee to Holders. Within 60 days after each April 1, beginning with the April 1 following the date of this Indenture, the Trustee shall mail to each Holder a brief report dated as of such April 1 that complies with TIA Section 313(a), but only if such report is required in any year under TIA Section 313(a). The Trustee also shall comply with TIA Sections 313(b) and 313(c). A copy of each report at the time of its mailing to Holders shall be filed with the SEC and each stock exchange on which the Securities are listed. The Company shall notify the Trustee in writing when the Securities become listed on any national securities exchange or of any delisting thereof.

SECTION 7.07. Compensation and Indemnity. The Company and the Subsidiary Guarantors jointly and severally agree to pay the Trustee from time to time reasonable compensation for its services (which compensation shall not be limited by any provision of law in regard to the compensation of a trustee of an express trust). The Company and the Subsidiary Guarantors jointly and severally agree to reimburse the Trustee upon request for all reasonable out-of-pocket expenses, disbursements and advances incurred by it. Such expenses shall include when applicable the reasonable compensation and expenses of the Trustee's agents and counsel.

The Trustee shall not be under any obligation to institute any suit, or take any remedial action under this Indenture, or to enter any appearance or in any way defend any suit in which it may be a defendant, or to take any steps in the execution of the trusts created hereby or thereby or in the enforcement of any rights and powers under this Indenture, until it shall be indemnified to its satisfaction against any and all reasonable expenses, disbursements and advances incurred or made by the Trustee in accordance with any provisions of this Indenture, including compensation for services, costs, expenses, outlays, counsel fees and other disbursements, and against all liability not due to its negligence or willful misconduct. The Company and the Subsidiary

Guarantors jointly and severally agree to indemnify the Trustee against any loss, liability or expenses incurred by it arising out of or in connection with the acceptance and administration of the trust and its duties hereunder as Trustee, Registrar and/or Paying Agent, including the costs and expenses of enforcing this Indenture against the Company (including with respect to this Section 7.07) and of defending itself against any claim or liability in connection with the exercise or performance of any of its powers or duties hereunder. The Trustee shall notify the Company and the Subsidiary Guarantors of any claim for which it may seek indemnity; however, unless the position of the Company is prejudiced by such failure, the failure of the Trustee to promptly notify the Company shall not limit its right to indemnification. The Company shall defend each such claim and the Trustee shall cooperate in the defense. The Trustee may retain separate counsel and the Company shall reimburse the Trustee for the reasonable fees and expenses of such counsel. The Company need not pay for any settlement made without its consent.

Neither the Company nor the Subsidiary Guarantors shall be obligated to reimburse any expense or indemnify against any loss or liability incurred by the Trustee through the Trustee's negligence or willful misconduct. To secure the payment obligations of the Company and the Subsidiary Guarantors in this Section, the Trustee shall have a claim prior to that of the Holders of the Securities on all money or property held or collected by the Trustee, except that held in trust to pay principal of and interest on particular Securities. The Trustee's right to receive payment of any amounts due under this Section 7.07 shall not be subordinate to any other liability or Indebtedness of the Company.

When the Trustee incurs expenses or renders services after the occurrence of any Event of Default specified in Sections 6.01(8) or (9), the expenses and the compensation for the services are intended to constitute expenses of administration under any Bankruptcy Law.

SECTION 7.08. Replacement of Trustee. The Trustee may resign by so notifying the Company and the Subsidiary Guarantors. The Holders of a majority in principal amount of the Securities may remove the Trustee by so notifying the Trustee, in writing. The Company may remove the Trustee if:

- (1) the Trustee fails to comply with Section 7.10;
- (2) the Trustee is adjudged a bankrupt or an insolvent;
- (3) a receiver or other public officer takes charge of the Trustee or its property; or
- (4) the Trustee becomes incapable of acting as Trustee hereunder.

If the Trustee resigns or is removed or if a vacancy exists in the office of Trustee for any reason, the Company shall promptly appoint a successor Trustee. Within one year after the successor Trustee takes office, the Holders of a majority in principal amount of the Securities may appoint a successor Trustee to replace the successor Trustee appointed by the Company.

A successor Trustee shall deliver a written acceptance of its appointment to the retiring Trustee and to the Company and the Subsidiary Guarantors. Immediately after that, the retiring Trustee shall transfer all property held by it as Trustee to the successor Trustee, subject to the lien provided for in Section 7.07, the resignation or removal of the retiring Trustee shall become effective, and the successor Trustee shall have all the rights, powers and duties of the Trustee under this Indenture. A successor Trustee shall mail notice of its succession to each Holder.

If a successor Trustee does not take office within 30 days after the retiring Trustee resigns or is removed, the retiring Trustee, the Company or the Holders of a majority in principal amount of the Securities may petition any court of competent jurisdiction for the appointment of a successor Trustee.

If the Trustee fails to comply with Section 7.10, any Holder may petition any court of competent jurisdiction for the removal of the Trustee and the appointment of a successor Trustee. Any successor Trustee shall comply with TIA Section 310(a)(5).

SECTION 7.09. Successor Trustee by Merger, etc. If the Trustee consolidates, merges or converts into, or transfers all or substantially all of its corporate trust assets to, another corporation, the successor corporation without any further act shall be the successor Trustee; provided such corporation or association shall be otherwise eligible and qualified under this Article and shall notify the Company of its successor hereunder.

SECTION 7.10. Eligibility; Disqualification. This Indenture shall always have a Trustee which satisfies the requirements of TIA Section 310(a)(1). The Trustee shall always have a combined capital and surplus of at least \$50,000,000 as set forth in its most recent published annual report of condition. The Trustee shall also comply with TIA Section 310(b).

SECTION 7.11. Preferential Collection of Claims Against Company. The Trustee shall comply with TIA Section 311(a), excluding any creditor relationship listed in TIA Section 311(b). A Trustee who has resigned or been removed shall be subject to TIA Section 311(a) to the extent indicated therein.

ARTICLE EIGHT

DISCHARGE OF INDENTURE

SECTION 8.01. Option to Effect Legal Defeasance or Covenant Defeasance.

The Company may, at the option of its Board of Directors evidenced by a resolution set forth in an Officers' Certificate, at any time, with respect to the Securities, elect to exercise its rights pursuant to either Section 8.02 or 8.03 with respect to all outstanding Securities upon compliance with the conditions set forth below in this Article Eight.

SECTION 8.02. Legal Defeasance and Discharge. Upon the Company's exercise under Section 8.01 of the option applicable to this Section 8.02, the Company shall be deemed to have been discharged from its obligations with respect to all outstanding Securities on the date all conditions set forth below are satisfied (hereinafter, "Legal Defeasance"). For this purpose, such Legal Defeasance means that the Company shall be deemed to have paid and discharged the entire Indebtedness represented by the outstanding Securities, which shall thereafter be deemed to be "outstanding" only for the purposes of Section 8.05 and the other Sections of this Indenture referred to in (a) and (b) below, and to have satisfied all its other obligations under such Securities and this Indenture (and the Trustee, on demand of and at the expense of the Company, shall execute proper instruments acknowledging the same), except for the following which shall survive until otherwise terminated or discharged hereunder: (a) the rights of Holders of outstanding Securities to receive solely from the trust fund described in Section 8.04, and as more fully set forth in such Section, payments in respect of the principal of, premium, if any, and interest on such Securities when such payments are due, (b) the Company's obligations with respect to such Securities under Sections 2.03, 2.04, 2.06, 2.07, 2.09 and 4.04, (c) the rights, powers, trusts, duties and immunities of the Trustee hereunder and the Company's obligations in connection therewith (including, but not limited to, Section 7.07) and (d) this Article Eight. Subject to compliance with this Article Eight, the Company may exercise its option under this Section 8.02 notwithstanding the prior exercise of its option under Section 8.03 with respect to the Securities.

SECTION 8.03. Covenant Defeasance. Upon the Company's exercise under Section 8.01 of the option applicable to this Section 8.03, the Company shall be released from its obligations under the covenants contained in the second sentence of Section 4.02, Sections 4.03, 4.07, 4.08, 4.09, 4.10, 4.11, 4.12, 4.13, 4.14, 4.15, and 4.16 and Article Five with respect to the outstanding Securities on and after the date the conditions set forth below are satisfied (hereinafter, "Covenant Defeasance"), and the Securities shall thereafter be deemed not "outstanding" for the purposes of any direction, waiver, consent or declaration or act of Holders (and the consequences of any thereof) in connection with such covenants, but shall continue to be deemed "outstanding" for all other purposes hereunder (it being understood that such Securities shall not be deemed outstanding for accounting purposes). For this purpose, such Covenant Defeasance means that, with respect to the outstanding Securities, the Company may omit to comply with and shall have no liability in respect of any term, condition or limitation set forth in any such covenant, whether directly or indirectly, by reason of any reference elsewhere herein to any such covenant or by reason of any reference in any such covenant to any other provision herein or in any other document and such omission to comply shall not constitute a Default or an Event of Default under Section 6.01(5), but, except as specified above, the remainder of this Indenture and such Securities shall be unaffected thereby. In addition, upon the Company's exercise under Section 8.01 of the option applicable to this Section 8.03, Sections 6.01(4) through 6.01(9) shall not constitute Events of Default.

SECTION 8.04. Conditions to Legal or Covenant Defeasance. The following shall be the conditions to application of either Section 8.02 or Section 8.03 to the outstanding Securities:

(a) The Company shall irrevocably have deposited or cause to be deposited with the Trustee (or another trustee satisfying the requirements of Section 7.10 who shall agree to comply with the provisions of this Article Eight applicable to it) as trust funds in trust for the purpose of making the following payments, specifically pledged as security for, and dedicated solely to, the benefit of the Holders of such Securities, (a) cash in U.S. Legal Tender in an amount, or (b) U.S. Government Securities which through the scheduled payment of principal and interest in respect thereof in accordance with their terms will provide, not later than one day before the due date of any payment, cash in U.S. Legal Tender in an amount, or (c) a combination thereof, in such amounts, as will be sufficient, in the opinion of a nationally recognized firm of independent public accountants expressed in a written certification thereof delivered to the Trustee, to pay and discharge and which shall be applied by the Trustee (or other qualifying trustee) to pay and discharge the principal of, premium, if any, and interest on the outstanding Securities on the Maturity Date or on the applicable redemption date, as the case may be, of such principal or installment of principal, premium, if any, or interest and in accordance with the terms of this Indenture and of such Securities; provided that the Trustee shall have been irrevocably instructed to apply such money or the proceeds of such U.S. Government Securities to said payments with respect to the Securities.

(b) In the case of an election under Section 8.02, the Company shall have delivered to the Trustee an Opinion of Counsel confirming that (i) the Company has received from, or there has been published by, the Internal Revenue Service a ruling or (ii) since the date hereof, there has been a change in the applicable federal income tax law, in either case to the effect that, and based thereon such opinion shall confirm that, the Holders of the outstanding Securities will not recognize income, gain or loss for federal income tax purposes as a result of such Legal Defeasance and will be subject to federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Legal Defeasance had not occurred;

(c) In the case of an election under Section 8.03, the Company shall have delivered to the Trustee an Opinion of Counsel to the effect that the Holders of the outstanding Securities will not recognize income, gain or loss for federal income tax purposes as a result of such Covenant Defeasance and will be subject to federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Covenant Defeasance had not occurred;

(d) No Default or Event of Default with respect to the Securities shall have occurred and be continuing on the date of such deposit or, insofar as Subsection 6.01(8) or 6.01(9) is concerned, at any time in the period ending on the 91st day after the date of such deposit (it being understood that this condition shall not be deemed satisfied until the expiration of such period);

(e) Such Legal Defeasance or Covenant Defeasance shall not result in a breach or violation of, or constitute a default under, this Indenture or any other material agreement or instrument to which the Company is a party or by which the Company is bound;

(f) In the case of any election under Section 8.02 or 8.03, the Company shall have delivered to the Trustee an Officers' Certificate stating that the deposit made by the Company pursuant to its election

under Section 8.02 or 8.03 was not made by the Company with the intent of preferring the Holders over other creditors of the Company or with the intent of defeating, hindering, delaying or defrauding creditors of the Company or others; and

(g) The Company shall have delivered to the Trustee an Officers' Certificate and an Opinion of Counsel, each stating that all conditions precedent provided for relating to either the Legal Defeasance under Section 8.02 or the Covenant Defeasance under Section 8.03 (as the case may be) have been complied with as contemplated by this Section 8.04.

