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As filed with the Securities and Exchange Commission on November 21, 2003

Registration No. 333-

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM S-4
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

CHESAPEAKE ENERGY CORPORATION*

(exact name of registrant as specified in its charter)

Oklahoma*	**1311**	**73-1395733***
(State or Other Jurisdiction of Incorporation or Organization)	**(Primary Standard Industrial Classification Code Number)**	**(I.R.S. Employer Identification No.)**

6100 North Western Avenue
Oklahoma City, Oklahoma 73118
(405) 848-8000
(Address, Including Zip Code, and Telephone Number, Including Area Code, of Registrant's Principal Executive Offices)

Aubrey K. McClendon
Chairman of the Board and
Chief Executive Officer
6100 North Western Avenue
Oklahoma City, Oklahoma 73118
(405) 848-8000
(Name, Address, Including Zip Code, and Telephone Number, Including Area Code, of Agent for Service)

Copies to:

James M. Prince, Esq.
Vinson & Elkins L.L.P.
2300 First City Tower
1001 Fannin Street
Houston, Texas 77002-6760
713-758-3710
713-615-5962 (fax)

Timothy G. Massad, Esq.
Cravath, Swaine & Moore LLP
Worldwide Plaza
825 Eighth Avenue
New York, New York 10019
212-474-1000
212-474-3700 (fax)

Approximate date of commencement of proposed sale to the public: As soon as practicable after the effective date of this Registration Statement.

If the securities being registered on this Form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box. ☐

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration number of the earlier effective registration statement for the same offering. ☐

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	**Proposed Maximum Aggregate Offering Price (3)**	**Amount of Registration Fee (3) (4)**
7.75% Senior Notes due 2015 (1) 6.875% Senior Notes due 2016 (1)	$ 546,875,000	$44,242.19
Guarantees of debt securities (2)	—	—

(1) Includes guarantees of certain subsidiaries of Chesapeake Energy Corporation named as co-registrants on the following pages.

(2) The Ames Company, L.L.C., Carmen Acquisition, L.L.C., Chesapeake Acquisition, L.L.C., Chesapeake Energy Louisiana Corporation, Chesapeake EP Corporation, Chesapeake Exploration Limited Partnership, Chesapeake Louisiana, L.P., Chesapeake Operating, Inc., Chesapeake Panhandle Limited Partnership, Chesapeake Royalty, L.L.C., Gothic Energy, L.L.C., Gothic Production, L.L.C., Nomac Drilling Corporation, Chesapeake Mountain Front, L.L.C., Chesapeake ORC, L.L.C., Sap Acquisition, L.L.C., Chesapeake-Staghorn Acquisition L.P., Chesapeake KNAN Acquisition, L.L.C., Chesapeake ENO Acquisition, L.L.C., Chesapeake South Texas Corp., Chesapeake Focus, L.L.C., Chesapeake Sigma, L.P., MC Mineral Company, L.L.C., Oxley Petroleum Co., John C. Oxley, L.L.C. and Chesapeake Zapata, L.P. will fully, irrevocably and unconditionally guarantee on an unsecured basis any debt securities of Chesapeake Energy Corporation issued and sold pursuant to this registration statement. Pursuant to Rule 457(n) under the Securities Act of 1933, no separate fee is payable with respect to the guarantees of the debt securities being registered.

(3) Estimated solely for the purpose of calculating the registration fee in accordance with Rule 457(f)(1) under the Securities Act of 1933 and based on the average of the bid and asked prices of the 8.125% Senior Notes Due April 1, 2011 of Chesapeake Energy Corporation on November 21, 2003 in accordance with Rule 457(c) under the Securities Act of 1933.

(4) Calculated on the basis of the maximum aggregate offering price in accordance with Rule 457(o) under the Securities Act of 1933.

* Includes certain subsidiaries of Chesapeake Energy Corporation identified as co-registrants on the following pages.

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The Ames Company, L.L.C.
(Exact Name of Registrant As Specified In Its Charter)

Oklahoma	73-1470082
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification Number)

Carmen Acquisition, L.L.C.
(Exact Name of Registrant As Specified In Its Charter)

Oklahoma	73-1604860
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification Number)

Chesapeake Acquisition, L.L.C.
(Exact Name of Registrant As Specified In Its Charter)

Oklahoma	73-1528271
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification Number)

Chesapeake Energy Louisiana Corporation
(Exact Name of Registrant As Specified In Its Charter)

Oklahoma	73-1524569
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification Number)

Chesapeake EP Corporation
(Exact Name of Registrant As Specified In Its Charter)

Oklahoma	48-1270813
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification Number)

Chesapeake Exploration Limited Partnership
(Exact Name of Registrant As Specified In Its Charter)

Oklahoma	73-1384282
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification Number)

Chesapeake Louisiana, L.P.
(Exact Name of Registrant As Specified In Its Charter)

Oklahoma	73-1519126
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification Number)

Chesapeake Operating, Inc.
(Exact Name of Registrant As Specified In Its Charter)

Oklahoma	73-1343196
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification Number)

Chesapeake Panhandle Limited Partnership
(Exact Name of Registrant As Specified In Its Charter)

Oklahoma	73-1565350
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification Number)

Chesapeake Royalty, L.L.C.
(Exact Name of Registrant As Specified In Its Charter)

Oklahoma	73-1549744
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification Number)

Gothic Energy, L.L.C.
(Exact Name of Registrant As Specified In Its Charter)

Oklahoma	22-2663839
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification Number)

Gothic Production, L.L.C.
(Exact Name of Registrant As Specified In Its Charter)

Oklahoma	73-1539475
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification Number)

Nomac Drilling Corporation
(Exact Name of Registrant As Specified In Its Charter)

Oklahoma	73-1606317
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification Number)

Chesapeake Mountain Front, L.L.C.
(Exact Name of Registrant As Specified In Its Charter)

Oklahoma	73-1238619
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification Number)

Chesapeake ORC, L.L.C.	
(Exact Name of Registrant As Specified In Its Charter)	
Oklahoma	**71-0934234**
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification Number)
Sap Acquisition, L.L.C.	
(Exact Name of Registrant As Specified In Its Charter)	
Oklahoma	**73-1622555**
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification Number)
Chesapeake-Staghorn Acquisition L.P.	
(Exact Name of Registrant As Specified In Its Charter)	
Oklahoma	**73-1612854**
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification Number)
Chesapeake KNAN Acquisition, L.L.C.	
(Exact Name of Registrant As Specified In Its Charter)	
Oklahoma	**73-1300132**
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification Number)
Chesapeake ENO Acquisition, L.L.C.	
(Exact Name of Registrant As Specified In Its Charter)	
Oklahoma	**82-0553595**
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification Number)
Chesapeake South Texas Corp.	
(Exact Name of Registrant As Specified In Its Charter)	
Oklahoma	**41-2050649**
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification Number)
Chesapeake Focus, L.L.C.	
(Exact Name of Registrant As Specified In Its Charter)	
Oklahoma	**33-1021135**
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification Number)
Chesapeake Sigma, L.P.	
(Exact Name of Registrant As Specified In Its Charter)	
Oklahoma	**27-0029884**
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification Number)
MC Mineral Company, L.L.C.	
(Exact Name of Registrant As Specified In Its Charter)	
Oklahoma	**61-1448831**
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification Number)
Oxley Petroleum Co.	
(Exact Name of Registrant As Specified In Its Charter)	
Oklahoma	**73-1508537**
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification Number)
John C. Oxley, L.L.C.	
(Exact Name of Registrant As Specified In Its Charter)	
Oklahoma	**73-1508539**
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification Number)
Chesapeake Zapata, L.P.	
(Exact Name of Registrant As Specified In Its Charter)	
Oklahoma	**20-0322339**
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification Number)

Each Registrant hereby amends this Registration Statement on such dates as may be necessary to delay its effective date until the Registrants shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, as amended, or until the Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

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Subject to Completion, dated November 21, 2003

PROSPECTUS

Chesapeake Energy Corporation

Offer to Exchange up to $500,000,000 of 8.125% Senior Notes due April 1, 2011

The Exchange Offer

We are offering to exchange, upon the terms and subject to the conditions set forth in this prospectus and the accompanying letter of transmittal, up to $500 million in aggregate principal amount of our 8.125% Senior Notes due 2011 for a principal amount set forth below of new notes issued from our outstanding series of 7.75% Senior Notes due 2015 or 6.875% Senior Notes due 2016. We refer to this offer as the exchange offer. We refer to our 8.125% Senior Notes due 2011 as the 2011 Notes and to our 7.75% Senior Notes due 2015 and our 6.875% Senior Notes due 2016 offered in this exchange offer as the 2015 Notes and 2016 Notes, respectively. The CUSIP number of the 2011 Notes is 165167AS6.

- We are offering to exchange debt securities for your 8.125% Senior Notes due April 1, 2011. You can select the form of consideration that you will receive for your 2011 Notes from the following two options:
  - *2015 Note Option.* Under this option, we will exchange $ in principal amount of 2015 Notes, less an adjustment for net accrued interest, for every $1,000 in principal amount of 2011 Notes tendered.
  - *2016 Note Option.* Under this option, we will exchange $ in principal amount of 2016 Notes, plus an adjustment for net accrued interest, for every $1,000 in principal amount of 2011 Notes tendered.

  You do not have to choose the same option for all the 2011 Notes that you tender. If you wish to receive 2015 Notes for some of your 2011 Notes and 2016 Notes for some of your 2011 Notes, you must make two separate tenders. You do not have to tender all of your 2011 Notes to participate in this exchange offer.
- If you validly tender 2011 Notes at or prior to 5:00 p.m., New York City time, on , December , 2003 [10th business day from commencement], which date we refer to as the early participation date, you will receive an early participation payment in cash of $ for each $1,000 principal amount of 2011 Notes validly tendered and accepted for payment.
- Tenders of 2011 notes may be withdrawn at any time prior to 5:00 p.m., New York City time, on , December , 2003 [10th business day from commencement]. Except under certain circumstances as described herein, tenders of 2011 Notes may not be withdrawn after that time.
- We will accept for exchange up to $500 million in aggregate principal amount of 2011 Notes. If 2011 Notes having an aggregate principal amount in excess of that amount are validly tendered and not withdrawn, we will exchange $500 million in aggregate principal amount of 2011 Notes allocated on a pro rata basis, rounded to the nearest $1,000, based on the proportion of the 2011 Notes that you validly tendered to the amount of all 2011 Notes validly tendered as of the expiration date of the exchange offer. An aggregate of $728,255,000 principal amount of 2011 Notes was outstanding as of November 21, 2003.
- Accrued and unpaid interest due on 2011 Notes accepted in the exchange will be settled by adjusting the principal amount of 2015 Notes and 2016 Notes received in the exchange for net accrued interest.
- As described more fully in this prospectus, the exchange offer is subject to certain conditions. The exchange offer is not subject to any minimum tender condition.
- **The exchange offer will expire at 12:00 Midnight, New York City time, on , December , 2003 [20th business day from commencement], which date we refer to as the expiration date, unless extended.**

The 2015 Notes and 2016 Notes

- Maturity: The 2015 Notes and the 2016 Notes mature on January 15, 2015 and January 15, 2016, respectively.
- Interest Payments: The 2015 Notes and 2016 Notes pay interest semi-annually in cash in arrears on each January 15 and July 15. 2015 Notes issued pursuant to this exchange offer will receive a full semi-annual interest payment on January 15, 2004. 2016 Notes issued pursuant to this exchange offer will receive an initial interest payment on July 15, 2004, accrued from the date of initial issuance of 2016 Notes, which is November 26, 2003.
- Guarantees: The 2015 Notes and 2016 Notes are guaranteed by our existing, and will be guaranteed by our future, restricted subsidiaries.
- Ranking: The 2015 Notes and 2016 Notes are unsecured and rank equally in right of payment to each other and all of our existing and future senior indebtedness. The 2015 Notes and 2016 Notes are senior in right of payment to all of our future subordinated indebtedness.

Please carefully consider the risk factors beginning on page 15 of this prospectus before tendering in the exchange offer.

These securities have not been approved or disapproved by the Securities and Exchange Commission or any state securities commission nor has the Securities and Exchange Commission passed upon the accuracy or the adequacy of this prospectus. Any representation to the contrary is a criminal offense.

Joint Lead Dealer Managers

Banc of America Securities LLC **Deutsche Bank Securities** **Lehman Brothers**

Bear, Stearns & Co. Inc.
Credit Suisse First Boston
Morgan Stanley
BNP PARIBAS
Credit Lyonnais Securities
SunTrust Robinson Humphrey
TD Securities
Comerica Securities
Wells Fargo Securities

The date of this prospectus is December , 2003.

This prospectus is part of a registration statement filed with the Securities and Exchange Commission (the "SEC" or the "Commission"). In making your investment decision, you should rely only on the information contained or incorporated by reference in this prospectus and the accompanying letter of transmittal. We have not authorized anyone to provide you with different information. We are not, and the dealer managers are not, making an offer of these securities in any state where the offer is not permitted. You should not assume that the information contained in this prospectus or the documents incorporated by reference herein is accurate as of any date other than the date on the front of this prospectus or the date of such document, as the case may be.

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WHERE YOU CAN FIND MORE INFORMATION

We file annual, quarterly and special reports, proxy statements and other information with the SEC.

We incorporate by reference in this prospectus the following documents filed with the SEC pursuant to the Securities Exchange Act of 1934:

- our amended Annual Report on Form 10-K/A for the fiscal year ended December 31, 2002;
- our Quarterly Reports on Form 10-Q or 10-Q/A for the fiscal quarters ended March 31, 2003, June 30, 2003 (as amended on September 18, 2003) and September 30, 2003; and
- our Current Reports on Form 8-K dated January 10, 2003, February 4, 2003, February 28, 2003, March 4, 2003, March 14, 2003, March 19, 2003, April 29, 2003, June 6, 2003, June 25, 2003, September 22, 2003, October 7, 2003, November 14, 2003 and November 18, 2003 (excluding any information furnished pursuant to Item 9 or Item 12 of any such Current Report on Form 8-K).

We also incorporate by reference any future filings made by us with the SEC under Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act (excluding any information furnished pursuant to Item 9 or Item 12 on any Current Report on Form 8-K), until the expiration date.

The information incorporated by reference is an important part of this prospectus, and information that we file later with the SEC will automatically update and supersede this information as well as the information included in this prospectus.

You may read and copy any document we file with the SEC at the SEC public reference room located at:

Room 1024, Judiciary Plaza
450 Fifth Street, N.W.
Washington, D.C. 20549

Please call the SEC at 1-800-SEC-0330 for further information on the public reference room and its copy charges. Our SEC filings are also available to the public on the SEC's web site at http://www.sec.gov and through the New York Stock Exchange, Inc., 20 Broad Street, New York, New York 10005, on which our shares of common stock are traded.

During the course of the exchange offer, we invite each holder of the 2011 Notes to ask us questions concerning the terms and conditions of the exchange offer and to obtain any additional information necessary to verify the accuracy of the information in this prospectus which is material to the exchange offer to the extent that we possess such information or can acquire it without unreasonable effort or expense. You may obtain a copy of any or all of the documents summarized in this prospectus or incorporated by reference in this prospectus, without charge, by request directed to us at the following address and telephone number:

Martha A. Burger
Treasurer and Senior Vice President—Human Resources
Chesapeake Energy Corporation
6100 North Western Avenue
Oklahoma City, Oklahoma 73118
Telephone: (405) 848-8000

FORWARD-LOOKING STATEMENTS

This prospectus includes "forward-looking statements" within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act. 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, the impact of the recently completed Laredo Energy acquisition as described in this prospectus, expected oil and gas production, cash flow and anticipated liquidity, business strategy and other plans and objectives for future operations and expected future expenses and use 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" and include:

- the volatility of oil and gas prices;
- our substantial indebtedness;
- the cost and availability of drilling and production services;
- our commodity price risk and interest rate risk management activities, including counterparty contract performance risk;
- uncertainties inherent in estimating quantities of oil and gas reserves, projecting future rates of production and the timing of development expenditures;
- our ability to replace reserves;
- the availability of capital;
- projecting future rates of production and the timing of development expenditures;
- uncertainties in evaluating oil and gas reserves of acquired properties and associated potential liabilities;
- drilling and operating risks;
- our ability to generate future taxable income sufficient to utilize our federal and state income tax net operating loss (NOL) carryforwards before expiration;
- future ownership changes which could result in additional limitations to our NOLs;
- adverse effects of governmental and environmental regulation;
- losses possible from pending or future litigation;
- the strength and financial resources of our competitors; and
- 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 prospectus, and we undertake no obligation to update this information. We urge you to carefully review and consider the disclosures made in this prospectus and our reports filed with the SEC and incorporated by reference herein that attempt to advise interested parties of the risks and factors that may affect our business.

SUMMARY

This summary highlights information contained elsewhere in this prospectus or incorporated by reference herein. You should read the entire prospectus and the incorporated documents carefully, including the historical financial statements and the notes to those financial statements. You should read "Risk Factors" beginning on page 15 for more information about important factors that you should consider before making a decision to participate in the exchange offer.

Chesapeake

We are among the ten largest independent natural gas producers in the United States, owning interests in over 14,500 producing oil and gas wells. We estimate that our proved reserves were approximately 3.1 tcfe as of September 30, 2003, pro forma for the recently completed Laredo Energy acquisition that closed on October 31, 2003. Approximately 91% of our pro forma proved reserves are natural gas, and approximately 87% of our pro forma proved reserves are located in the Mid-Continent region of the United States, which includes Oklahoma, western Arkansas, southwestern Kansas and the Texas Panhandle. We have smaller operations in the onshore Upper Gulf Coast region, the South Texas area, the Deep Giddings field in Texas, the Tuscaloosa Trend in Louisiana, the Permian Basin region of southeastern New Mexico and the Williston Basin of North Dakota and Montana.

On October 31, 2003, we acquired Laredo Energy, L.P. and its partners' interests in certain assets in the Lobo Trend in Zapata County, Texas for approximately $200 million, which, by our internal estimates, will add approximately 108 bcfe to our estimated proved reserves and approximately 30 mmcfe to our daily production. We believe we have acquired a high-quality asset base from Laredo Energy, distinguished by proved reserves that are 100% gas and 32% proved developed and with a reserve-to-production index of approximately 10 years. We believe the acquisition of these relatively shorter-lived, less developed properties will complement our base of longer-lived, more developed Mid-Continent assets and provide substantial opportunities for additional drilling and exploration activities. There is no assurance that our estimates of the acquired Laredo Energy reserves will prove correct.

Our executive offices are located at 6100 North Western Avenue, Oklahoma City, Oklahoma 73118, and our telephone number is (405) 848-8000.