SECTION 8.05. Deposited Money and U.S. Government Securities to Be Held in Trust; Other Miscellaneous Provisions. Subject to Section 8.06, all money and U.S. Government Securities (including the proceeds thereof) deposited with the Trustee (or other qualifying trustee, collectively for purposes of this Section 8.05, the "Trustee") pursuant to Section 8.04 in respect of the outstanding Securities shall be held in trust and applied by the Trustee, in accordance with the provisions of such Securities and this Indenture, to the payment, either directly or through any Paying Agent (including the Company or a Subsidiary Guarantor, if any, acting as Paying Agent) as the Trustee may determine, to the Holders of such Securities of all sums due and to become due thereon in respect of principal, premium, if any, and interest, but such money need not be segregated from other funds except to the extent required by law.

The Company shall pay and indemnify the Trustee against any tax, fee or other charge imposed on or assessed against the cash or U.S. Government Securities deposited pursuant to Section 8.04 or the principal and interest received in respect thereof other than any such tax, fee or other charge which by law is for the account of the Holders of the outstanding Securities.

Anything in this Article Eight to the contrary notwithstanding, the Trustee shall deliver or pay to the Company from time to time upon the Company's request any money or U.S. Government Securities held by it as provided in Section 8.04 which, in the opinion of a nationally recognized firm of independent public accountants expressed in a written certification thereof delivered to the Trustee (which may be the opinion delivered under Section 8.04(a)), are in excess of the amount thereof which would then be required to be deposited to effect an equivalent Legal Defeasance or Covenant Defeasance.

SECTION 8.06. Repayment to Company. Any money deposited with the Trustee or any Paying Agent, or then held by the Company, in trust for the payment of the principal of, premium, if any, or interest on any Security which is not subject to the last paragraph of Section 8.05 and has remained unclaimed for two years after such principal, and premium, if any, or interest has become due and payable shall be paid to the Company on its request (unless an abandoned property law designates another Person) or (if then held by the Company) shall be discharged from such trust; and the Holder of such Securities shall thereafter, as an unsecured general creditor, look only to the Company for payment thereof, and all liability of the Trustee or such Paying Agent with respect to such trust money, and all liability of the Company as trustee thereof, shall thereupon cease; provided, however, that the Trustee or such Paying Agent, before being required to make any such repayment, may at the expense of the Company cause to be published once, in the New York Times and The Wall Street Journal (national edition), notice that such money remains unclaimed and that, after a date specified therein, which shall not be less than 30 days from the date of such publication, any unclaimed balance of such money then remaining will be repaid to the Company.

SECTION 8.07. Reinstatement. If the Trustee or Paying Agent is unable to apply any U.S. Legal Tender or U.S. Government Securities in accordance with Section 8.02 or 8.03, as the case may be, by reason of any order or judgment of any court or governmental authority enjoining, restraining, or otherwise prohibiting such application, then the Company's obligations under this Indenture and the Securities shall be revived and reinstated as though no deposit had occurred pursuant to Section 8.02 or 8.03 until such time as the Trustee or Paying Agent is permitted to apply all such money in accordance with Section 8.02 or 8.03, as the case may be; provided, however, that, if the Company makes any payment of principal of, premium, if any, or interest on any Security following the reinstatement of its obligations, the Company shall be subrogated to the rights of the Holders of such Securities to receive such payment from the money held by the Trustee or Paying Agent.

ARTICLE NINE

AMENDMENTS, SUPPLEMENTS AND WAIVERS

SECTION 9.01. Without Consent of Holders.

The Company, the Subsidiary Guarantors and the Trustee may amend or supplement this Indenture or the Securities without notice to or consent of any Holder:

- (1) to cure any ambiguity, defect or inconsistency;
- (2) to comply with Section 5.01;
- (3) to reflect the addition or release of any Subsidiary Guarantor, as provided for by this Indenture;
- (4) to comply with any requirements of the SEC in order to effect or maintain the qualification of this Indenture under the TIA; or

(5) to make any change that would provide any additional benefit or rights to the Holders or that does not adversely affect the rights of any Holder in any material respect.

Upon the request of the Company and the Subsidiary Guarantors, accompanied by a Board Resolution of the Company and of each Subsidiary Guarantor authorizing the execution of any such supplemental indenture, and upon receipt by the Trustee of the documents described in Section 9.06, the Trustee shall join with the Company and the Subsidiary Guarantors in the execution of any supplemental indenture authorized or permitted by the terms of this Indenture and make any further appropriate agreements and stipulations that may be therein contained. After an amendment or waiver under this Section becomes effective, the Company shall mail to the Holders of each Security affected thereby a notice briefly describing the amendment or waiver. Any failure of the Company to mail such notice, or any defect therein, shall not, however, in any way impair or affect the validity of any such supplemental indenture.

SECTION 9.02. With Consent of Holders. Except as provided below in this Section 9.02, the Company, the Subsidiary Guarantors and the Trustee may amend this Indenture or the Securities with the written consent (including consents obtained in connection with a tender offer or exchange offer for Securities or a solicitation of consents in respect of Securities, provided that in each case such offer or solicitation is made to all Holders of then outstanding Securities on equal terms) of the Holders of at least a majority of the principal amount of the outstanding Securities.

Upon the request of the Company and the Subsidiary Guarantors, accompanied by a Board Resolution of the Company and each Subsidiary Guarantor authorizing the execution of any such supplemental indenture, and upon the filing with the Trustee of evidence of the consent of the Holders as aforesaid, and upon receipt by the Trustee of the Opinion of Counsel described in Section 9.06, the Trustee shall join with the Company and the Subsidiary Guarantors in the execution of such supplemental indenture.

It shall not be necessary for the consent of the Holders under this Section to approve the particular form of any proposed amendment or waiver, but it shall be sufficient if such consent approves the substance thereof.

The Holders of a majority of the principal amount of the outstanding Securities may waive compliance in a particular instance by the Company or the Subsidiary Guarantors with any provision of this Indenture or the Securities (including waivers obtained in connection with a tender offer or exchange offer for Securities or a solicitation of consents in respect of Securities, provided that in each case such offer or solicitation is made to all Holders of the then outstanding Securities on equal terms). However, without the consent of each Holder affected, an amendment or waiver under this Section may not:

(1) reduce the percentage of principal amount of Securities whose Holders must consent to an amendment, supplement or waiver of any provision of this Indenture or the Securities;

(2) reduce the rate or change the time for payment of interest, including default interest, on the Securities;

(3) reduce the principal amount of any Security or change the Maturity Date of the Securities;

(4) reduce the redemption price, including premium, if any, payable upon the redemption of any Security or change the time at which any Security may be redeemed;

(5) reduce the repurchase price, including premium, if any, payable upon the repurchase of any Security pursuant to Sections 4.11 or 4.16, or change the time at which any Security may or shall be repurchased thereunder;

(6) waive a Default or Event of Default in the payment of the principal of, premium, if any, or interest on the Securities;

(7) make any Security payable in money other than that stated in the Security;

(8) impair the right to institute suit for the enforcement of principal of, premium, if any, or principal on any Security pursuant to Sections 6.07 or 6.08, except as limited by Section 6.06; or

(9) make any change in Section 6.04 or Section 6.07 or in this sentence of this Section 9.02.

The right of any Holder to participate in any consent required or sought pursuant to any provision of this Indenture (and the obligation of the Company to obtain any such consent otherwise required from such Holder) may be subject to the requirement that such Holder shall have been the Holder of record of any Securities with respect to which such consent is required or sought as of a date identified by the Trustee in a notice furnished to Holders in accordance with the terms of this Indenture.

SECTION 9.03. Compliance with Trust Indenture Act. Every amendment to or supplement of this Indenture or the Securities shall comply with the TIA as then in effect.

SECTION 9.04. Revocation and Effect of Consents. A consent to an amendment, supplement or waiver by a Holder of a Security shall bind the Holder and every subsequent Holder of a Security or portion of a Security that evidences the same debt as the consenting Holder's Security, even if notation of the consent is not made on any Security. However, until an amendment, supplement or waiver becomes effective, any such Holder or subsequent Holder may revoke the consent as to its Security or portion of a Security. For such revocation to be effective, the Trustee must receive the notice of revocation before the date the amendment, supplement or waiver becomes effective.

The Company may, but shall not be obligated to, fix a record date for the purpose of determining the Holders entitled to consent to any amendment or waiver. If the Company elects to fix a record date for such purpose, the record date shall be fixed at (i) the later of 30 days prior to the first solicitation of such consent or the date of the most recent list of Holders furnished to the Trustee prior to such solicitation

pursuant to Section 2.05, or (ii) such other date as the Company shall designate. If a record date is fixed, then notwithstanding the provisions of the immediately preceding paragraph, those Persons who were Holders at such record date (or their duly designated proxies), and only those Persons, shall be entitled to consent to such amendment or waiver or to revoke any consent previously given, whether or not such Persons continue to be Holders after such record date. No consent shall be valid or effective for more than 90 days after such record date unless consent from the Holders of the principal amount of Securities required hereunder for such amendment or waiver to be effective also shall have been given and not revoked within such 90-day period.

After an amendment, supplement or waiver becomes effective, it shall bind every Holder unless it makes a change described in any of clauses (1) through (9) of Section 9.02. In that case the amendment, supplement or waiver shall bind each Holder of a Security who has consented to it and every subsequent Holder of a Security or portion of a Security that evidences the same debt as the consenting Holder's Security.

SECTION 9.05. Notation on or Exchange of Senior Notes. If an amendment, supplement or waiver changes the terms of a Security, the Trustee may require the Holder of the Security to deliver it to the Trustee. The Trustee may place an appropriate notation on the Security about the changed terms and return it to the Holder. Alternatively, if the Company or the Trustee so determines, the Company in exchange for the Security shall issue and the Trustee shall authenticate a new Security that reflects the changed terms.

SECTION 9.06. Trustee Protected. The Trustee shall sign any amendment or supplement or waiver authorized pursuant to this Article if the amendment or supplement or waiver does not adversely affect the rights of the Trustee. If it does adversely affect the rights of the Trustee, the Trustee may but need not sign it. In signing such amendment or supplement or waiver the Trustee shall be entitled to receive, and (subject to Article Seven) shall be fully protected in relying upon, an Opinion of Counsel stating that such amendment or supplement or waiver is authorized or permitted by and complies with this Indenture. The Company may not sign an amendment or supplement until the Boards of Directors of the Company and the Subsidiary Guarantors approve it.

ARTICLE TEN

GUARANTEES

SECTION 10.01. Unconditional Guarantee. Each Subsidiary Guarantor hereby, jointly and severally, fully and unconditionally guarantees, as principal obligor and not only as surety (such guarantee to be referred to herein as the "Guarantee"), to each Holder and to the Trustee the due and punctual payment of the principal of, premium, if any, and interest on the Securities and all other amounts due and payable under this Indenture and the Securities by the Company whether at maturity, by acceleration, redemption, repurchase or otherwise, including, without limitation, interest on the overdue principal of, premium, if any, and interest on the Securities, to the extent lawful, all in accordance with the terms hereof and thereof; subject, however, to the limitations set forth in Section 10.05.