Business Strategy

From our inception in 1989, our business goal has been to create value for our investors by building one of the largest onshore natural gas resource bases in the United States. Since 1998, our business strategy to achieve this goal has been to integrate our aggressive and technologically advanced Mid-Continent drilling program with a Mid-Continent focused producing property consolidation program. We believe this balanced business strategy enables us to achieve greater economies of scale, increase our undrilled acreage inventory and attract and retain talented and motivated land, geoscientific and engineering personnel. We are executing our strategy by:

- *Consistently Making High-Quality Acquisitions*. Our acquisition program is focused on small- to medium-sized acquisitions of Mid-Continent natural gas properties that provide high-quality, long-lived production and significant drilling opportunities. Since January 1, 2000, we have acquired $2.3 billion of such properties (primarily in 21 separate transactions of greater than $10 million each) at an estimated average cost of $1.24 per mcfe of proved reserves. The vast majority of these acquisitions either increased our ownership in existing wells or fields or added additional drilling locations in our core Mid-Continent operating area. We believe our recent acquisition of high-quality, shorter-lived assets from Laredo Energy

complements our longer-lived Mid-Continent assets. In addition, we believe our expertise in drilling deep natural gas wells into challenging geological environments is well-suited to successfully developing the exploration potential of the Laredo Energy assets. Because the Mid-Continent and South Texas regions contain many small companies seeking market liquidity and larger companies seeking to divest non-core assets, we expect to find additional attractive acquisition opportunities in the future.

- *Consistently Growing Through the Drillbit*. One of our most distinctive characteristics is our ability to increase reserves through the drillbit. We are currently conducting one of the three most active drilling programs in the United States with our program focused on finding gas in the Mid-Continent region. We currently have 43 rigs drilling on Chesapeake-operated prospects, and we are participating in approximately 40 wells being drilled by others. We believe our Mid-Continent drilling program is the most active in the region and is supported by our ownership of an extensive land and 3-D seismic base.
- *Consistently Focusing on the Mid-Continent*. In this region, we believe we are the largest natural gas producer, the most active driller and the most active acquirer of undeveloped leases and producing properties. We believe the Mid-Continent region, which trails only the Gulf Coast and Rocky Mountain basins in U.S. gas production, has many attractive characteristics. These characteristics include long-lived natural gas properties with relatively predictable decline curves; multi-pay geological targets that decrease drilling risk, resulting in our historical Mid-Continent drilling success rate of approximately 93% over the past ten years; favorable basis differentials to benchmark commodities prices; generally lower service costs than in more competitive or more remote basins; and a favorable regulatory environment with virtually no federal land ownership. In addition, we believe the location of our headquarters in Oklahoma City provides us with many competitive advantages over other companies that direct their activities in this region from district offices in Oklahoma City or Tulsa or from out-of-state headquarters.
- *Consistently Focusing on Low Costs*. By minimizing operating costs, we have been able to deliver consistently attractive financial returns through all phases of the commodity price cycle. We believe our general and administrative costs and our lease operating expenses are among the lowest in the industry. We believe these low costs are the result of our management's effective cost-control programs, our high-quality asset base and the extensive and competitive services, gas processing and transportation infrastructures in the Mid-Continent. We believe the recent Laredo Energy acquisition should reduce our overall operating cost structure per mcfe because our production costs per mcfe for these properties are expected to be lower than our current production costs per mcfe.
- *Consistently Improving our Capitalization*. We have made significant progress in improving our balance sheet since the beginning of 1999, having increased our stockholders' equity by $2.0 billion through a combination of earnings and common and preferred equity issuances. As of December 31, 1999, our debt to total capitalization ratio was 129%. As of September 30, 2003, after giving pro forma effect to our private placement of 2016 Notes, our recent public offering of preferred stock and the application of the net proceeds therefrom, this ratio would have been 54%. We plan to continue making the reduction of the debt to total capitalization ratio one of our primary financial goals.

Based on our view that natural gas has become the fuel of choice to meet growing power demand and increasing environmental concerns in the United States, we believe our Mid-Continent focused natural gas development strategy should provide substantial growth opportunities in the years ahead. Although U.S. gas production has been declining during the past nine quarters, we have increased our production in each of those quarters. Our goal is to increase our overall production by 10% to 15% per year, with approximately one-third of this growth projected to be generated organically through the drillbit and the remainder from acquisitions.

Company Strengths

We believe the following six characteristics distinguish our past performance and future growth potential from other natural gas producers:

- *High-Quality Asset Base*. Our producing properties are characterized by long-lived reserves, established production profiles and an emphasis on natural gas. Based upon current production and reserve levels (and pro forma for the Laredo Energy acquisition), our proved reserves-to-production ratio, or reserve life, is approximately 11.5 years. In each of our operating areas, our properties are concentrated in locations that enable us to establish substantial economies of scale in drilling and production operations and facilitate the application of more effective reservoir management practices. We intend to continue building our Mid-Continent asset base by concentrating both our drilling and acquisition efforts in this region.
- *Low-Cost Producer*. Our high-quality asset base has enabled us to achieve a low operating cost structure. During the first three quarters of 2003, our cash operating costs per unit of production were $0.90 per mcfe, which consisted of general and administrative expenses of $0.09 per mcfe, production expenses of $0.52 per mcfe and production taxes of $0.29 per mcfe. We believe this is one of the lowest operating cost structures among publicly traded independent oil and natural gas producers. We believe the Laredo Energy acquisition should further lower our per unit cash operating costs because we project the Laredo Energy properties will have initial production expenses of approximately $0.10 per mcfe. We currently operate approximately 79% of our proved reserves. This large percentage of operational control provides us with a high degree of operating flexibility and cost control.
- *Successful Acquisition Program*. Our experienced asset acquisition team focuses on adding to our attractive resource base in the Mid-Continent region and occasionally looks to supplement our Mid-Continent base by evaluating acquisition opportunities in the onshore Gulf Coast, South Texas and Permian Basin regions. These areas are characterized by medium- to long-lived natural gas reserves, low lifting costs, multiple geological targets that provide substantial drilling potential, favorable basis differentials to benchmark commodity prices, a well-developed oil and gas transportation infrastructure and considerable potential for further consolidation of assets. Since 1998 and including the Laredo Energy acquisition, we have completed $3.1 billion in acquisitions at an average cost of $1.14 per mcfe of proved reserves. We believe we are well-positioned to continue this consolidation as a result of our large existing asset base, our corporate presence in Oklahoma, our knowledge and expertise in the regions in which we operate and current trends in the industry.
- *Large Inventory of Drilling Projects*. During the past 14 years, we believe we have been one of the ten most active drillers in the United States and the most active driller in the Mid-Continent. We believe we have developed a particular expertise in drilling deep vertical and horizontal wells in search of large natural gas accumulations in challenging reservoir conditions. We actively pursue deep drilling targets because of our view that most undiscovered gas reserves in the Mid-Continent will be found at depths below 12,500 feet. In addition, we believe that our large 3-D seismic inventory, much of which is proprietary to Chesapeake, provides us with an advantage over our competitors, which largely prefer to drill shallower development wells. As a result of our aggressive land acquisition strategies and Oklahoma's favorable forced-pooling regulations, we have been able to accumulate an onshore leasehold position of approximately 2.3 million net acres. In addition, our technical teams have identified over 2,500 exploratory and developmental drillsites, representing approximately five years of future drilling opportunities at our current rate of drilling. The Laredo Energy acquisition added to our existing land inventory and we have identified approximately 70 additional potential drillsites associated with the properties acquired in this transaction.
- *Hedging Program*. We have historically used and intend to continue using hedging programs to reduce the risks inherent in producing oil and natural gas, commodities that are extremely volatile in price. We

believe this volatility is likely to continue and may even increase in the years ahead. We believe that a producer can use this volatility to its benefit by taking advantage of prices when they exceed historical norms. Over the past three years, we have increased our oil and gas revenues by $127 million of realized gains through hedging. We currently have gas swaps hedging 55, 144, 46, 26 and 26 bcf for the fourth quarter of 2003 and for all of 2004, 2005, 2006 and 2007 at average NYMEX prices of $5.64, $5.25, $4.82, $4.74 and $4.76 per mcf, respectively. In addition, we have 100% of our projected oil production hedged for the fourth quarter of 2003 and 94% for all of 2004 at average NYMEX prices of $28.69 and $28.61 per barrel of oil, respectively.

- *Entrepreneurial Management*. Our management team formed Chesapeake in 1989 with an initial capitalization of $50,000. Through the following years, this management team has guided our company through operational challenges and extremes of oil and gas prices to create one of the ten largest independent natural gas producers in the United States with an enterprise value of approximately $5.4 billion (pro forma for our recent private placement of 2016 Notes and public offering of preferred stock). Our co-founders, Aubrey K. McClendon and Tom L. Ward, have been business partners in the oil and gas industry for 20 years and beneficially own, as of September 30, 2003, approximately 14.3 million and 15.8 million of our common shares, respectively.

Other Developments

We recently announced a series of transactions intended to improve our capitalization:

- *Public Offering of Convertible Preferred Stock.* On November 18, 2003, we completed a public offering of 1,725,000 shares of our 5.00% Cumulative Convertible Preferred Stock (including 225,000 shares as part of a fully exercised underwriters' overallotment option) at a price of $100 per share. Our net proceeds were approximately $167.8 million, which were applied to repay a portion of the borrowings under our bank credit facility incurred primarily to finance the Laredo Energy acquisition.
- *Private Offering of Senior Notes.* On November 26, 2003, we completed a private placement of $200 million of the 2016 Notes. Net proceeds are expected to be used to fund the tender offer of our 8.5% Senior Notes due 2012 described below and to repay a portion of our borrowings under our bank credit facility incurred primarily to finance the Laredo Energy acquisition. The private placement of 2016 Notes was made only to qualified institutional buyers under Rule 144A under the Securities Act and to non-U.S. persons in offshore transactions pursuant to Regulation S under the Securities Act. The 2016 Notes issued in the private placement will be identical to the 2016 Notes to be issued in this exchange offer except that they are not freely tradeable. Pursuant to a registration rights agreement with the initial purchasers, we agreed to use our reasonable best efforts to make an offer to exchange the 2016 Notes issued in the private placement for 2016 Notes that have been registered under the Securities Act. The 2016 Notes issued in such exchange will be identical to the 2016 Notes issued in this exchange offer. All 2016 Notes issued in the private placement, the exchange offer to be made in connection with the private placement and this exchange offer will constitute one and the same series for all purposes under the relevant indenture.
- *Tender Offer for 8.5% Senior Notes due 2012.* On November 12, 2003, we launched a cash tender offer for all of the approximately $111 million outstanding principal amount of our 8.5% Senior Notes due 2012. The tender offer is conditioned upon the receipt of consents from holders of a majority of the outstanding principal amount of the 8.5% Senior Notes to remove substantially all of the covenants applicable to the notes. If fully subscribed, it is expected that the tender offer will cost approximately $118 million, which would be funded with a portion of the net proceeds from the private placement of 2016 Notes. There is no assurance that the tender offer will be subscribed for any amount, and the completion of this exchange offer is not conditioned on the outcome of the tender offer.