Failing payment when due of any amount so guaranteed for whatever reason, the Subsidiary Guarantors will be jointly and severally obligated to pay the same immediately. Each Subsidiary Guarantor hereby agrees that its obligations hereunder shall be unconditional, irrespective of the validity, regularity or enforceability of the Securities or this Indenture, the absence of any action to enforce the same, any waiver or consent by any Holder of the Securities with respect to any provisions hereof or thereof, the recovery of any judgment against the Company, any action to enforce the same or any other circumstance which might otherwise constitute a legal or equitable discharge or defense of a guarantor. Each Subsidiary Guarantor hereby waives diligence, presentment, demand of payment, filing of claims with a court in the event of insolvency or bankruptcy of the Company, any right to require a proceeding first against the Company, protest, notice and all demands whatsoever and covenants that this Guarantee will not be discharged except by complete performance of the obligations contained in the Securities, this Indenture and in this Guarantee. If any Holder or the Trustee is required by any court or otherwise to return to the Company, any Subsidiary Guarantor, or any custodian, trustee, liquidator or other similar official acting in relation to the Company or any Subsidiary Guarantor, any amount paid by the Company or any Subsidiary Guarantor to the Trustee or such Holder, this Guarantee, to the extent theretofore discharged, shall be reinstated in full force and effect. Each Subsidiary Guarantor agrees it shall not be entitled to any right of subrogation in relation to the Holders in respect of any obligations guaranteed hereby until payment in full of all obligations guaranteed hereby. Each Subsidiary Guarantor further agrees that, as between each Subsidiary Guarantor, on the one hand, and the Holders and the Trustee, on the other hand, (x) the maturity of the obligations guaranteed hereby may be accelerated as provided in Article Six for the purposes of this Guarantee, notwithstanding any stay, injunction or other prohibition preventing such acceleration in respect of the obligations guaranteed hereby, and (y) in the event of any acceleration of such obligations as provided in Article Six, such obligations (whether or not due and payable) shall forthwith become due and payable by each Subsidiary Guarantor for the purpose of this Guarantee.

SECTION 10.02. Subsidiary Guarantors May Consolidate, etc., on Certain Terms. (a) Subject to paragraph (b) of this Section 10.02, no Subsidiary Guarantor may consolidate or merge with or into (whether or not such Subsidiary Guarantor is the surviving Person) another Person unless (i) the Person formed by or surviving any such consolidation or merger (if other than such Subsidiary Guarantor) assumes all the obligations of such Subsidiary Guarantor under this Indenture and the Securities pursuant to a supplemental indenture, in a form reasonably satisfactory to the Trustee, (ii) immediately after such transaction, no Default or Event of Default exists, (iii) such Subsidiary Guarantor or Person formed by or surviving any such consolidation or merger will have Consolidated Tangible Net Worth (immediately after the transaction) equal to or greater than the Consolidated Tangible Net Worth of such Subsidiary Guarantor immediately preceding the transaction and (iv) the Company will, at the time of such transaction after giving pro forma effect thereto as if such transaction had occurred at the beginning of the applicable Reference Period, be permitted to incur at least \$1.00 of additional Indebtedness pursuant to Section 4.09(a). In connection with any consolidation or merger contemplated by this Section 10.02, the Company shall deliver to the Trustee prior to the consummation of the proposed transaction an Officers' Certificate to the foregoing effect and an Opinion of Counsel stating that the proposed transaction and such supplemental indenture comply with this Indenture. This Section 10.02(a) will not prohibit a merger between Subsidiary Guarantors or a merger between the Company and a Subsidiary Guarantor.

(b) In the event of a sale or other disposition of all or substantially all of the assets of any Subsidiary Guarantor or a sale or other disposition of all of the Capital Stock of such Subsidiary Guarantor, in any case by way of merger, consolidation or otherwise, then such Subsidiary Guarantor (in the event of a sale or other disposition, by way of such a merger, consolidation or otherwise, of all of the Capital Stock of such Subsidiary Guarantor) or the Person acquiring the assets (in the event of a sale or other disposition of all or substantially all of the assets of such Subsidiary Guarantor) will be released and relieved of any obligations under its Guarantees; provided that in the event such sale or disposition constitutes an Asset Sale, the Net Available Proceeds of such sale or other disposition are applied in accordance with the provisions of this Indenture described under Section 4.11.

SECTION 10.03. Addition of Subsidiary Guarantors. (a) The Company agrees that, on or prior to May 14, 2001, it shall (x) designate Gothic Energy and Gothic Production as Restricted Subsidiaries and (y) cause Gothic Energy and Gothic Production to execute and deliver supplemental indentures pursuant to which Gothic Energy and Gothic Production shall guarantee the payment of the Securities pursuant to the terms hereof.

(b) The Company agrees to cause each other Subsidiary that shall become a Restricted Subsidiary after the Issue Date to execute and deliver a supplemental indenture pursuant to which such Restricted Subsidiary shall guarantee the payment of the Securities pursuant to the terms hereof.

(c) Any Person that was not a Subsidiary Guarantor on the Issue Date may become a Subsidiary Guarantor by executing and delivering to the Trustee (i) a supplemental indenture in form and substance satisfactory to the Trustee, which subjects such Person to the provisions

(including the representations and warranties) of this Indenture as a Subsidiary Guarantor and (ii) an Opinion of Counsel and Officers' Certificate to the effect that such supplemental indenture has been duly authorized and executed by such Person and constitutes the legal, valid and binding obligation of such Person (subject to such customary exceptions concerning creditors' rights and equitable principles as may be acceptable to the Trustee in its discretion and provided that no opinion need be rendered concerning the enforceability of the Guarantee).

SECTION 10.04. Release of a Subsidiary Guarantor. Upon (i) the sale or disposition of a Subsidiary Guarantor (or all or substantially all of its assets) or (ii) the designation of a Subsidiary Guarantor as an Unrestricted Subsidiary, in each case which is otherwise in compliance with the terms of this Indenture, including but not limited to the provisions of Section 10.02, such Subsidiary Guarantor shall be deemed released from all of its Guarantee and related obligations in this Indenture. The Trustee shall deliver an appropriate instrument evidencing such release upon receipt of a request by the Company accompanied by an Officers' Certificate and an Opinion of Counsel certifying that such sale or other disposition was made by the Company in accordance with the provisions of this Indenture. Any Subsidiary Guarantor not so released remains liable for the full amount of principal of and interest on the Securities as provided in this Article Ten.

SECTION 10.05. Limitation of Subsidiary Guarantor's Liability. Each Subsidiary Guarantor, and by its acceptance hereof each Holder, hereby confirms that it is the intention of all such parties that the guarantee by such Subsidiary Guarantor pursuant to its Guarantee not constitute a fraudulent transfer or conveyance for purposes of any federal, state or foreign law. To effectuate the foregoing intention, the Holders and each Subsidiary Guarantor hereby irrevocably agree that the obligations of each Subsidiary Guarantor under the Guarantee shall be limited to the maximum amount as will, after giving effect to all other contingent and fixed liabilities of such Subsidiary Guarantor and after giving effect to any collections from or payments made by or on behalf of any other Subsidiary Guarantor in respect of the obligations of such other Subsidiary Guarantor under its Guarantee or pursuant to Section 10.06, result in the obligations of such Subsidiary Guarantor under the Guarantee not constituting a fraudulent conveyance or fraudulent transfer under federal, state or foreign law. This Section 10.05 is for the benefit of the creditors of each Subsidiary Guarantor, and, for purposes of applicable fraudulent transfer and fraudulent conveyance law, any Indebtedness of a Subsidiary Guarantor pursuant to a Bank Credit Facility shall be deemed to have been incurred prior to the incurrence by such Subsidiary Guarantor of its liability under the Guarantee.

SECTION 10.06. Contribution. In order to provide for just and equitable contribution among the Subsidiary Guarantors, the Subsidiary Guarantors agree, inter se, that in the event any payment or distribution is made by any Subsidiary Guarantor (a "Funding Guarantor") under the Guarantee, such Funding Guarantor shall be entitled to a contribution from each other Subsidiary Guarantor in a pro rata amount based on the Adjusted Net Assets of each Subsidiary Guarantor (including the Funding Guarantor) for all payments, damages and expenses incurred by the Funding Guarantor in discharging the Company's obligations with respect to the Securities or any other Subsidiary Guarantor's obligations with respect to the Guarantee.

SECTION 10.07. [Intentionally Omitted.]

SECTION 10.08. Severability. In case any provision of this Guarantee shall be invalid, illegal or unenforceable, that portion of such provision that is not invalid, illegal or unenforceable shall remain in effect, and the validity, legality, and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

ARTICLE ELEVEN

MISCELLANEOUS

SECTION 11.01. Trust Indenture Act Controls. Whether prior to or following the qualification of this Indenture under the TIA, if any provision of this Indenture limits, qualifies, or conflicts with the duties imposed by operation of TIA Section 318(c) upon an indenture qualified under the TIA, the imposed duties shall control under this Indenture.

SECTION 11.02. Notices. Any notice or communication shall be sufficiently given if in writing and delivered in person or mailed by certified or registered mail (return receipt requested), facsimile, telecopier or overnight air courier guaranteeing next day delivery, addressed as follows:

If to the Company or any Subsidiary Guarantor:

Chesapeake Energy Corporation
6100 North Western Avenue
Oklahoma City, Oklahoma 73118

Attention: Chief Financial Officer

If to the Trustee:

United States Trust Company of New York
114 West 47th Street
New York, New York 10036

Attention: Corporate Trust Department

The Company or any Subsidiary Guarantor or the Trustee by notice to the other may designate additional or different addresses for subsequent notices or communications.

All notices and communications shall be deemed to have been duly given: at the time delivered by hand, if personally delivered; five Business Days after being deposited in the mail, postage prepaid, if mailed; when receipt acknowledged, if faxed or telecopied; and the next Business Day after timely delivery to the courier, if sent by overnight air courier guaranteeing next day delivery.

Any notice or communication mailed to a Holder shall be mailed by first-class mail to the address for such Holder appearing on the registration books of the Registrar and shall be sufficiently given to such Holder if so mailed within the time prescribed. Failure to mail a

notice or communication to a Holder or any defect in it shall not affect its sufficiency with respect to other Holders.

If a notice or communication is mailed in the manner provided above, it is duly given, whether or not the addressee receives it. If the Company or any Subsidiary Guarantor mails notice or communications to Holders, it shall mail a copy to the Trustee and each Agent at the same time.

SECTION 11.03. Communication by Holders with Other Holders. Holders may communicate pursuant to TIA Section 312(b) with other Holders with respect to their rights under this Indenture or the Securities. The Company, the Subsidiary Guarantors, the Trustee, the Registrar and anyone else shall have the protection of TIA Section 312(c).

SECTION 11.04. Certificate and Opinion as to Conditions Precedent. Upon any request or application by the Company or any Subsidiary Guarantor to the Trustee to take any action under this Indenture, the Company or such Subsidiary Guarantor, as the case may be, shall furnish to the Trustee:

(1) an Officers' Certificate (which shall include the statements set forth in Section 11.05) stating that, in the opinion of the signers, the conditions precedent, if any, provided for in this Indenture relating to the proposed action have been complied with; and

(2) an Opinion of Counsel stating that, in the opinion of such counsel, such conditions precedent have been complied with.

SECTION 11.05. Statements Required in Certificate or Opinion. Each certificate or opinion with respect to compliance with a condition or covenant provided for in this Indenture shall include:

(1) a statement that each person making such certificate or opinion has read such covenant or condition;

(2) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based;

(3) a statement that, in the opinion of each such person, he has made such examination or investigation as is necessary to enable him to express an informed opinion as to whether or not such covenant or condition has been complied with; and

(4) a statement as to whether or not, in the opinion of each such person, such covenant or condition has been complied with.

SECTION 11.06. Rules by Trustee and Agents. The Trustee may make reasonable rules for actions taken by, or meetings or consents of, Holders. The Registrar or Paying Agent may make reasonable rules for its functions.

SECTION 11.07. Legal Holidays. A "Legal Holiday" is a Saturday, a Sunday, or a day on which banks and trust companies in the City of New York are not required by law or executive order to be open. If a payment date is a Legal Holiday at a place of payment, payment may be made at the place on the next succeeding day that is not a Legal Holiday, without additional interest.

SECTION 11.08. Governing Law. THIS INDENTURE AND THE SECURITIES AND THE GUARANTEES SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK WITHOUT GIVING EFFECT TO APPLICABLE PRINCIPLES OF CONFLICTS OF LAWS TO THE EXTENT THAT THE APPLICATION OF THE LAW OF ANOTHER JURISDICTION WOULD BE REQUIRED THEREBY, EXCEPT TO THE EXTENT THAT THE LAWS OF THE STATE OF NEW YORK WOULD REQUIRE THE APPLICATION OF THE LAWS OF ANOTHER JURISDICTION REGARDING THE VALIDITY OF THE SECURITIES.

SECTION 11.09. No Adverse Interpretation of Other Agreements. This Indenture may not be used to interpret another indenture, loan or debt agreement of the Company, any Subsidiary Guarantor or any other Subsidiary. Any such indenture, loan or debt agreement may not be used to interpret this Indenture.