Summary of the Exchange Offer

We summarize below the terms of this exchange offer. You should read the detailed description of the offer in the section entitled "The Exchange Offer." In addition, you should review the section entitled "Risk Factors" beginning on page 15 for a discussion of risk factors that you should consider in connection with this exchange offer.

Purpose of this exchange offer	The purpose of this exchange offer is to refinance a portion of our 2011 Notes in order to improve our debt maturity profile.
Securities for which we are making this exchange offer	A maximum of $500 million in aggregate principal amount of 8.125% Senior Notes due April 1, 2011 (the "2011 Notes"), of which $728,255,000 in aggregate principal amount was outstanding as of November 21, 2003. In the event that more than $500 million of 2011 Notes are validly tendered, we will accept $500 million of 2011 Notes on a pro rata basis as discussed below.
Securities offered under this exchange offer	At the option of the holder, new notes of our series of: • 7.75% Senior Notes due January 15, 2015 (the "2015 Notes"); or • 6.875% Senior Notes due January 15, 2016 (the "2016 Notes").
The exchange offer	We are offering to exchange debt securities for the 2011 Notes held by you. You can select the form of consideration that you will receive for your 2011 Notes from the following two options: • *2015 Note Option.* Under this option, we will exchange $ in principal amount of the 2015 Notes, less the accrued interest adjustment, for every $1,000 in principal amount of 2011 Notes validly tendered and accepted for payment (the "2015 Note Option"). • *2016 Note Option.* Under this option, we will exchange $ in principal amount of the 2016 Notes, plus the accrued interest adjustment, for every $1,000 in principal amount of 2011 Notes validly tendered and accepted for payment (the "2016 Note Option"). You do not have to choose the same option for all the 2011 Notes that you tender. If you wish to receive 2015 Notes for some of your 2011 Notes and 2016 Notes for some of your 2011 Notes, you must make two separate tenders. You do not have to tender all of your 2011 Notes to participate in this exchange offer.
Early Participation Payment	If you validly tender your 2011 Notes at or prior to 5:00 p.m., New York City time, on , December , 2003 [10th business day from commencement], which date we refer to as the early participation date, you will receive an early participation payment in cash of $ for each $1,000 principal amount of 2011 Notes validly tendered and accepted for exchange.

Accrued Interest Payment	We will adjust the exchange ratios under the 2015 Note Option and the 2016 Note Option for the value of net accrued interest owed to, or due from, holders tendering in the exchange on the settlement date. We refer to these adjustments as the "Accrued Interest Adjustment." Assuming a December , 2003 settlement date, the 2011 Notes will have $ of interest accrued on each $1,000 principal amount. The Notes issued in the exchange offer will be issued with accrued interest which, as of December , 2003, will be $ for each $1,000 principal amount of 2015 Notes, and $ for each $1,000 principal amount of 2016 Notes. To adjust for the settlement of accrued interest on 2011 Notes tendered, and 2015 Notes and 2016 Notes received, in the exchange offer (assuming a December , 2003 settlement date): • the exchange ratio under the 2015 Note Option will be adjusted by reducing the amount of principal of 2015 Notes issued for each $1,000 of principal of 2011 Notes tendered by $, so that you will receive $ principal amount of 2015 Notes for each $1,000 principal amount of 2011 Notes validly tendered and accepted for exchange; and • the exchange ratio under the 2016 Note Option will be adjusted by increasing the amount of principal of 2016 Notes issued for each $1,000 of principal of 2011 Notes tendered by $, so that you will receive $ principal amount of 2016 Notes for each $1,000 principal amount of 2011 Notes validly tendered and accepted for exchange. For further information relating to the terms of the 2015 Notes and 2016 Notes, see "Summary of the 2015 Notes" and "Summary of the 2016 Notes" below.
Pro Rata Acceptance	If 2011 Notes having an aggregate principal amount in excess of $500 million are validly tendered and not validly withdrawn, we will accept for exchange $500 million aggregate principal amount of 2011 Notes allocated on a pro rata basis based on the proportion of the 2011 Notes you tendered to all 2011 Notes tendered as of the expiration date. See "The Exchange Offer—Pro Rata Acceptance."
Conditions to the exchange offer	The exchange offer is subject to certain customary conditions that we may assert or waive. It is not subject to a minimum tender condition. See "The Exchange Offer—Conditions to this Exchange Offer." In addition, subject to applicable law, we reserve the right to: • terminate this exchange offer; • extend the expiration date and retain all 2011 Notes that have been tendered; or • waive any condition or otherwise amend the terms of this exchange offer in any respect.

Expiration Date, Acceptance Date and Settlement Date	The exchange offer will expire at 12:00 Midnight, New York City time, on , December , 2003 [20th business day from commencement], which date we refer to as the expiration date, unless we extend the offer. We will accept up to $500 million in aggregate principal amount of 2011 Notes validly tendered for exchange, and make any pro rationing necessary, on the next business day after the expiration date, which date we refer to as the acceptance date. We expect cancellation of the validly tendered 2011 Notes, issuance and delivery of the 2015 Notes or 2016 Notes and payment of the early participation payment to occur on the second business day after the expiration date, which date we refer to as the settlement date.
Withdrawal of Tenders	Tenders of 2011 Notes may be withdrawn in writing at any time prior to 5:00 p.m., New York City time, on , December , 2003 [20th business day from commencement], which we refer to as the withdrawal deadline. Except under certain circumstances, tenders of 2011 Notes may not be withdrawn after that time.
Taxation	We intend to treat the exchange of 2015 Notes and 2016 Notes for 2011 Notes in the exchange offer as a tax-free recapitalization for United States federal income tax purposes. The Accrued Interest Adjustment, however, may result in receipt of taxable income. We do not expect the notes received in the exchange offer will be treated for United States federal income tax purposes as having been issued with "original issue discount," which must be accrued on a constant yield basis. See "United States Federal Income Tax Consequences."
Procedures for Tendering	If you wish to accept the exchange offer and your 2011 Notes are held by a custodial entity such as a bank, broker, dealer, trust company or other nominee, you must instruct that custodial entity to tender your 2011 Notes on your behalf pursuant to the procedures of the custodial entity. If your 2011 Notes are registered in your name, you must complete, sign and date the accompanying letter of transmittal according to the instructions contained in this prospectus and the letter of transmittal. You must also mail or otherwise deliver the letter of transmittal and any other required documents to the exchange agent at one of the addresses set forth on the cover page of the letter of transmittal. If you wish to receive 2015 Notes for some of your 2011 Notes and 2016 Notes for some of your 2011 Notes, you must make two separate tenders. Custodial entities that are participants in the Depository Trust Company, or DTC, must tender 2011 Notes through DTC's Automated Tender Offer Program, known as ATOP, by which the custodial entity and the beneficial owner on whose behalf the custodial entity is acting agree to be bound by the letter of transmittal. A letter of transmittal need not accompany tenders effected through ATOP.

Notes not tendered or accepted for exchange	Any 2011 Notes not accepted for exchange for any reason will be returned without expense to you as promptly as practicable after the expiration or termination of this exchange offer. If you do not exchange your 2011 Notes in this exchange offer, or if your 2011 Notes are not accepted for exchange, you will continue to hold your 2011 Notes and will be entitled to all the rights and will be subject to all the limitations applicable to the 2011 Notes.
Use of proceeds	We will not receive any cash proceeds from the issuance of the 2015 Notes and 2016 Notes offered in this exchange offer.
Appraisal rights	You will have no dissenters' rights or appraisal rights in connection with this exchange offer.
"Blue Sky" compliance	We are not making this offer to, and we will not accept tenders from, holders of notes in any jurisdiction in which this exchange offer or the acceptance of notes would not comply with the applicable securities or "blue sky" laws of that jurisdiction.
Dealer managers	The dealer managers for the exchange offering are listed on the cover of this Prospectus. Banc of America Securities LLC, Deutsche Bank Securities Inc. and Lehman Brothers Inc. are acting as the joint lead dealer managers for the exchange offer. Their addresses and telephone numbers are located on the back cover of this prospectus.
Exchange agent	The Bank of New York is the exchange agent for this exchange offer. Its address and telephone numbers are located in the section "The Exchange Offer—Exchange Agent" and on the back cover of this prospectus.
Information agent	D.F. King & Co., Inc. is the information agent for this exchange offer. Its address and telephone numbers are located in the section "The Exchange Offer—Information Agent" and on the back cover of this prospectus.

Summary of the 2015 Notes

Issuer	Chesapeake Energy Corporation.
Add-On	The 2015 Notes issued in the exchange offer will be additional notes of the same series as our outstanding 2015 Notes originally issued on December 20, 2002, in an aggregate principal amount of $150 million. As of November 21, 2003, the aggregate principal amount of 2015 Notes outstanding was $236.7 million.
Maturity Date	January 15, 2015.
Interest Payment Dates	Interest on the 2015 Notes issued in the exchange offer will accrue from July 15, 2003, the last payment date for the outstanding 2015 Notes. We pay interest on the 2015 Notes on January 15 and July 15 of each year.
Optional Redemption	On or after January 15, 2008, we may redeem some or all of the 2015 Notes at the redemption prices listed in the "Description of Notes—Optional Redemption of the 2015 Notes" section of this prospectus, plus accrued but unpaid interest to the date of redemption. Until January 15, 2006, we may choose to redeem up to 35% of the aggregate principal amount of the 2015 Notes originally issued, together with the 2015 Notes issued in this exchange offer and any 2015 Notes issued hereafter, with money we raise in certain equity offerings, as long as: • we pay the holders of all 2015 Notes redeemed a redemption price of 107.75% of the principal amount of all such 2015 Notes, plus accrued but unpaid interest to the date of redemption; and • at least 65% of the aggregate principal amount of all such 2015 Notes remains outstanding after such redemption. In addition to the preceding, we may redeem some or all of the 2015 Notes prior to January 15, 2008 by the payment of a make-whole premium described in the "Description of Notes—Optional Redemption of the 2015 Notes" section of this prospectus.
Change of Control	If a Change of Control of our company occurs, subject to certain conditions, we must give holders of the 2015 Notes an opportunity to sell to us the 2015 Notes at a purchase price of 101% of the principal amount of the 2015 Notes, plus accrued but unpaid interest to the date of purchase. The term "Change of Control" is defined in the "Description of Notes—Certain Definitions" section of this prospectus.
Guarantees	The 2015 Notes are unconditionally guaranteed, jointly and severally, by each of our existing and future restricted subsidiaries. All of our existing subsidiaries, other than Chesapeake Energy Marketing, Inc., Mayfield Processing, L.L.C. and MidCon Compression L.P., are restricted subsidiaries.

Ranking	The 2015 Notes are unsecured and rank equally in right of payment to all of our existing and future senior indebtedness, including the 2011 Notes and the 2016 Notes. The 2015 Notes rank senior in right of payment to all of our future subordinated indebtedness. Please read "Description of Notes—Ranking." As of September 30, 2003, after giving pro forma effect to our recent offerings of preferred stock and 2016 Notes and the application of net proceeds therefrom, we would have had approximately $2.08 billion in principal amount of senior indebtedness outstanding, none of which would have been secured indebtedness.
Restrictive Covenants	The indenture governing the 2015 Notes contains covenants that limit 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. All of these limitations are subject to a number of important exceptions and qualifications, which are described in the "Description of Notes—Certain Covenants" section of this prospectus. These limitations are substantially the same as those that apply to the 2011 Notes and the 2016 Notes.
Book-Entry, Delivery and Form	Initially, the 2015 Notes will be represented by one or more permanent global certificates in definitive, fully registered form deposited with a custodian for, and registered in the name of, a nominee of DTC.

Summary of 2016 Notes

Issuer	Chesapeake Energy Corporation
Add-On	The 2016 Notes issued in the exchange offer will be additional notes of the same series as the 2016 Notes originally issued in a private placement on November 26, 2003, in an aggregate principal amount of $200 million. The 2016 Notes issued in the private placement will be identical to the 2016 Notes to be issued in this exchange offer, except that they are not freely tradeable. Pursuant to a registration rights agreement with the initial purchasers, we agreed to use our reasonable best efforts to make an offer to exchange the 2016 Notes issued in the private placement for 2016 Notes that have been registered under the Securities Act. The 2016 Notes issued in such exchange will be identical to the 2016 Notes issued in this exchange offer. All 2016 Notes issued in the private placement, the exchange offer to be made in connection with the private placement and this exchange offer will constitute one and the same series for all purposes under the relevant indenture.
Maturity Date	January 15, 2016.
Interest Payment Dates	Interest on the 2016 Notes issued in the exchange offer will accrue from the date of issuance for the originally issued 2016 Notes, which is November 26, 2003. We will pay interest on the 2016 Notes on January 15 and July 15 of each year commencing July 15, 2004.
Optional Redemption	On or after January 15, 2009, we may redeem some or all of the 2016 Notes at the redemption prices listed in the “Description of Notes—Optional Redemption of the 2016 Notes” section of this prospectus, plus accrued but unpaid interest to the date of redemption. Until January 15, 2007 we may choose to redeem up to 35% of the aggregate principal amount of the 2016 Notes originally issued, together with the 2016 Notes issued in this exchange offer and any 2016 Notes issued hereafter, with money we raise in certain equity offerings, as long as: • we pay the holders of all 2016 Notes redeemed a redemption price of 106.875% of the principal amount of all such 2016 Notes, plus accrued but unpaid interest to the date of redemption; and • at least 65% of the aggregate principal amount of all such 2016 Notes remains outstanding after such redemption In addition to the preceding, we may redeem some or all of the 2016 Notes prior to January 15, 2009 by the payment of a make-whole premium described in the “Description of Notes—Optional Redemption of the 2016 Notes” section of this prospectus.
Change of Control	If a Change of Control of our company occurs, subject to certain conditions, we must give holders of the 2016 Notes an opportunity to sell to us the 2016 Notes at a purchase price of 101% of the principal amount

	of the 2016 Notes, plus accrued but unpaid interest to the date of purchase. The term "Change of Control" is defined in the "Description of Notes—Certain Definitions" section of this prospectus.
Guarantees	The 2016 Notes will be unconditionally guaranteed, jointly and severally, by each of our existing and future restricted subsidiaries. All of our existing subsidiaries, other than Chesapeake Energy Marketing, Inc., Mayfield Processing, L.L.C. and MidCon Compression L.P., are restricted subsidiaries.
Ranking	The 2016 Notes will be unsecured and will rank equally in right of payment to all of our existing and future senior indebtedness, including the 2011 Notes and the 2015 Notes. The 2016 Notes will rank senior in right of payment to all of our future subordinated indebtedness. Please read "Description of Notes—Ranking." As of September 30, 2003, after giving pro forma effect to our recent offerings of preferred stock and 2016 Notes and the application of net proceeds therefrom, we would have had approximately $2.08 billion in principal amount of senior indebtedness outstanding, none of which would have been secured indebtedness.
Restrictive Covenants	The indenture governing the 2016 Notes contains covenants that limit 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. All of these limitations are subject to a number of important exceptions and qualifications, which are described in the "Description of Notes—Certain Covenants" section of this prospectus. These limitations are substantially the same as those that apply to the 2011 Notes and the 2015 Notes.
Book-Entry, Delivery and Form	Initially, the 2016 Notes will be represented by one or more permanent global certificates in definitive, fully registered form deposited with a custodian for, and registered in the name of, a nominee of DTC.

Risk Factors

Participation in the exchange offer involves certain risks that you should carefully evaluate prior to making a decision to tender you notes. Please read "Risk Factors" beginning on page 15.

Summary Consolidated Financial Data

The following tables set forth summary consolidated financial data as of and for each of the three years ended December 31, 2000, 2001 and 2002 and the nine months ended September 30, 2002 and 2003. These data were derived from our audited consolidated financial statements included in our annual report on Form 10-K/A for the year ended December 31, 2002, which is incorporated by reference herein, and from our unaudited consolidated financial statements included in our quarterly report on Form 10-Q for the nine months ended September 30, 2003, which is incorporated by reference herein. The financial data below should be read together with, and are qualified in their entirety by reference to, our historical consolidated financial statements and the accompanying notes and the "Management's Discussion and Analysis of Financial Condition and Results of Operations" which are set forth in our annual report on Form 10-K/A and in our quarterly report on Form 10-Q, which are incorporated by reference herein.

	Years Ended December 31,			Nine Months Ended September 30,	
	2000	2001	2002	2002	2003
					(unaudited)
	(in thousands, except ratios and per share data)				
Statement of Operations Data:					
Revenues:					
Oil and gas sales	$ 470,170	$ 820,318	$ 568,187	$ 367,810	$ 951,125
Oil and gas marketing sales	157,782	148,733	170,315	112,334	309,566
Total revenues	627,952	969,051	738,502	480,144	1,260,691
Operating costs:					
Production expenses	50,085	75,374	98,191	71,252	101,664
Production taxes	24,840	33,010	30,101	19,934	57,336
General and administrative	13,177	14,449	17,618	11,930	17,254
Oil and gas marketing expenses	152,309	144,373	165,736	108,836	302,064
Oil and gas depreciation, depletion and amortization	101,291	172,902	221,189	157,731	266,131
Depreciation and amortization of other assets	7,481	8,663	14,009	10,489	12,647
Total operating costs	349,183	448,771	546,844	380,172	757,096
Income from operations	278,769	520,280	191,658	99,972	503,595
Other income (expense):					
Interest and other income	3,649	2,877	7,340	7,343	1,356
Interest expense	(86,256)	(98,321)	(112,031)	(77,779)	(115,891)
Loss on investment in Seven Seas	—	—	(17,201)	(4,770)	—
Impairment of investment in securities	—	(10,079)	—	—	—
Loss on repurchases of Chesapeake debt	—	(76,667)	(2,626)	(1,353)	—
Gain on sale of Canadian subsidiary	—	27,000	—	—	—
Gothic standby credit facility costs	—	(3,392)	—	—	—
Total other income (expense)	(82,607)	(158,582)	(124,518)	(76,559)	(114,535)
Income before income taxes and cumulative effect of accounting change	196,162	361,698	67,140	23,413	389,060
Provision (benefit) for income taxes	(259,408)	144,292	26,854	9,366	147,841
Net income before cumulative effect of accounting change	455,570	217,406	40,286	14,047	241,219