SECTION 11.10. No Recourse Against Others. All liability described in Paragraph 22 of the Securities of any director, officer, employee or stockholder, as such, of the Company, the Subsidiary Guarantors or the Trustee is waived and released.

SECTION 11.11. Successors. All agreements of the Company and the Subsidiary Guarantors in this Indenture, the Securities and the Guarantees shall bind their respective successors. All agreements of the Trustee in this Indenture shall bind its successor.

SECTION 11.12. Duplicate Originals. The parties may sign any number of copies of this Indenture. Each signed copy shall be an original, but all of them together represent the same instrument.

SECTION 11.13. Severability. In case any provision in this Indenture or in the Securities shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby, and a Holder shall have no claim therefor against any party hereto.

SIGNATURES

IN WITNESS WHEREOF, the parties hereto have caused this Indenture to be duly executed as of the date first written above.

CHESAPEAKE ENERGY CORPORATION

By: /s/ Aubrey K. McClendon

Name: Aubrey K. McClendon
Title: Chief Executive Officer

UNITED STATES TRUST COMPANY OF
NEW YORK, as Trustee

By: /s/ Louis P. Young

Name: Louis P. Young
Title: Vice President of
United States Trust Company
of New York

CHESAPEAKE OPERATING, INC.

By: /s/ Aubrey K. McClendon

Name: Aubrey K. McClendon
Title: Chief Executive Officer

SUBSIDIARY GUARANTORS

CHESAPEAKE ACQUISITION CORPORATION
THE AMES COMPANY, INC.
ARKOMA PITTSBURG HOLDING CORPORATION
CHESAPEAKE ROYALTY COMPANY
NOMAC DRILLING CORPORATION
For each of the above:

By: /s/ Aubrey K. McClendon

Name: Aubrey K. McClendon
Title: President

CHESAPEAKE ENERGY LOUISIANA CORPORATION
CHESAPEAKE CANADA CORPORATION
For each of the above:

By: /s/ Aubrey K. McClendon

Name: Aubrey K. McClendon
Title: Chief Executive Officer

CHESAPEAKE EXPLORATION LIMITED PARTNERSHIP
CHESAPEAKE LOUISIANA, L.P.
CHESAPEAKE PANHANDLE LIMITED PARTNERSHIP
For each of the above:

By: Chesapeake Operating, Inc., General
Partner

By: /s/ Aubrey K. McClendon

Name: Aubrey K. McClendon
Title: Chief Executive Officer

PROVISIONS RELATING TO INITIAL SECURITIES,
PRIVATE EXCHANGE SECURITIES
AND EXCHANGE SECURITIES

1. Definitions

1.1 Definitions

For the purposes of this Appendix the following terms shall have the meanings indicated below:

"Depository" means The Depository Trust Company, its nominees and their respective successors.

"Exchange Securities" means (1) the 8-1/8% Senior Notes due 2011 issued pursuant to the Indenture in connection with the Registered Exchange Offer pursuant to a Registration Rights Agreement and (2) Additional Securities, if any, issued pursuant to a registration statement filed with the SEC under the Securities Act.

"Initial Purchasers" means (1) with respect to the Initial Securities issued on the Issue Date, Salomon Smith Barney Inc., Bear, Stearns & Co. Inc. and Lehman Brothers Inc. and (2) with respect to each issuance of Additional Securities, the Persons purchasing such Additional Securities under the related Purchase Agreement.

"Initial Securities" means (1) \$800 million aggregate principal amount of 8-1/8% Senior Notes due 2011 issued on the Issue Date and (2) up to \$200 million aggregate principal amount of Additional Securities, if any, issued in one or more transactions exempt from the registration requirements of the Securities Act.

"Private Exchange" means the offer by the Company, pursuant to a Registration Rights Agreement, to the Initial Purchasers to issue and deliver to each Initial Purchaser, in exchange for the Initial Securities held by the Initial Purchaser as part of its initial distribution, a like aggregate principal amount of Private Exchange Securities.

"Private Exchange Securities" means any 8-1/8% Senior Notes due 2011 issued in connection with a Private Exchange.

"Purchase Agreement" means (1) with respect to the Initial Securities issued on the Issue Date, the Purchase Agreement dated March 30, 2001, among the Company, the Subsidiary Guarantors and the Initial Purchasers, and (2) with respect to each issuance of Additional Securities, the purchase agreement or underwriting agreement among the Company, the Subsidiary Guarantors and the Persons purchasing such Additional Securities.

"QIB" means a "qualified institutional buyer" as defined in Rule 144A.

"Registered Exchange Offer" means the offer by the Company, pursuant to a Registration Rights Agreement, to certain Holders of Initial Securities, to issue and deliver to such Holders, in exchange for the Initial Securities, a like aggregate principal amount of Exchange Securities registered under the Securities Act.

"Registration Rights Agreement" means (1) with respect to the Initial Securities issued on the Issue Date, the Registration Rights

Agreement dated April 6, 2001, among the Company, the Subsidiary Guarantors and the Initial Purchasers, and (2) with respect to each issuance of Additional Securities issued in a transaction exempt from the registration requirements of the Securities Act, the registration rights agreement, if any, among the Company, the Subsidiary Guarantors and the Persons purchasing such Additional Securities under the related Purchase Agreement.

"Securities" means the Initial Securities, the Exchange Securities and the Private Exchange Securities, treated as a single class.

"Securities Act" means the Securities Act of 1933, as amended.

"Securities Custodian" means the custodian with respect to a Global Security (as appointed by the Depository), or any successor Person thereto and shall initially be the Trustee.

"Shelf Registration Statement" means the registration statement issued by the Company in connection with the offer and sale of Initial Securities or Private Exchange Securities pursuant to a Registration Rights Agreement.

"Transfer Restricted Securities" means Securities that bear or are required to bear the legend set forth in Section 2.3(b) hereto.

1.2 Other Definitions

Term - ----	Defined in Section: -----
"Agent Members".....	2.1(b)
"Global Security".....	2.1(a)
"Regulation S".....	2.1(a)
"Restricted Global Security".....	2.1(a)
"Rule 144A".....	2.1(a)

2. The Securities.

2.1 (a) Form and Dating. Initial Securities offered and sold to a QIB in reliance on Rule 144A under the Securities Act ("Rule 144A") or in reliance on Regulation S under the Securities Act ("Regulation S"), in each case as provided in a Purchase Agreement, and Private Exchange Securities, as provided in a Registration Rights Agreement, shall be issued initially in the form of one or more permanent global Securities in definitive, fully registered form without interest coupons with the global securities legend and restricted securities legend set forth in Exhibit 1 hereto (each, a "Restricted Global Security"), which shall be deposited on behalf of the purchasers of the Initial Securities represented thereby with the Trustee, at its principal corporate trust office, as Securities Custodian, and registered in the name of the Depository or a nominee of the Depository, duly executed by the Company and authenticated by the Trustee as hereinafter provided. The aggregate principal amount of the Global Securities may from time to time be increased or decreased by adjustments made on the records of the Trustee and the Depository or its nominee as hereinafter provided. Exchange Securities shall be issued in global form (with the global securities legend set forth in Exhibit 1 hereto) or in certificated form at the option of the Holders thereof from time to time.

Exchange Securities issued in global form and Restricted Global Securities are sometimes referred to in this Appendix as "Global Securities."

(b) Book-Entry Provisions. This Section 2.1(b) shall apply only to a Global Security deposited with or on behalf of the Depository.

The Company shall execute and the Trustee shall, in accordance with this Section 2.1(b), authenticate and deliver initially one or more Global Securities that (a) shall be registered in the name of the Depository for such Global Security or Global Securities or the nominee of such Depository and (b) shall be delivered by the Trustee to such Depository or pursuant to such Depository's instructions or held by the Trustee as Securities Custodian.

Members of, or participants in, the Depository ("Agent Members") shall have no rights under this Indenture with respect to any Global Security held on their behalf by the Depository or by the Trustee as Securities Custodian or under such Global Security, and the Company, the Trustee and any agent of the Company or the Trustee shall be entitled to treat the Depository as the absolute owner of such Global Security for all purposes whatsoever. Notwithstanding the foregoing, nothing herein shall prevent the Company, the Trustee or any agent of the Company or the Trustee from giving effect to any written certification, proxy or other authorization furnished by the Depository or impair, as between the Depository and its Agent Members, the operation of customary practices of such Depository governing the exercise of the rights of a holder of a beneficial interest in any Global Security.

(c) Certificated Securities. Except as provided in this Section 2.1 or Section 2.3 or 2.4, owners of beneficial interests in Restricted Global Securities shall not be entitled to receive physical delivery of certificated Securities.

2.2 Authentication. The Trustee shall authenticate and deliver: (1) on the Issue Date, an aggregate principal amount of \$800 million 8-1/8% Senior Notes due 2011, (2) from time to time after the Issue Date, any Additional Securities for an original issue in an aggregate principal amount specified in the written order of the Company pursuant to Section 2.02 of the Indenture but not in excess of \$200 million for all Additional Securities and (3) Exchange Securities or Private Exchange Securities for issue only in a Registered Exchange Offer or a Private Exchange, respectively, pursuant to a Registration Rights Agreement, for a like principal amount of Initial Securities, in each case upon a written order of the Company signed by two Officers or by an Officer and either the Secretary, an Assistant Treasurer or an Assistant Secretary of the Company. Such order shall specify the amount of the Securities to be authenticated and the date on which the original issue of Securities is to be authenticated and, in the case of any issuance of Additional Securities pursuant to Section 2.13 of the Indenture, shall certify that such issuance is in compliance with Section 4.09(a) of the Indenture. Subject to Section 2.07 of the Indenture, the aggregate principal amount of Securities outstanding at any time shall not exceed \$1 billion.

2.3 Transfer and Exchange.

(a) Transfer and Exchange of Global Securities. (i) The transfer and exchange of Global Securities or beneficial interests therein shall be effected through the Depository, in accordance with this Indenture (including applicable restrictions on transfer set forth herein, if any) and the procedures of the Depository therefor. A transferor of a beneficial interest in a Global Security shall deliver to the Registrar a written order given in accordance with the Depository's procedures containing information regarding the participant account of the Depository to be credited with a beneficial interest in the Global Security. The Registrar shall, in accordance with such instructions instruct the Depository to credit to the account of the Person specified in such instructions a beneficial interest in the Global Security and to debit the account of the Person making the transfer the beneficial interest in the Global Security being transferred.

(ii) Notwithstanding any other provisions of this Appendix (other than the provisions set forth in Section 2.4), a Global Security may not be transferred as a whole except by the Depository to a nominee of the Depository or by a nominee of the Depository to the Depository or another nominee of the Depository or by the Depository or any such nominee to a successor Depository or a nominee of such successor Depository.

(iii) In the event that a Restricted Global Security is exchanged for Securities in certificated registered form pursuant to Section 2.4 of this Appendix, prior to the consummation of a Registered Exchange Offer or the effectiveness of a Shelf Registration Statement with respect to such Securities, such Securities may be exchanged only in accordance with such procedures as are substantially consistent with the provisions of this Section 2.3 (including the certification requirements set forth on the reverse of the Initial Securities intended to ensure that such transfers comply with Rule 144A or Regulation S, as the case may be) and such other procedures as may from time to time be adopted by the Company.

(b) Legend.

(i) Except as permitted by the following paragraphs (ii), (iii) and (iv), until the expiration of the applicable holding period with respect to the Securities set forth in Rule 144(k) of the Securities Act, each Security certificate evidencing the Restricted Global Securities (and all Securities issued in exchange therefor or in substitution thereof) shall bear a legend in substantially the following form:

THIS SECURITY (OR ITS PREDECESSOR) WAS ORIGINALLY ISSUED IN A TRANSACTION EXEMPT FROM REGISTRATION UNDER THE SECURITIES ACT OF 1933 (THE "SECURITIES ACT"), AND THIS SECURITY MAY NOT BE OFFERED, SOLD OR OTHERWISE TRANSFERRED IN THE ABSENCE OF SUCH REGISTRATION OR AN APPLICABLE EXEMPTION THEREFROM. EACH PURCHASER OF THIS SECURITY IS HEREBY NOTIFIED THAT THE SELLER OF THIS SECURITY MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A THEREUNDER.