	Years Ended December 31,			Nine Months Ended September 30,	
	2000	2001	2002	2002	2003
					(unaudited)
	(in thousands, except ratios and per share data)				
Cumulative effect of accounting change	—	—	—	—	2,389
Net income	455,570	217,406	40,286	14,047	243,608
Preferred stock dividends	(8,484)	(2,050)	(10,117)	(7,588)	(15,484)
Gain on redemption of preferred stock	6,574	—	—	—	—
Net income available to common shareholders	$ 453,660	$ 215,356	$ 30,169	$ 6,459	$ 228,124
Earnings per common share—basic:					
Income before cumulative effect of accounting change	$ 3.52	$ 1.33	$ 0.18	$ 0.04	$ 1.08
Cumulative effect of accounting change	—	—	—	—	0.01
Net income	$ 3.52	$ 1.33	$ 0.18	$ 0.04	$ 1.09
Earnings per common share—assuming dilution:					
Income before cumulative effect of accounting change	$ 3.01	$ 1.25	$ 0.17	$ 0.04	$ 0.95
Cumulative effect of accounting change	—	—	—	—	0.01
Net income	$ 3.01	$ 1.25	$ 0.17	$ 0.04	$ 0.96
Other Financial Data:					
Ratio of earnings to fixed charges(1)	3.1x	4.4x	1.5x	1.2x	4.1x

	As of December 31,			As of September 30, 2003 (unaudited)		
	2000	2001	2002	Historical	Pro Forma(2)	Pro Forma As Adjusted(3)
	(in thousands)					
Balance Sheet Data:						
Total assets	$ 1,440,426	$ 2,286,768	$ 2,875,608	$ 4,257,489	$ 4,431,775	$
Long-term debt, net of current maturities and discounts	944,845	1,329,453	1,651,198	2,024,336	2,055,222	
Stockholders' equity	313,232	767,407	907,875	1,584,370	1,736,829	

(1) For purposes of determining the ratios of earnings to fixed charges and earnings to fixed charges, earnings are defined as net income before income taxes, cumulative effect of accounting change, amortization of capitalized interest and fixed charges, less capitalized interest. Fixed charges consist of interest (whether expensed or capitalized), and amortization of debt expenses and discount or premium relating to any indebtedness.

(2) On a pro forma basis to reflect the effects of transactions described under "Capitalization" including (i) two private exchange offers for senior notes completed since September 30, 2003 (ii) our recently completed $172.5 million public offering of convertible preferred stock, (iii) our recently completed $200 million private placement of 2016 Notes and (iv) the expected application of the net proceeds from the foregoing offerings to fund our pending cash tender offer for all $111 million principal amount of our 8.5% Senior Notes due 2012 (assuming the tender offer is fully subscribed) and to repay the borrowings incurred under our bank credit facility to finance the recent Laredo Energy acquisition. There is no assurance that the tender offer for 8.5% Senior Notes will be subscribed for any amount.

(3) On a pro forma basis further adjusted to reflect the effects of this exchange offer, assuming that it is subscribed in full with equal amounts validly tendered for the 2015 Note Option and the 2016 Note Option and assuming a settlement date of December , 2003. There is no assurance that this exchange offer will be subscribed for any amount, or in the assumed proportions.

RISK FACTORS

In addition to the other information set forth elsewhere or incorporated by reference in this prospectus, the following factors relating to our company and the offering should be considered carefully before a decision to participate in the exchange offer.

Risks Related to Our Business

Oil and gas prices are volatile. A decline in prices could adversely affect our financial results, cash flows, access to capital and ability to grow.

Our revenues, operating results, profitability, future rate of growth and the carrying value of our oil and gas properties *depend* primarily upon the prices we receive for the oil and gas we sell. Prices also affect the amount of cash flow available for capital expenditures and our ability to borrow money or raise additional capital. The amount we can borrow from banks is subject to periodic redeterminations based on prices specified by our bank group at the time of redetermination. In addition, we may have ceiling test writedowns in the future if prices fall significantly.

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

- worldwide and domestic supplies of oil and gas;
- weather conditions;
- the level of consumer demand;
- the price and availability of alternative fuels;
- risks associated with owning and operating drilling rigs;
- the availability of pipeline capacity;
- the price and level of foreign imports;
- domestic and foreign governmental regulations and taxes;
- the ability of the members of the Organization of Petroleum Exporting Countries to agree to and maintain oil price and production controls;
- political instability or armed conflict in oil-producing regions; and
- the overall economic environment.

These factors and the volatility of the energy markets make it extremely difficult to predict future oil and gas price movements with any certainty. Declines in oil and gas prices would not only reduce revenue, but could reduce the amount of oil and gas that we can produce economically and, as a result, could have a material adverse effect on our financial condition, results of operations and reserves. Further, oil and gas prices do not necessarily move in tandem. Because approximately 91% of our proved reserves are currently natural gas reserves, we are more affected by movements in natural gas prices.

Our level of indebtedness and preferred stock may adversely affect operations and limit our growth, and we may have difficulty making debt service and preferred stock dividend payments on our indebtedness and preferred stock as such payments become due.

As of September 30, 2003, after giving pro forma effect to our recent offerings of preferred stock and the 2016 Notes and the application of net proceeds therefrom, we would have had approximately $2.08 billion in

principal amount of senior indebtedness outstanding, none of which would have been secured indebtedness, plus preferred stock outstanding having an aggregate liquidation preference of $552.4 million. Our long-term indebtedness represented 57% of our total book capitalization at September 30, 2003.

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

- a significant portion of our cash flows must be used to service our indebtedness and preferred stock, and our business may not generate sufficient cash flows from operations to enable us to continue to meet our obligations under our indebtedness and our stated dividends on our preferred stock;
- a high level of debt and preferred stock increases our vulnerability to general adverse economic and industry conditions;
- the covenants contained in the agreements governing our outstanding indebtedness limit our ability to borrow additional funds, dispose of assets, pay dividends and make certain investments;
- our debt covenants may also affect our flexibility in planning for, and reacting to, changes in the economy and in our industry, and the rights and preferences applicable to our preferred stock may limit our ability to pay dividends on our common stock; and
- a high level of debt and preferred stock may impair our ability to obtain additional financing in the future for working capital, capital expenditures, acquisitions, general corporate or other purposes.

We may incur additional debt, including significant secured indebtedness, or issue additional series of preferred stock, in order to make future acquisitions or to develop our properties. A higher level of indebtedness increases the risk that we may default on our debt obligations, including the notes offered hereby. Our ability to meet our debt obligations and to reduce our level of indebtedness depends on our future performance. General economic conditions, oil and gas prices and financial, business and other factors affect our operations and our future performance. Many of these factors are beyond our control. We may not be able to generate sufficient cash flow to pay the interest on our debt, and future working capital, borrowings or equity financing may not be available to pay or refinance such debt. Factors that will affect our ability to raise cash through an offering of our capital stock or a refinancing of our debt include financial market conditions, the value of our assets and our performance at the time we need capital.

In addition, our bank borrowing base is subject to periodic redeterminations. We could be forced to repay a portion of our bank borrowings due to redeterminations of our borrowing base. If we are forced to do so, we may not have sufficient funds to make such repayments. If we do not have sufficient funds and are otherwise unable to negotiate renewals of our borrowings or arrange new financing, we may have to sell significant assets. Any such sale could have a material adverse effect on our business and financial results.

Competition in the oil and natural gas industry is intense, and many of our competitors have greater financial and other resources than we do.

We operate in the highly competitive areas of oil and natural gas acquisition, development, exploitation, exploration and production. We face intense competition from both major and other independent oil and natural gas companies in each of the following areas:

- seeking to acquire desirable producing properties or new leases for future exploration; and
- seeking to acquire the equipment and expertise necessary to develop and operate our properties.

Many of our competitors have financial and other resources substantially greater than ours, and some of them are fully integrated oil companies. These companies may be able to pay more for development prospects

and productive oil and natural gas properties and may be able to define, evaluate, bid for and purchase a greater number of properties and prospects than our financial or human resources permit. Our ability to develop and exploit our oil and natural gas properties and to acquire additional properties in the future will depend upon our ability to successfully conduct operations, evaluate and select suitable properties and consummate transactions in this highly competitive environment.

Our commodity price risk management transactions may expose us to the risk of financial loss.

In order to manage our exposure to price volatility in marketing our oil and gas, we enter into oil and gas price risk management arrangements for a portion of our expected production. Commodity price risk management transactions may limit the prices we actually realize and we may experience reductions in oil and gas revenues from our commodity price risk management activities in the future. In addition, our commodity price risk management transactions may expose us to the risk of financial loss in certain circumstances, including instances in which:

- our production is less than expected;
- there is a widening of price differentials between delivery points for our production and the delivery point assumed in the hedge arrangement; or
- the counterparties to our contracts fail to perform under the contracts.

Some of our commodity price and interest rate risk management arrangements require us to deliver cash collateral or other assurances of performance to the counterparties in the event that our payment obligations with respect to our risk management transactions exceed certain levels. As of September 30, 2003, we were required to post $8 million of collateral through letters of credit issued under our bank credit facility. Future collateral requirements are uncertain and will depend on arrangements with our counterparties and highly volatile natural gas and oil prices.

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

This prospectus and the documents incorporated by reference herein contain estimates of our proved reserves and the estimated future net revenues from our proved reserves as well as estimates relating to the Laredo Energy acquisition. These estimates are based upon various assumptions, including assumptions required by the SEC relating to oil and gas prices, drilling and operating expenses, capital expenditures, taxes and availability of funds. The process of estimating oil and gas reserves is complex. The process involves significant decisions and assumptions in the evaluation of available geological, geophysical, engineering and economic data for each reservoir. Therefore, these estimates are inherently imprecise.

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

At December 31, 2002, we estimate approximately 26% by volume of our estimated proved reserves were undeveloped. Recovery of undeveloped reserves requires significant capital expenditures and successful drilling operations. The estimates of these reserves include the assumption that we will make significant capital expenditures to develop the reserves, including $248 million in 2003. You should be aware that the estimated costs may not be accurate, development may not occur as scheduled and the results may not be as estimated.