THE HOLDER OF THIS SECURITY AGREES FOR THE BENEFIT OF THE COMPANY THAT (A) THIS NOTE MAY BE OFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED, ONLY (I) THE COMPANY, (II) IN THE UNITED STATES TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A

QUALIFIED INSTITUTIONAL BUYER (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A, (III) OUTSIDE THE UNITED STATES IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 904 UNDER THE SECURITIES ACT, (IV) PURSUANT TO EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT PROVIDED BY RULE 144 THEREUNDER (IF AVAILABLE) OR (V) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH OF CASES (I) THROUGH (V) IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES, AND (B) THE HOLDER WILL, AND EACH SUBSEQUENT HOLDER IS REQUIRED TO, NOTIFY ANY PURCHASER OF THIS SECURITY FROM IT OF THE RESALE RESTRICTIONS REFERRED TO IN (A) ABOVE.

(ii) Upon any sale or transfer of a Transfer Restricted Security (including any Transfer Restricted Security represented by a Restricted Global Security) pursuant to Rule 144 under the Securities Act, the Registrar shall permit the transferee thereof to exchange such Transfer Restricted Security for a certificated Security that does not bear the legend set forth above and rescind any restriction on the transfer of such Transfer Restricted Security, if the transferor thereof certifies in writing to the Registrar that such sale or transfer was made in reliance on Rule 144 (such certification to be in the form set forth on the reverse of the Security).

(iii) After a transfer of any Initial Securities or Private Exchange Securities pursuant to and during the period of the effectiveness of a Shelf Registration Statement with respect to such Initial Securities or Private Exchange Securities, as the case may be, all requirements pertaining to legends on such Initial Security or such Private Exchange Security will cease to apply, the requirements requiring any such Initial Security or such Private Exchange Security issued to certain Holders be issued in global form will cease to apply, and a certificated Initial Security or Private Exchange Security or an Initial Security or Private Exchange Security in global form, in each case without restrictive transfer legends, will be available to the transferee of the Holder of such Initial Securities or Private Exchange Securities upon exchange of such transferring Holder's certificated Initial Security or Private Exchange Security or directions to transfer such Holder's interest in the Global Security, as applicable.

(iv) Upon the consummation of a Registered Exchange Offer with respect to the Initial Securities, all requirements pertaining to such Initial Securities that Initial Securities issued to certain Holders be issued in global form will still apply with respect to Holders of such Initial Securities that do not exchange their Initial Securities, and Exchange Securities in certificated or global form will be available to Holders that exchange such Initial Securities in such Registered Exchange Offer.

(v) Upon the consummation of a Private Exchange with respect to the Initial Securities, all requirements pertaining to such Initial Securities that Initial Securities issued to certain Holders be issued in global form will still apply with respect to Holders of such Initial Securities that do not exchange their Initial Securities, and Private Exchange Securities in global form with the global securities legend and the Restricted Securities Legend set

forth in Exhibit 1 hereto will be available to Holders that exchange such Initial Securities in such Private Exchange.

(c) Cancellation or Adjustment of Global Security. At such time as all beneficial interests in a Global Security have either been exchanged for certificated Securities, redeemed, purchased or canceled, such Global Security shall be returned to the Depository for cancellation or retained and canceled by the Trustee. At any time prior to such cancellation, if any beneficial interest in a Global Security is exchanged for certificated Securities, redeemed, purchased or canceled, the principal amount of Securities represented by such Global Security shall be reduced and an adjustment shall be made on the books and records of the Trustee (if it is then the Securities Custodian for such Global Security) with respect to such Global Security, by the Trustee or the Securities Custodian, to reflect such reduction.

(d) Obligations with Respect to Transfers and Exchanges of Securities.

(i) To permit registrations of transfers and exchanges, the Company shall execute and the Trustee shall authenticate certificated Securities and Global Securities at the Registrar's or co-registrar's request.

(ii) No service charge shall be made for any registration of transfer or exchange, but the Company may require payment of a sum sufficient to cover any transfer tax, assessments, or similar governmental charge payable in connection therewith (other than any such transfer taxes, assessments or similar governmental charge payable upon exchange or transfer pursuant to Sections 3.06 and 4.16 of the Indenture).

(iii) The Registrar or co-registrar shall not be required to register the transfer of or exchange of any Security for a period beginning 15 Business Days before the mailing of a notice of an offer to repurchase or redeem Securities or 15 Business Days before an interest payment date.

(iv) Prior to the due presentation for registration of transfer of any Security, the Company, the Trustee, the Paying Agent, the Registrar or any co-registrar may deem and treat the person in whose name a Security is registered as the absolute owner of such Security for the purpose of receiving payment of principal of and interest on such Security and for all other purposes whatsoever, whether or not such Security is overdue, and none of the Company, the Trustee, the Paying Agent, the Registrar or any co-registrar shall be affected by notice to the contrary.

(v) All Securities issued upon any transfer or exchange pursuant to the terms of this Indenture shall evidence the same debt and shall be entitled to the same benefits under this Indenture as the Securities surrendered upon such transfer or exchange.

(e) No Obligation of the Trustee.

(i) The Trustee shall have no responsibility or obligation to any beneficial owner of a Global Security, Agent Member or other Person with respect to the accuracy of the records of the Depository or its nominee or of any Agent Member, with respect to any ownership interest in the Securities or with respect to the delivery to any Agent Member, beneficial owner or other Person (other than the Depository) of any notice (including any notice of redemption) or the payment of any amount, under or with respect to such Securities. All notices and communications to be given to the Holders and all payments to be made to Holders under the Securities shall be given or made only to or upon the order of the registered Holders (which shall be the Depository or its nominee in the case of a Global Security). The rights of beneficial owners in any Global Security shall be exercised only through the Depository subject to the applicable rules and procedures of the Depository. The Trustee may rely and shall be fully protected in relying upon information furnished by the Depository with respect to its Agent Member and any beneficial owners.

(ii) The Trustee shall have no obligation or duty to monitor, determine or inquire as to compliance with any restrictions on transfer imposed under this Indenture or under applicable law with respect to any transfer of any interest in any Security (including any transfers between or among Agent Members or beneficial owners in any Global Security) other than to require delivery of such certificates and other documentation or evidence as are expressly required by, and to do so if and when expressly required by, the terms of this Indenture, and to examine the same to determine substantial compliance as to form with the express requirements hereof.

2.4 Certificated Securities.

(a) A Restricted Global Security deposited with the Depository or with the Trustee as Securities Custodian pursuant to Section 2.1 shall be transferred to the beneficial owners thereof in the form of certificated Securities in an aggregate principal amount equal to the principal amount of such Global Security, in exchange for such Global Security, only if such transfer complies with Section 2.3 and (i) the Depository notifies the Company that it is unwilling or unable to continue as Depository for such Restricted Global Security or if at any time such Depository ceases to be a "clearing agency" registered under the Exchange Act and a successor depository is not appointed by the Company within 90 days of such notice or (ii) an event of default has occurred and is continuing or (iii) the Company, in its sole discretion, notifies the Trustee in writing that it elects to cause the issuance of certificated Securities under this Indenture.

(b) Any Restricted Global Security that is transferable to the beneficial owners thereof pursuant to this Section shall be surrendered by the Depository to the Trustee located at its principal corporate trust office in the Borough of Manhattan, The City of New York, to be so transferred, in whole or from time to time in part, without charge, and the Trustee shall authenticate and deliver, upon such transfer of each portion of such Restricted Global Security, an equal aggregate principal amount of

certificated Initial Securities of authorized denominations. Any portion of a Restricted Global Security transferred pursuant to this Section shall be executed, authenticated and delivered only in denominations of \$1,000 principal amount and any integral multiple thereof and registered in such names as the Depository shall direct. Any certificated Initial Security or Private Exchange Security delivered in exchange for an interest in the Restricted Global Security shall, except as otherwise provided by Section 2.3(b), bear the restricted securities legend set forth in Exhibit 1 hereto.

(c) Subject to the provisions of Section 2.4(b), the registered Holder of a Global Security shall be entitled to grant proxies and otherwise authorize any Person, including Agent Members and Persons that may hold interests through Agent Members, to take any action which a Holder is entitled to take under this Indenture or the Securities.

(d) In the event of the occurrence of any of the events specified in Section 2.4(a), the Company shall promptly make available to the Trustee a reasonable supply of certificated Securities in definitive, fully registered form without interest coupons.

EXHIBIT 1
to
RULE 144A/REGULATION S APPENDIX

[FACE OF INITIAL SECURITY]

[Global Securities Legend]

UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION ("DTC"), NEW YORK, NEW YORK, TO THE COMPANY OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO., OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC) ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

TRANSFERS OF THIS GLOBAL SECURITY SHALL BE LIMITED TO TRANSFERS IN WHOLE, BUT NOT IN PART, TO NOMINEES OF DTC OR TO A SUCCESSOR THEREOF OR SUCH SUCCESSOR'S NOMINEE AND TRANSFERS OF PORTIONS OF THIS GLOBAL SECURITY SHALL BE LIMITED TO TRANSFERS MADE IN ACCORDANCE WITH THE RESTRICTIONS SET FORTH IN THE INDENTURE REFERRED TO ON THE REVERSE HEREOF.

[Restricted Securities Legend]

THIS SECURITY (OR ITS PREDECESSOR) WAS ORIGINALLY ISSUED IN A TRANSACTION EXEMPT FROM REGISTRATION UNDER THE SECURITIES ACT OF 1933 (THE "SECURITIES ACT"), AND THIS SECURITY MAY NOT BE OFFERED, SOLD OR OTHERWISE TRANSFERRED OF IN THE ABSENCE OF SUCH REGISTRATION OR AN APPLICABLE EXEMPTION THEREFROM. EACH PURCHASER OF THIS SECURITY IS HEREBY NOTIFIED THAT THE SELLER OF THIS SECURITY MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A THEREUNDER.

THE HOLDER OF THIS SECURITY AGREES FOR THE BENEFIT OF THE COMPANY THAT (A) THIS NOTE MAY BE OFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED, ONLY TO (I) THE COMPANY, (II) IN THE UNITED STATES TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A, (III) OUTSIDE THE UNITED STATES IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 904 UNDER THE SECURITIES ACT, (IV) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT PROVIDED BY RULE 144 THEREUNDER (IF AVAILABLE) OR (V) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH OF CASES (I) THROUGH (V) IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES, AND (B) THE HOLDER WILL, AND EACH SUBSEQUENT HOLDER IS REQUIRED TO, NOTIFY ANY PURCHASER OF THIS SECURITY FROM IT OF THE RESALE RESTRICTIONS REFERRED TO IN (A) ABOVE.

No.
\$

CUSIP NO.
ISIN NO.

8-1/8% Senior Notes due April 1, 2011

Chesapeake Energy Corporation, an Oklahoma corporation, promises to pay to CEDE & CO., or registered assigns, the principal sum of _____ Dollars on April 1, 2011.

Interest Payment Dates: April 1 and October 1 (commencing October 1, 2001(1))

Record Dates: March 15 and September 15

Additional provisions of this Security are set forth on the other side of this Security.

Dated:

CHESAPEAKE ENERGY CORPORATION,

by _____

Name:
Title:

by _____

Name:
Title:

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

UNITED STATES TRUST COMPANY OF NEW YORK, as Trustee, certifies that this is one of the Securities referred to in the Indenture.

by _____
Authorized Signatory

- - - - -
(1) Or such later date as is appropriate in the case of Additional Securities.

[REVERSE SIDE OF INITIAL SECURITY]

8-1/8% Senior Note due 2011

1. Interest

Chesapeake Energy Corporation, an Oklahoma corporation (such corporation, and its successors and assigns under the Indenture hereinafter referred to, being herein called the "Company"), promises to pay interest on the principal amount of this Security at the rate per annum shown above; provided, however, that if a Registration Default (as defined in the Registration Rights Agreement) occurs, additional interest will accrue on this Security at a rate of 0.50% per annum (increasing by an additional 0.50% per annum after each consecutive 90-day period that occurs after the date on which such Registration Default occurs up to a maximum additional interest rate of 2.00%) from and including the date on which any such Registration Default shall occur to but excluding the date on which all Registration Defaults have been cured. The Company will pay interest semiannually on April 1 and October 1 of each year, commencing October 1, 2001. Interest on the Securities will accrue from the most recent date to which interest has been paid or, if no interest has been paid, from April 6, 2001. Interest will be computed on the basis of a 360-day year of twelve 30-day months.

2. Method of Payment

The Company will pay interest on the Securities (except defaulted interest) to the Persons who are registered holders of Securities at the close of business on the March 15 or September 15 next preceding the interest payment date even if Securities are canceled after the record date and on or before the interest payment date. Holders must surrender Securities to a Paying Agent to collect principal payments. The Company will pay principal and interest in money of the United States that at the time of payment is legal tender for payment of public and private debts. Payments in respect of the Securities represented by a Global Security (including principal, premium and interest) will be made by wire transfer of immediately available funds to the accounts specified by The Depository Trust Company. The Company will make all payments in respect of a certificated Security (including principal, premium and interest) by mailing a check to the registered address of each Holder thereof; provided, however, that payments on a certificated Security will be made by wire transfer to a U.S. dollar account maintained by the payee with a bank in the United States if such Holder elects payment by wire transfer by giving written notice to the Trustee or the Paying Agent to such effect designating such account no later than 30 days immediately preceding the relevant due date for payment (or such other date as the Trustee may accept in its discretion).

3. Paying Agent and Registrar

Initially, United States Trust Company of New York, a New York corporation (the "Trustee"), will act as Paying Agent and Registrar. The

Company may appoint and change any Paying Agent, Registrar or co-registrar without notice. The Company or any of its domestically incorporated Wholly Owned Subsidiaries may act as Paying Agent, Registrar or co-registrar.

4. Indenture

The Company issued the Securities under an Indenture dated as of April 6, 2001 ("Indenture"), among the Company, the Subsidiary Guarantors and the Trustee. The terms of the Securities include those stated in the Indenture and those made part of the Indenture by reference to the Trust Indenture Act of 1939 (15 U.S.C. Sections 77aaa-77bbb) as in effect on the date of the Indenture (the "Act"). Terms defined in the Indenture and not defined herein have the meanings ascribed thereto in the Indenture. The Securities are subject to all such terms, and Holders are referred to the Indenture and the Act for a statement of those terms.

The Company shall be entitled, subject to its compliance with Section 4.09(a) of the Indenture, to issue Additional Securities pursuant to Section 2.13 of the Indenture. The Initial Securities issued on the Issue Date, any Additional Securities and all Exchange Securities or Private Exchange Securities issued in exchange therefor will be treated as a single class for all purposes under the Indenture.

5. Optional Redemption

The Securities may be redeemed at the option of the Company, in whole or from time to time in part, at any time on or after April 1, 2006, at the redemption prices set forth below (expressed as a percentage of the principal amount of the Securities to be redeemed), together with accrued and unpaid interest on the Securities so redeemed to the redemption date, if redeemed during the 12-month period commencing on April 1 of the years indicated below:

Year ----	Redemption Price -----
2006.....	104.063%
2007	102.708%
2008	101.354%
2009 and thereafter	100.000%

Any redemption pursuant to this paragraph 5 shall be made, to the extent applicable, pursuant to the provisions of Sections 3.01 through 3.06 of the Indenture.

6. Equity Offering Redemption

In the event the Company consummates one or more Equity Offerings on or prior to April 1, 2004, the Company may redeem, in its sole discretion, up to 33-1/3% of the aggregate principal amount of the Securities (which includes Additional Securities, if any) with all or a portion of the aggregate net proceeds received by the Company from any such Equity Offering or Equity Offerings at a redemption price of 108.125% of the aggregate principal amount of the Securities so redeemed, plus accrued and unpaid interest on the Securities so redeemed to the redemption date; provided, however, that (i) the date of any such redemption occurs within

the 90-day period after the Equity Offering in respect of which such redemption is made and (ii) following each such redemption, at least 66-2/3% of the aggregate principal amount of the Securities (which includes Additional Securities, if any) remains outstanding. Any redemption pursuant to this paragraph 6 shall be made, to the extent applicable, pursuant to the provisions of Sections 3.01 through 3.06 of the Indenture.

7. Make-Whole Price Redemption

At any time prior to April 1, 2006, the Company may, at its option, redeem all or any portion of the Securities at the "Make-Whole Price" (as defined in the Indenture) plus accrued and unpaid interest on the Securities so redeemed to the date of redemption. Any redemption pursuant to this paragraph 7 shall be made, to the extent applicable, pursuant to the provisions of Sections 3.01 through 3.06 of the Indenture.

8. Notice of Redemption

Notice of redemption will be mailed to the Holder's registered address at least 30 days but not more than 60 days before the redemption date to each Holder of Securities to be redeemed. If less than all Securities are to be redeemed, the Trustee shall select pro rata, by lot or, if the Securities are listed on any securities exchange, by any other method that the Trustee considers fair and appropriate and that complies with the requirements of such exchange, the Securities to be redeemed in multiples of \$1,000; provided, however, that no Securities with a principal amount of \$1,000 or less will be redeemed in part. Securities in denominations larger than \$1,000 may be redeemed in part. On and after the redemption date, interest ceases to accrue on Securities or portions of them called for redemption (unless the Company shall default in the payment of the redemption price or accrued interest).

9. Change of Control Offer

In the event of a Change of Control of the Company, the Company shall be required to make an offer to purchase all or any portion of each Holder's Securities, at 101% of the principal amount thereof, plus accrued and unpaid interest to the date of purchase.

10. Net Proceeds Offer

In the event of certain Asset Sales (and Sale/Leaseback Transactions), the Company may be required to make a Net Proceeds Offer to purchase all or any portion of each Holder's Securities, at 100% of the principal amount thereof, plus accrued and unpaid interest to the Net Proceeds Payment Date.

11. Restrictive Covenants

The Indenture imposes certain limitations on, among other things, the ability of the Company to merge or consolidate with any other Person or sell, lease or otherwise transfer all or substantially all of its properties or assets, the ability of the Company or the Restricted Subsidiaries to dispose of assets, to pay dividends and make certain other distributions and payments, to make certain investments or redeem, retire, repurchase or acquire for value shares of Capital Stock, to incur additional Indebtedness or incur encumbrances against certain property and

to enter into certain transactions with Affiliates, all subject to certain limitations described in the Indenture.

12. Ranking and Guarantees

The Securities are general senior unsecured obligations of the Company. The Company's obligation to pay principal, premium, if any, and interest with respect to the Securities is unconditionally guaranteed on a senior basis, jointly and severally, by the Subsidiary Guarantors pursuant to Article Ten of the Indenture. Certain limitations to the obligations of the Subsidiary Guarantors are set forth in further detail in the Indenture.

13. Denominations; Transfer; Exchange

The Securities are in registered form without coupons in denominations of \$1,000 principal amount and whole multiples of \$1,000. A Holder may transfer or exchange Securities in accordance with the Indenture. The Registrar may require a Holder, among other things, to furnish appropriate endorsements or transfer documents and to pay any taxes and fees required by law or permitted by the Indenture. The Registrar need not register the transfer of or exchange of any Securities selected for redemption (except, in the case of a Security to be redeemed in part, the portion of the Security not to be redeemed) or any Securities for a period of 15 Business Days before the mailing of a notice of an offer to repurchase or redeem Securities or 15 Business Days before an interest payment date.

14. Persons Deemed Owners

The registered Holder of this Security may be treated as the owner of it for all purposes.

15. Unclaimed Money

If money for the payment of principal or interest remains unclaimed for two years, the Trustee or Paying Agent shall pay the money back to the Company at its request unless an abandoned property law designates another Person. After any such payment, Holders entitled to the money must look only to the Company and not to the Trustee for payment.

16. Discharge and Defeasance

Subject to certain conditions, the Company at any time shall be entitled to terminate some or all of its obligations under the Securities and the Indenture if the Company deposits with the Trustee money or U.S. Government Securities for the payment of principal and interest on the Securities to redemption or maturity, as the case may be.

17. Amendment, Supplement, Waiver

Subject to certain exceptions, the Indenture or the Securities may be amended or supplemented with the consent of the Holders of at least a majority of the outstanding principal amount of the Securities, and any past default or noncompliance with any provision may be waived with the consent of the Holders of a majority in principal amount of the Securities. Without the consent of any Holder, the Company may amend or supplement the

Indenture or the Securities to, among other things, cure any ambiguity, defect or inconsistency or to make any change that does not adversely affect the rights of any Holder in any material respect.

19. Successor Corporation

When a successor corporation assumes all the obligations of its predecessor under the Securities and the Indenture, the predecessor corporation will be released from those obligations.

20. Defaults and Remedies

An Event of Default generally is: default by the Company or any Subsidiary Guarantor for 30 days in payment of interest on the Securities; default by the Company or any Subsidiary Guarantor in payment of principal of, or premium, if any, on the Securities; default by the Company or any Subsidiary Guarantor in the deposit of any optional redemption or repurchase payment when due and payable; defaults resulting in acceleration prior to maturity of certain other Indebtedness or resulting from payment defaults under certain other Indebtedness; failure by the Company or any Subsidiary Guarantor for 45 days after notice to comply with any of its other agreements in the Indenture; certain final judgments against the Company or Subsidiaries; a failure of any Guarantee of a Subsidiary Guarantor to be in full force and effect or denial by any Subsidiary Guarantor of its obligations with respect thereto; and certain events of bankruptcy or insolvency. Subject to certain limitations in the Indenture, if an Event of Default occurs and is continuing, the Trustee or the Holders of at least 25% in principal amount of the then outstanding Securities may declare all the Securities to be due and payable immediately, except that in the case of an Event of Default arising from certain events of bankruptcy, insolvency or reorganization, all outstanding Securities shall become due and payable immediately without further action or notice. Holders may not enforce the Indenture or the Securities except as provided in the Indenture. The Trustee may require indemnity satisfactory to it before it enforces the Indenture or the Securities. Subject to certain limitations, Holders of a majority in principal amount of the Securities may direct the Trustee in its exercise of any trust or power. The Company must furnish an annual compliance certificate to the Trustee.

21. Trustee Dealings with Company and Subsidiary Guarantors

The Trustee under the Indenture, in its individual or any other capacity, may become the owner or pledgee of Securities and may otherwise deal with the Company, the Subsidiary Guarantors or their respective Subsidiaries or Affiliates with the same rights it would have if it were not Trustee.

22. No Recourse Against Others

A director, officer, employee or stockholder, as such, of the Company, any Subsidiary Guarantor or the Trustee shall not have any liability for any obligations of the Company, any Subsidiary Guarantor or the Trustee under the Securities or the Indenture or for any claim based on, in respect of or by reason of, such obligations or their creation. Each Holder by accepting a Security waives and releases all such liability. The waiver and release are part of the consideration for the issue of the Security.

23. Authentication

This Security shall not be valid until the Trustee or an authenticating agent signs the certificate of authentication on the other side of this Security.

24. Abbreviations

Customary abbreviations may be used in the name of a Holder or an assignee, such as: TEN COM (=tenants in common), TEN ENT (=tenants by the entireties), JT TEN (=joint tenants with right of survivorship and not as tenants in common), CUST (=Custodian), and U/G/M/A (=Uniform Gifts to Minors Act).

25. CUSIP Numbers

Pursuant to a recommendation promulgated by the Committee on Uniform Security Identification Procedures, the Company will cause CUSIP numbers to be printed on the Securities as a convenience to Holders of the Securities. No representation is made as to the accuracy of such numbers as printed on the Securities and reliance may be placed only on the other identification numbers printed hereon.

26. Holders' Compliance with Registration Rights Agreement

Each Holder of this Security, by acceptance hereof, acknowledges and agrees to the provisions of the Registration Rights Agreement, including the obligations of the Holders with respect to a registration and the indemnification of the Company to the extent provided therein.

27. Governing Law

THIS SECURITY SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK BUT WITHOUT GIVING EFFECT TO APPLICABLE PRINCIPLES OF CONFLICTS OF LAW TO THE EXTENT THAT THE APPLICATION OF THE LAWS OF ANOTHER JURISDICTION WOULD BE REQUIRED THEREBY, EXCEPT TO THE EXTENT THAT THE LAWS OF THE STATE OF NEW YORK WOULD REQUIRE THE APPLICATION OF THE LAWS OF ANOTHER JURISDICTION REGARDING THE VALIDITY OF THE SECURITIES.