You should not assume that the present values referred to in this prospectus and the documents incorporated by reference herein represent the current market value of our estimated oil and gas reserves. In accordance with

SEC requirements, the estimates of our present values are based on prices and costs as of the date of the estimates. The December 31, 2002 present value was based on weighted average oil and gas prices of $30.18 per barrel of oil and $4.28 per mcf of natural gas. Actual future prices and costs may be materially higher or lower than the prices and costs as of the date of an estimate.

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

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

We may not have funds sufficient to make the significant capital expenditures required to replace our reserves.

Our exploration, development and acquisition activities require substantial capital expenditures. Historically, we have funded our capital expenditures through a combination of cash flows from operations, our bank credit facility and debt and equity issuances. Future cash flows are subject to a number of variables, such as the level of production from existing wells, prices of oil and gas, and our success in developing and producing new reserves. If revenue were to decrease as a result of lower oil and gas prices or decreased production, and our access to capital were limited, we would have a reduced ability to replace our reserves. If our cash flow from operations is not sufficient to fund our capital expenditure budget, we may not be able to access additional bank debt, debt or equity or other methods of financing to meet these requirements.

Reserve estimates of properties acquired in 2003 have not been prepared by independent petroleum engineers. Our internal estimates may not be as reliable as estimates of those reserves by independent engineers.

Our estimates of proved reserves attributed to our 2003 acquisitions including the Laredo Energy acquisition, included herein or incorporated by reference in this prospectus have not been reviewed or reported on by independent petroleum engineers. These estimates were prepared by our own engineers and professionals using criteria otherwise in compliance with SEC rules. Furthermore, our internal reserve estimates for these acquisitions are based upon data available to us which may not be as complete as data available on our other properties. Oil and gas pricing can affect estimates of quantities of proved reserves due to the impact of pricing on ultimate economic recovery. Estimates prepared by independent engineers might be different than our internal estimates.

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

Our future success depends largely upon our ability to find, develop or acquire additional oil and gas reserves that are economically recoverable. Unless we replace the reserves we produce through successful development, exploration or acquisition, our proved reserves will decline over time. In addition, approximately 26% by volume of our total estimated proved reserves at December 31, 2002 were undeveloped. By their nature, estimates of undeveloped reserves are less certain. Recovery of such reserves will require significant capital expenditures and successful drilling operations. We may not be able to successfully find and produce reserves economically in the future. In addition, we may not be able to acquire proved reserves at acceptable costs.

Acquisitions may prove to be worth less than we paid because of uncertainties in evaluating recoverable reserves and potential liabilities.

Our recent growth is due in part to acquisitions of exploration and production companies and producing properties. We expect acquisitions will continue to contribute to our future growth. Successful acquisitions

require an assessment of a number of factors, many of which are beyond our control. These factors include recoverable reserves, exploration potential, future oil and gas prices, operating costs and potential environmental and other liabilities. Such assessments are inexact and their accuracy is inherently uncertain. In connection with our assessments, we perform a review of the acquired properties. However, such a review will not reveal all existing or potential problems. In addition, our review may not permit us to become sufficiently familiar with the properties to fully assess their deficiencies and capabilities. We do not inspect every well. Even when we inspect a well, we do not always discover structural, subsurface and environmental problems that may exist or arise. Our review prior to signing a definitive purchase agreement may be even more limited.

We are generally not entitled to contractual indemnification for preclosing liabilities, including environmental liabilities, on acquisitions. Normally, we acquire interests in properties on an “as is” basis with limited remedies for breaches of representations and warranties. We could incur significant unknown liabilities, including environmental liabilities, or experience losses due to title defects, in our recent acquisitions for which we have limited or no contractual remedies or insurance coverage.

In addition, competition for producing oil and gas properties is intense and many of our competitors have financial and other resources that are substantially greater than those available to us. Therefore, we may not be able to acquire oil and gas properties that contain economically recoverable reserves or be able to complete such acquisitions on acceptable terms.

Additionally, significant acquisitions can change the nature of our operations and business depending upon the character of the acquired properties, which may have substantially different operating and geological characteristics or be in different geographic locations than our existing properties. For example, we might decide to pursue acquisitions or properties located in geographic regions other than the Mid-Continent region such as the Laredo Energy acquisition in which we acquired properties located in Lobo Trend in Zapata County, Texas. To the extent that such acquired properties are substantially different than our existing properties, our ability to efficiently realize the economic benefits of such transactions may be limited.

Future price declines may result in a write-down of our asset carrying values.

We utilize the full cost method of accounting for costs related to our oil and gas properties. Under this method, all such costs (productive and nonproductive) are capitalized and amortized on an aggregate basis over the estimated lives of the properties using the units-of-production method. These capitalized costs are subject to a ceiling test, however, which limits such pooled costs to the aggregate of the present value of future net revenues attributable to proved oil and gas reserves discounted at 10% plus the lower of cost or market value of unproved properties. The full cost ceiling is evaluated at the end of each quarter utilizing the prices for oil and gas at that date. A significant decline in oil and gas prices from current levels, or other factors, without other mitigating circumstances, could cause a future write-down of capitalized costs and a non-cash charge against future earnings.

Oil and gas drilling and producing operations are hazardous and expose us to environmental liabilities.

Oil and gas operations are subject to many risks, including well blowouts, cratering and explosions, pipe failure, fires, formations with abnormal pressures, uncontrollable flows of oil, natural gas, brine or well fluids, and other environmental hazards and risks. Our drilling operations involve risks from high pressures and from mechanical difficulties such as stuck pipes, collapsed casings and separated cables. If any of these risks occurs, we could sustain substantial losses as a result of:

- injury or loss of life;
- severe damage to or destruction of property, natural resources and equipment;
- pollution or other environmental damage;

- clean-up responsibilities;
- regulatory investigations and penalties; and
- suspension of operations.

Our liability for environmental hazards includes those created either by the previous owners of properties that we purchase or lease or by acquired companies prior to the date we acquire them. We maintain insurance against some, but not all, of the risks described above. Our insurance may not be adequate to cover casualty losses or liabilities. Also, in the future we may not be able to obtain insurance at premium levels that justify its purchase.

Exploration and development drilling may not result in commercially productive reserves.

We do not always encounter commercially productive reservoirs through our drilling operations. The new wells we drill or participate in may not be productive and we may not recover all or any portion of our investment in wells we drill or participate in. The seismic data and other technologies we use do not allow us to know conclusively prior to drilling a well that oil or gas is present or may be produced economically. The cost of drilling, completing and operating a well is often uncertain, and cost factors can adversely affect the economics of a project. Our efforts will be unprofitable if we drill dry wells or wells that are productive but do not produce enough reserves to return a profit after drilling, operating and other costs. Further, our drilling operations may be curtailed, delayed or canceled as a result of a variety of factors, including:

- unexpected drilling conditions;
- title problems;
- pressure or irregularities in formations;
- equipment failures or accidents;
- adverse weather conditions;
- compliance with environmental and other governmental requirements; and
- cost of, or shortages or delays in the availability of, drilling rigs and equipment.

The loss of key personnel could adversely affect our ability to operate.

We depend, and will continue to depend in the foreseeable future, on the services of our officers and key employees with extensive experience and expertise in evaluating and analyzing producing oil and gas properties and drilling prospects, maximizing production from oil and gas properties, marketing oil and gas production and developing and executing financing and hedging strategies. Our ability to retain our officers and key employees is important to our continued success and growth. The unexpected loss of the services of one or more of these individuals could have a detrimental effect on our business. We do not maintain key person life insurance on any of our personnel.

Lower oil and gas prices could negatively impact our ability to borrow.

Our current bank credit facility limits our borrowings to a borrowing base of $350 million as of the date of this prospectus. The borrowing base is determined periodically at the discretion of a majority of the banks and is based in part on oil and gas prices. Additionally, some of our indentures, including the indentures governing the notes offered hereby, contain covenants limiting our ability to incur indebtedness in addition to that incurred under our bank credit facility. These indentures limit our ability to incur additional indebtedness unless we meet one of two alternative tests. The first alternative is based on a percentage of our adjusted consolidated net tangible assets, which is determined using discounted future net revenues from proved oil and gas reserves as of the end of each year. As of the date of this prospectus, we cannot incur additional indebtedness under this first alternative of the debt incurrence test. The second alternative is based on the ratio of our adjusted consolidated EBITDA (as defined in the indentures) to our adjusted consolidated interest expense over a trailing twelve-month

period. As of the date of this prospectus, we are permitted to incur significant additional indebtedness under this second alternative of the debt incurrence test. Lower oil and gas prices in the future could reduce our adjusted consolidated EBITDA (as defined in the indentures), as well as our adjusted consolidated net tangible assets, and thus could reduce our ability to incur additional indebtedness.

Our oil and gas marketing activities may expose us to claims from royalty owners.

In addition to marketing our own oil and gas production, our marketing activities include marketing oil and gas production for working interest owners and royalty owners in the wells that we operate. These activities include the operation of gathering systems and the sale of oil and natural gas under various arrangements. Royalty owners have commenced litigation against a number of companies in the oil and gas production business claiming that amounts paid for production attributable to the royalty owners' interest violated the terms of the applicable leases and state law, that deductions from the proceeds of oil and gas production were unauthorized under the applicable leases and that amounts received by upstream sellers should be used to compute the amounts paid to the royalty owners. We are presently a defendant in four of these cases which were commenced as class action suits. As new cases are decided and the law in this area continues to develop, our liability relating to the marketing of oil and gas may increase.

Risks Related to the 2015 Notes and the 2016 Notes

Holders of the notes will be effectively subordinated to all of our and the subsidiary guarantors' secured indebtedness and to all liabilities of our non-guarantor subsidiaries.