THE COMPANY WILL FURNISH TO ANY HOLDER UPON WRITTEN REQUEST AND WITHOUT CHARGE TO THE SECURITY HOLDER A COPY OF THE INDENTURE AND A COPY OF THE REGISTRATION RIGHTS AGREEMENT. REQUESTS MAY BE MADE TO:

CHESAPEAKE ENERGY CORPORATION
611 NORTH WESTERN AVENUE
OKLAHOMA CITY, OK 73118

ATTENTION: CHIEF FINANCIAL OFFICER

ASSIGNMENT FORM

To assign this Security, fill in the form below:

I or we assign and transfer this Security to

(Print or type assignee's name, address and zip code)

(Insert assignee's social security or tax I.D. No.)

and irrevocably appoint _____ agent to transfer this Security on the books of the Company. The agent may substitute another to act for him.

Date: _____ Your Signature: _____

Sign exactly as your name appears on the other side of this Security.

In connection with any transfer of any of the Securities evidenced by this certificate occurring prior to the expiration of the period referred to in Rule 144(k) under the Securities Act after the later of the date of original issuance of such Securities and the last date, if any, on which such Securities were owned by the Company or any Affiliate of the Company, the undersigned confirms that such Securities are being transferred in accordance with its terms:

CHECK ONE BOX BELOW

- (1) to the Company; or
- (2) pursuant to an effective registration statement under the Securities Act of 1933; or
- (3) inside the United States to a "qualified institutional buyer" (as defined in Rule 144A under the Securities Act of 1933) that purchases for its own account or for the account of a qualified institutional buyer to whom notice is given that such transfer is being made in reliance on Rule 144A, in each case pursuant to and in compliance with Rule 144A under the Securities Act of 1933; or

[TO BE ATTACHED TO GLOBAL SECURITIES]

SCHEDULE OF INCREASES OR DECREASES IN GLOBAL SECURITY

The following increases or decreases in this Global Security
have been made:

Date of Exchange	Amount of decrease in Principal amount of this Global Security	Amount of increase in Principal amount of this Global Security	Principal amount of this Global Security following such decrease or increase)	Signature of authorized officer of Trustee or Securities Custodian
-----	-----	-----	-----	-----

OPTION OF HOLDER TO ELECT PURCHASE

If you want to elect to have this Security purchased by the Company pursuant to Section 4.11 or 4.16 of the Indenture, check the box:

[]

If you want to elect to have only part of this Security purchased by the Company pursuant to Section 4.11 or 4.16 of the Indenture, state the amount in principal amount: \$

Date: _____ Your Signature: _____
(Sign exactly as your name appears on the other side of this Security.)

Signature Guarantee: _____
(Signature must be guaranteed)

Signatures must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Registrar, which requirements include membership or participation in the Security Transfer Agent Medallion Program ("STAMP") or such other "signature guarantee program" as may be determined by the Registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

[FACE OF EXCHANGE SECURITY
OR PRIVATE EXCHANGE SECURITY]

*/**/

- - - - -

*/If the Security is to be issued in global form add the Global Securities Legend from Exhibit 1 to Appendix A and the attachment from such Exhibit 1 captioned "[TO BE ATTACHED TO GLOBAL SECURITIES] - SCHEDULE OF INCREASES OR DECREASES IN GLOBAL SECURITY".

**/If the Security is a Private Exchange Security issued in a Private Exchange to an Initial Purchaser holding an unsold portion of its initial allotment, add the Restricted Securities Legend from Exhibit 1 to Appendix A and replace the Assignment Form included in this Exhibit A with the Assignment Form included in such Exhibit 1.

No. CUSIP NO.
\$ ISIN NO.

8-1/8% Senior Notes due April 1, 2011

Chesapeake Energy Corporation, an Oklahoma corporation,
promises to pay to CEDE & CO., or registered assigns, the principal sum of
_____ Dollars on April 1, 2011.

Interest Payment Dates: April 1 and October 1 (commencing
October 1, 2001)

Record Dates: March 15 and September 15

Additional provisions of this Security are set forth on the
other side of this Security.

Dated:

CHESAPEAKE ENERGY CORPORATION,

by _____
Name:
Title:

by _____
Name:
Title:

TRUSTEE'S CERTIFICATE OF
AUTHENTICATION

UNITED STATES TRUST COMPANY OF NEW YORK,
as Trustee, certifies that
this is one of the Securities
referred to in the Indenture.

by _____
Authorized Signatory

[FORM OF REVERSE SIDE OF EXCHANGE SECURITY
OR PRIVATE EXCHANGE SECURITY]

8-1/8% Senior Note due 2011

1. Interest

Chesapeake Energy Corporation, an Oklahoma corporation (such corporation, and its successors and assigns under the Indenture hereinafter referred to, being herein called the "Company"), promises to pay interest on the principal amount of this Security at the rate per annum shown above; provided, however, that if a Registration Default (as defined in the Registration Rights Agreement) occurs, additional interest will accrue on this Security at a rate of 0.50% per annum (increasing by an additional 0.50% per annum after each consecutive 90-day period that occurs after the date on which such Registration Default occurs up to a maximum additional interest rate of 2.00%) from and including the date on which any such Registration Default shall occur to but excluding the date on which all Registration Defaults have been cured.** The Company will pay interest semiannually on April 1 and October 1 of each year, commencing , . Interest on the Securities will accrue from the most recent date to which interest has been paid or, if no interest has been paid, from April 6, 2001. Interest will be computed on the basis of a 360-day year of twelve 30-day months.

2. Method of Payment

The Company will pay interest on the Securities (except defaulted interest) to the Persons who are registered holders of Securities at the close of business on the March 15 or September 15 next preceding the interest payment date even if Securities are canceled after the record date and on or before the interest payment date. Holders must surrender Securities to a Paying Agent to collect principal payments. The Company will pay principal and interest in money of the United States that at the time of payment is legal tender for payment of public and private debts. Payments in respect of the Securities represented by a Global Security (including principal, premium and interest) will be made by wire transfer of immediately available funds to the accounts specified by The Depository Trust Company. The Company will make all payments in respect of a certificated Security (including principal, premium and interest) by mailing a check to the registered address of each Holder thereof; provided, however, that payments on a certificated Security will be made by wire transfer to a U.S. dollar account maintained by the payee with a bank in the United States if such Holder elects payment by wire transfer by giving written notice to the Trustee or the Paying Agent to such effect designating such account no later than 30 days

- - - - -

** Insert if at the date of issuance of the Exchange Security or Private Exchange Security (as the case may be) any Registration Default has occurred with respect to the related Initial Securities during the interest period in which such date of issuance occurs.

immediately preceding the relevant due date for payment (or such other date as the Trustee may accept in its discretion).

3. Paying Agent and Registrar

Initially, United States Trust Company of New York, a New York corporation (the "Trustee"), will act as Paying Agent and Registrar. The Company may appoint and change any Paying Agent, Registrar or co-registrar without notice. The Company or any of its domestically incorporated Wholly Owned Subsidiaries may act as Paying Agent, Registrar or co-registrar.

4. Indenture

The Company issued the Securities under an Indenture dated as of April 6, 2001 ("Indenture"), among the Company, the Subsidiary Guarantors and the Trustee. The terms of the Securities include those stated in the Indenture and those made part of the Indenture by reference to the Trust Indenture Act of 1939 (15 U.S.C. Sections 77aaa-77bbb) as in effect on the date of the Indenture (the "Act"). Terms defined in the Indenture and not defined herein have the meanings ascribed thereto in the Indenture. The Securities are subject to all such terms, and Holders are referred to the Indenture and the Act for a statement of those terms.

The Company shall be entitled, subject to its compliance with Section 4.09(a) of the Indenture, to issue Additional Securities pursuant to Section 2.13 of the Indenture. The Initial Securities issued on the Issue Date, any Additional Securities and all Exchange Securities or Private Exchange Securities issued in exchange therefor will be treated as a single class for all purposes under the Indenture.

5. Optional Redemption

The Securities may be redeemed at the option of the Company, in whole or from time to time in part, at any time on or after April 1, 2006, at the redemption prices set forth below (expressed as a percentage of the principal amount of the Securities to be redeemed), together with accrued and unpaid interest on the Securities so redeemed to the redemption date, if redeemed during the 12-month period commencing on April 1 of the years indicated below:

Year ----	Redemption Price -----
2006.....	104.063%
2007	102.708%
2008	101.354%
2009 and thereafter	100.000%

Any redemption pursuant to this paragraph 5 shall be made, to the extent applicable, pursuant to the provisions of Sections 3.01 through 3.06 of the Indenture.

6. Equity Offering Redemption

In the event the Company consummates one or more Equity Offerings on or prior to April 1, 2004, the Company may redeem, in its sole discretion, up to 33-1/3% of the aggregate principal amount of the Securities (which includes Additional Securities, if any) with all or a portion of the aggregate net proceeds received by the Company from any such Equity Offering or Equity Offerings at a redemption price of 108.125% of the aggregate principal amount of the Securities so redeemed, plus accrued and unpaid interest on the Securities so redeemed to the redemption date; provided, however, that (i) the date of any such redemption occurs within the 90-day period after the Equity Offering in respect of which such redemption is made and (ii) following each such redemption, at least 66-2/3% of the aggregate principal amount of the Securities (which includes Additional Securities, if any) remains outstanding. Any redemption pursuant to this paragraph 6 shall be made, to the extent applicable, pursuant to the provisions of Sections 3.01 through 3.06 of the Indenture.

7. Make-Whole Price Redemption

At any time prior to April 1, 2006, the Company may, at its option, redeem all or any portion of the Securities at the "Make-Whole Price" (as defined in the Indenture) plus accrued and unpaid interest on the Securities so redeemed to the date of redemption. Any redemption pursuant to this paragraph 7 shall be made, to the extent applicable, pursuant to the provisions of Sections 3.01 through 3.06 of the Indenture.

8. Notice of Redemption

Notice of redemption will be mailed to the Holder's registered address at least 30 days but not more than 60 days before the redemption date to each Holder of Securities to be redeemed. If less than all Securities are to be redeemed, the Trustee shall select pro rata, by lot or, if the Securities are listed on any securities exchange, by any other method that the Trustee considers fair and appropriate and that complies with the requirements of such exchange, the Securities to be redeemed in multiples of \$1,000; provided, however, that no Securities with a principal amount of \$1,000 or less will be redeemed in part. Securities in denominations larger than \$1,000 may be redeemed in part. On and after the redemption date, interest ceases to accrue on Securities or portions of them called for redemption (unless the Company shall default in the payment of the redemption price or accrued interest).

9. Change of Control Offer

In the event of a Change of Control of the Company, the Company shall be required to make an offer to purchase all or any portion of each Holder's Securities, at 101% of the principal amount thereof, plus accrued and unpaid interest to the date of purchase.

10. Net Proceeds Offer

In the event of certain Asset Sales (and Sale/Leaseback Transactions), the Company may be required to make a Net Proceeds Offer to purchase all or any portion of each Holder's Securities, at 100% of the principal amount thereof, plus accrued and unpaid interest to the Net Proceeds Payment Date.

11. Restrictive Covenants

The Indenture imposes certain limitations on, among other things, the ability of the Company to merge or consolidate with any other Person or sell, lease or otherwise transfer all or substantially all of its properties or assets, the ability of the Company or the Restricted Subsidiaries to dispose of assets, to pay dividends and make certain other distributions and payments, to make certain investments or redeem, retire, repurchase or acquire for value shares of Capital Stock, to incur additional Indebtedness or incur encumbrances against certain property and to enter into certain transactions with Affiliates, all subject to certain limitations described in the Indenture.

12. Ranking and Guarantees

The Securities are general senior unsecured obligations of the Company. The Company's obligation to pay principal, premium, if any, and interest with respect to the Securities is unconditionally guaranteed on a senior basis, jointly and severally, by the Subsidiary Guarantors pursuant to Article Ten of the Indenture. Certain limitations to the obligations of the Subsidiary Guarantors are set forth in further detail in the Indenture.