Holders of our secured indebtedness, which is comprised primarily of the indebtedness under our revolving bank credit facility, have claims with respect to our assets constituting collateral for their indebtedness that are prior to your claims under the notes. In the event of a default on the notes or our bankruptcy, liquidation or reorganization, those assets would be available to satisfy obligations with respect to the indebtedness secured thereby before any payment could be made on the notes. Accordingly, the secured indebtedness would effectively be senior to the notes to the extent of the value of the collateral securing the indebtedness. While the indentures governing the notes place some limitations on our ability to create liens, there are significant exceptions to these limitations, including with respect to sale and leaseback transactions, that will allow us to secure some kinds of indebtedness without equally and ratably securing the notes. To the extent the value of the collateral is not sufficient to satisfy the secured indebtedness, the holders of that indebtedness would be entitled to share with the holders of the notes and the holders of other claims against us with respect to our other assets.

In addition, the notes are not guaranteed by all of our subsidiaries, and our non-guarantor subsidiaries are permitted to incur additional indebtedness under the indentures. As a result, holders of the notes will be effectively subordinated to claims of third party creditors, including holders of indebtedness, and preferred shareholders of our non-guarantor subsidiaries. Claims of those other creditors, including trade creditors, secured creditors, authorities, holders of indebtedness or guarantees issued by any non-guarantor subsidiary and preferred shareholders of any non-guarantor subsidiary, will generally have priority as to the assets of any non-guarantor subsidiary over our claims and equity interests. As a result, holders of our indebtedness, including the holders of the notes, will be effectively subordinated to all those claims. As of September 30, 2003, our non-guarantor subsidiaries had no outstanding senior indebtedness.

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

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

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

- was insolvent or rendered insolvent by reason of such incurrence;
- was engaged in a business or transaction for which the guarantor's remaining assets constituted unreasonably small capital; or
- intended to incur, or believed that it would incur, debts beyond its ability to pay those debts as they mature.

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

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

- the sum of its debts, including contingent liabilities, was greater than the fair saleable value of all of its assets;
- the present fair saleable value of its assets was less than the amount that would be required to pay its probable liability on its existing debts, including contingent liabilities, as they became absolute and mature; or
- it could not pay its debts as they became due.

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

Risks Related to Tendering 2011 Notes for 2015 Notes and 2016 Notes

We May Be Able to Repay the Unexchanged 2011 Notes when They Mature, but We May Not be Able to Repay or Refinance the 2015 Notes or 2016 Notes when They Mature.

Our ability to service our debt following the exchange offer will depend upon our future operating performance, which in turn is subject to market conditions and other factors, including factors beyond our control. We can make no assurances that we will have, or will be able to obtain, sufficient funds to repay the 2015 Notes or 2016 Notes when they become due. Your decision to tender your 2011 Notes should be made with the understanding that the lengthened maturity of the 2015 Notes and 2016 Notes exposes you to the risk of nonpayment for a longer period of time.

The Trading Market for 2011 Notes that Remain Outstanding After This Exchange Offer is Likely to be More Limited.

The trading market for 2011 Notes that remain outstanding after this exchange offer is likely to be more limited than it is at present. Therefore, it may become more difficult for you to sell or transfer any unexchanged 2011 Notes. This reduction in liquidity may in turn increase the volatility of the market price for the 2011 Notes.

CAPITALIZATION

The following table shows our unaudited capitalization as of September 30, 2003:

- on a historical basis;
- on a pro forma basis to reflect the effects of (i) two private exchange offers for senior notes completed since September 30, 2003, (ii) our recently completed $172.5 million public offering of convertible preferred stock, (iii) our recently completed private placement of $200 million of 2016 Notes, and (iv) the expected application of the net proceeds from the foregoing offerings to fund our pending cash tender offer for our 8.5% Senior Notes due 2012 (assuming the tender offer is fully subscribed) and repay the borrowings incurred under our bank credit facility to finance the recent Laredo Energy acquisition. There is no assurance that the tender offer for 8.5% Senior Notes will be subscribed for any amount; and
- on a pro forma basis as further adjusted to reflect this $500 million exchange offer (assuming the exchange offer is fully subscribed with equal amounts validly tendered for the 2015 Note Option and the 2016 Note Option and assuming a settlement date of December , 2003).

This table should be read in conjunction with, and is qualified in its entirety by reference to, our historical financial statements and the accompanying notes included in our annual report on Form 10-K/A for the year ended December 31, 2002, and our quarterly report on Form 10-Q for the quarter ended September 30, 2003, which are incorporated by reference herein.

	As of September 30, 2003		
	Historical	Pro Forma	Pro Forma As Adjusted
	(in thousands)		
Cash and cash equivalents	$ 38,478	$ 11,019	$ —
Long-term debt:			
Bank revolving credit facility	$ 72,000	$ —	$ —
7.875% Senior Notes due 2004	42,137	42,137	42,137
8.375% Senior Notes due 2008	222,150	209,815	209,815
8.125% Senior Notes due 2011	800,000	728,255	228,255
8.500% Senior Notes due 2012	110,669	—	—
9.000% Senior Notes due 2012	300,000	300,000	300,000
7.500% Senior Notes due 2013	300,000	363,823	363,823
7.750% Senior Notes due 2015	213,001	236,691	
6.875% Senior Notes due 2016	—	200,000	
Interest rate derivatives	(12,805)	2,613	2,613
Discount, net of premium, on senior notes	(22,816)	(28,112)	
Total long-term debt	2,024,336	2,055,222	2,055,222
Stockholders' equity:			
Preferred stock, $0.01 par value, 10,000,000 authorized			
6.75% cumulative convertible preferred stock, 2,998,000 shares issued and outstanding, entitled in liquidation to $149.9 million	149,900	149,900	149,900
6.00% cumulative convertible preferred stock, 4,600,000 shares issued and outstanding, entitled in liquidation to $230.0 million	230,000	230,000	230,000
5.00% cumulative convertible preferred stock, 1,725,000 shares issued and outstanding, entitled in liquidation to $172.5 million	—	172,500	172,500
Common stock, $.01 par value, 350,000,000 shares authorized, 221,474,389 shares issued and outstanding	2,215	2,215	2,215
Paid-in capital	1,390,730	1,385,736	1,385,736
Accumulated deficit	(222,338)	(237,385)	
Accumulated other comprehensive income	55,954	55,954	55,954
Less: treasury stock, at cost, 5,071,571 common shares	(22,091)	(22,091)	(22,091)
Total stockholders' equity	1,584,370	1,736,829	
Total capitalization	$ 3,608,706	$ 3,792,051	

THE EXCHANGE OFFER

This section of the prospectus describes our proposed exchange offer. While we believe that the description covers the material terms of this exchange offer, this summary may not contain all the information that is important to you. You should read the entire document and the other documents we refer to carefully for a more complete understanding of this exchange offer.

Purpose of this Exchange Offer

The purpose of this exchange offer is to refinance a portion of our 2011 Notes in order to improve our debt maturity profile.

Terms of the Exchange Offer

Upon the terms and subject to the conditions set forth herein and in the letter of transmittal, we are offering to exchange up to $500 million in aggregate principal amount of our 8.125% Senior Notes due 2011 (the "2011 Notes") for new notes of our series of 7.75% Senior Notes due 2015 (the "2015 Notes") or for new notes of our series of 6.875% Senior Notes due 2016 (the "2016 Notes"). You can select the form of consideration in exchange for 2011 Notes from the following two options:

- *The 2015 Note Option.* Under this option, we will exchange $ in principal amount of 7.75% Senior Notes due January 15, 2015, less the Accrued Interest Adjustment (as defined below), for every $1,000 in principal amount of 2011 Notes validly tendered.
- *The 2016 Note Option.* Under this option, we will exchange $ in principal amount of 6.875% Senior Notes due 2016, plus the Accrued Interest Adjustment (as defined below), for every $1,000 in principal amount of 2011 Notes validly tendered.

You do not have to choose the same option for all the 2011 Notes you tender. If you wish to receive 2015 Notes for some of your 2011 Notes and 2016 Notes for some of your 2011 Notes, you must take two separate tenders. You do not have to tender all of your notes.

An aggregate of $728,255,000 principal amount of the 2011 Notes was outstanding as of November 21, 2003. If 2011 Notes having an aggregate principal amount in excess of $500 million are validly tendered and not validly withdrawn, we will accept for exchange $500 million in aggregate principal amount of 2011 Notes on a pro rata basis based on the proportion of the 2011 Notes you tendered to all 2011 Notes tendered as of the expiration date. See "—Pro Rata Acceptance."

The 2015 Notes and 2016 Notes will be issued in exchange for the 2011 Notes in the exchange offer, if consummated, on the settlement date, which we expect to be the second business day following the expiration date of the exchange offer. We will accept 2011 Notes for exchange, and make any pro rationing necessary, on the acceptance date, which we expect to be the next business day after the expiration date. Interest on the 2015 Notes will accrue from July 15, 2003, and interest on the 2016 Notes will accrue from the date of original issuance of the 2016 Notes, which is November 26, 2003.

Outstanding 2011 Notes may be tendered, and will be exchanged, only in minimum denominations of $1,000 and integral multiples of $1,000. The 2015 Notes and 2016 Notes will only be issued in minimum denominations of $1,000 and integral multiples of $1,000. If, as a result of our pro rata acceptance of tendered 2011 Notes, we would be required to accept from a tendering holder 2011 Notes in a principal amount that is not an integral multiple of $1,000, we will reduce the principal amount of notes accepted from such holder to the nearest integral multiple of $1,000. In this case, the excess principal amount of 2011 Notes not accepted from the tendering holder will be returned to such holder.

The Accrued Interest Adjustment

We are not settling accrued interest on the 2011 Notes tendered, or the 2015 Notes and 2016 Notes to be issued in the exchange offer, in cash. Instead, we are adjusting each of the exchange ratios under the 2015 Note Option and the 2016 Note Option for the value of net accrued interest owed to, or due from, holders tendering in the exchange. We refer to each of these adjustments as the "Accrued