13. Denominations; Transfer; Exchange

The Securities are in registered form without coupons in denominations of \$1,000 principal amount and whole multiples of \$1,000. A Holder may transfer or exchange Securities in accordance with the Indenture. The Registrar may require a Holder, among other things, to furnish appropriate endorsements or transfer documents and to pay any taxes and fees required by law or permitted by the Indenture. The Registrar need not register the transfer of or exchange of any Securities selected for redemption (except, in the case of a Security to be redeemed in part, the portion of the Security not to be redeemed) or any Securities for a period of 15 Business Days before the mailing of a notice of an offer to repurchase or redeem Securities or 15 Business Days before an interest payment date.

14. Persons Deemed Owners

The registered Holder of this Security may be treated as the owner of it for all purposes.

15. Unclaimed Money

If money for the payment of principal or interest remains unclaimed for two years, the Trustee or Paying Agent shall pay the money back to the Company at its request unless an abandoned property law designates another Person. After any such payment, Holders entitled to the money must look only to the Company and not to the Trustee for payment.

16. Discharge and Defeasance

Subject to certain conditions, the Company at any time shall be entitled to terminate some or all of its obligations under the Securities and the Indenture if the Company deposits with the Trustee money or U.S. Government Securities for the payment of principal and interest on the Securities to redemption or maturity, as the case may be.

17. Amendment, Supplement, Waiver

Subject to certain exceptions, the Indenture or the Securities may be amended or supplemented with the consent of the Holders of at least a majority of the outstanding principal amount of the Securities, and any past default or noncompliance with any provision may be waived with the consent of the Holders of a majority in principal amount of the Securities. Without the consent of any Holder, the Company may amend or supplement the Indenture or the Securities to, among other things, cure any ambiguity, defect or inconsistency or to make any change that does not adversely affect the rights of any Holder in any material respect.

19. Successor Corporation

When a successor corporation assumes all the obligations of its predecessor under the Securities and the Indenture, the predecessor corporation will be released from those obligations.

20. Defaults and Remedies

An Event of Default generally is: default by the Company or any Subsidiary Guarantor for 30 days in payment of interest on the Securities; default by the Company or any Subsidiary Guarantor in payment of principal of, or premium, if any, on the Securities; default by the Company or any Subsidiary Guarantor in the deposit of any optional redemption or repurchase payment when due and payable; defaults resulting in acceleration prior to maturity of certain other Indebtedness or resulting from payment defaults under certain other Indebtedness; failure by the Company or any Subsidiary Guarantor for 45 days after notice to comply with any of its other agreements in the Indenture; certain final judgments against the Company or Subsidiaries; a failure of any Guarantee of a Subsidiary Guarantor to be in full force and effect or denial by any Subsidiary Guarantor of its obligations with respect thereto; and certain events of bankruptcy or insolvency. Subject to certain limitations in the Indenture, if an Event of Default occurs and is continuing, the Trustee or the Holders of at least 25% in principal amount of the then outstanding Securities may declare all the Securities to be due and payable immediately, except that in the case of an Event of Default arising from certain events of bankruptcy, insolvency or reorganization, all outstanding Securities shall become due and payable immediately without further action or notice. Holders may not enforce the Indenture or the Securities except as provided in the Indenture. The Trustee may require indemnity satisfactory to it before it enforces the Indenture or the Securities. Subject to certain limitations, Holders of a majority in principal amount of the Securities may direct the Trustee in its exercise of any trust or power. The Company must furnish an annual compliance certificate to the Trustee.

21. Trustee Dealings with Company and Subsidiary Guarantors

The Trustee under the Indenture, in its individual or any other capacity, may become the owner or pledgee of Securities and may otherwise deal with the Company, the Subsidiary Guarantors or their respective Subsidiaries or Affiliates with the same rights it would have if it were not Trustee.

22. No Recourse Against Others

A director, officer, employee or stockholder, as such, of the Company, any Subsidiary Guarantor or the Trustee shall not have any liability for any obligations of the Company, any Subsidiary Guarantor or the Trustee under the Securities or the Indenture or for any claim based on, in respect of or by reason of, such obligations or their creation. Each Holder by accepting a Security

waives and releases all such liability. The waiver and release are part of the consideration for the issue of the Security.

23. Authentication

This Security shall not be valid until the Trustee or an authenticating agent signs the certificate of authentication on the other side of this Security.

24. Abbreviations

Customary abbreviations may be used in the name of a Holder or an assignee, such as: TEN COM (=tenants in common), TEN ENT (=tenants by the entirety), JT TEN (=joint tenants with right of survivorship and not as tenants in common), CUST (=Custodian), and U/G/M/A (=Uniform Gifts to Minors Act).

25. CUSIP Numbers

Pursuant to a recommendation promulgated by the Committee on Uniform Security Identification Procedures, the Company will cause CUSIP numbers to be printed on the Securities as a convenience to Holders of the Securities. No representation is made as to the accuracy of such numbers as printed on the Securities and reliance may be placed only on the other identification numbers printed hereon.

26. Holders' Compliance with Registration Rights Agreement

Each Holder of this Security, by acceptance hereof, acknowledges and agrees to the provisions of the Registration Rights Agreement, including the obligations of the Holders with respect to a registration and the indemnification of the Company to the extent provided therein.

27. Governing Law

THIS SECURITY SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK BUT WITHOUT GIVING EFFECT TO APPLICABLE PRINCIPLES OF CONFLICTS OF LAW TO THE EXTENT THAT THE APPLICATION OF THE LAWS OF ANOTHER JURISDICTION WOULD BE REQUIRED THEREBY, EXCEPT TO THE EXTENT THAT THE LAWS OF THE STATE OF NEW YORK WOULD REQUIRE THE APPLICATION OF THE LAWS OF ANOTHER JURISDICTION REGARDING THE VALIDITY OF THE SECURITIES.

THE COMPANY WILL FURNISH TO ANY HOLDER UPON WRITTEN REQUEST AND WITHOUT CHARGE TO THE SECURITY HOLDER A COPY OF THE INDENTURE AND A COPY OF THE REGISTRATION RIGHTS AGREEMENT. REQUESTS MAY BE MADE TO:

CHESAPEAKE ENERGY CORPORATION
611 NORTH WESTERN AVENUE
OKLAHOMA CITY, OK 73118

ATTENTION: CHIEF FINANCIAL OFFICER

ASSIGNMENT FORM

To assign this Security, fill in the form below:

I or we assign and transfer this Security to

(Print or type assignee's name, address and zip code)

(Insert assignee's social security or tax I.D. No.)

and irrevocably appoint _____ agent to transfer this Security on the books of the Company. The agent may substitute another to act for him.

Date: _____ Your Signature: _____

Sign exactly as your name appears on the other side of this Security.

OPTION OF HOLDER TO ELECT PURCHASE

If you want to elect to have this Security purchased by the Company pursuant to Section 4.11 or 4.16 of the Indenture, check the box:

[]

If you want to elect to have only part of this Security purchased by the Company pursuant to Section 4.11 or 4.16 of the Indenture, state the amount in principal amount: \$

Date: _____ Your Signature: _____
(Sign exactly as your name appears on the other side of this Security.)

Signature Guarantee: _____
(Signature must be guaranteed)

Signatures must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Registrar, which requirements include membership or participation in the Security Transfer Agent Medallion Program ("STAMP") or such other "signature guarantee program" as may be determined by the Registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

=====

CHESAPEAKE ENERGY CORPORATION

and

the Guarantors named herein

8 1/8% SENIOR NOTES DUE 2011

SUPPLEMENTAL INDENTURE

DATED AS OF May 14, 2001

UNITED STATES TRUST COMPANY OF NEW YORK

Trustee

=====

This SUPPLEMENTAL INDENTURE, dated as of May 14, 2001, is among Chesapeake Energy Corporation, an Oklahoma corporation (the "Company"), each of the parties identified under the caption "Guarantors" on the signature page hereto (the "Guarantors") and United States Trust Company of New York, as Trustee.

RECITALS

WHEREAS, the Company, the Subsidiary Guarantors party thereto and the Trustee entered into an Indenture, dated as of April 6, 2001 (the "Indenture"), pursuant to which the Company has originally issued \$800,000,000 in principal amount of 8 1/8% Senior Notes due 2011 (the "Notes"); and

WHEREAS, Section 9.01(3) of the Indenture provides that the Company, the Subsidiary Guarantors and the Trustee may amend or supplement the Indenture in order to add a Subsidiary Guarantor to comply with Section 10.03 thereof without the consent of the Holders of the Notes; and

WHEREAS, all acts and things prescribed by the Indenture, by law and by the charter and the bylaws (or comparable constituent documents) of the Company, of the Guarantors and of the Trustee necessary to make this Supplemental Indenture a valid instrument legally binding on the Company, the Guarantors and the Trustee, in accordance with its terms, have been duly done and performed;

NOW, THEREFORE, to comply with the provisions of the Indenture and in consideration of the above premises, the Company, the Guarantors and the Trustee covenant and agree for the equal and proportionate benefit of the respective Holders of the Notes as follows:

ARTICLE 1

Section 1.01. This Supplemental Indenture is supplemental to the Indenture and does and shall be deemed to form a part of, and shall be construed in connection with and as part of, the Indenture for any and all purposes.

Section 1.02. This Supplemental Indenture shall become effective immediately upon its execution and delivery by each of the Company, the Guarantors and the Trustee.

ARTICLE 2

From this date, in accordance with Section 10.03 and by executing this Supplemental Indenture, each of Gothic Energy Corporation, an Oklahoma corporation, and Gothic Production Corporation, an Oklahoma corporation, is subject to the provisions of the Indenture as Subsidiary Guarantors to the extent provided for in Article 10 thereunder.

ARTICLE 3

Section 3.01. Except as specifically modified herein, the Indenture and the Notes are in all respects ratified and confirmed (*mutatis mutandis*) and shall remain in full force and effect in

accordance with their terms with all capitalized terms used herein without definition having the same respective meanings ascribed to them as in the Indenture.

Section 3.02. Except as otherwise expressly provided herein, no duties, responsibilities or liabilities are assumed, or shall be construed to be assumed, by the Trustee by reason of this Supplemental Indenture. This Supplemental Indenture is executed and accepted by the Trustee subject to all the terms and conditions set forth in the Indenture with the same force and effect as if those terms and conditions were repeated at length herein and made applicable to the Trustee with respect hereto.

Section 3.03. The Company hereby notifies the Trustee that each of Gothic Energy Corporation and Gothic Production Corporation have been designated by the Board of Directors of the Company as Restricted Subsidiaries pursuant to Section 10.03 (a) of the Indenture.

Section 3.04. THE LAW OF THE STATE OF NEW YORK SHALL GOVERN AND BE USED TO CONSTRUE AND ENFORCE THIS SUPPLEMENTAL INDENTURE.

Section 3.05. The parties may sign any number of copies of this Supplemental Indenture. Each signed copy shall be an original, but all of such executed copies together shall represent the same agreement.

[NEXT PAGE IS SIGNATURE PAGE]

IN WITNESS WHEREOF, the parties hereto have caused this Supplemental Indenture to be duly executed, all as of the date first written above.

COMPANY:

CHESAPEAKE ENERGY CORPORATION

By

Name: Aubrey K. McClendon
Title: Chief Executive Officer

GUARANTORS:

GOTHIC ENERGY CORPORATION
GOTHIC PRODUCTION CORPORATION

By

Name: Aubrey K. McClendon
Title: Chief Executive Officer

THE AMES COMPANY, INC.
ARKOMA PITTSBURGH HOLDING
CORPORATION
CHESAPEAKE ACQUISITION CORPORATION
CHESAPEAKE ROYALTY COMPANY
NOMAC DRILLING CORPORATION

By

Name: Aubrey K. McClendon
Title: President

CHESAPEAKE ENERGY LOUISIANA
CORPORATION
CHESAPEAKE CANADA CORPORATION
CHESAPEAKE OPERATING, INC.

By -----
Name: Aubrey K. McClendon
Title: Chief Executive Officer

CHESAPEAKE EXPLORATION LIMITED
PARTNERSHIP
CHESAPEAKE LOUISIANA, L.P.
CHESAPEAKE PANHANDLE LIMITED
PARTNERSHIP
By Chesapeake Operating, Inc. as
general partner of each
representative entity

By -----
Name: Aubrey K. McClendon
Title: Chief Executive Officer

TRUSTEE:

UNITED STATES TRUST COMPANY OF
NEW YORK, as Trustee

By -----
Name:
Title: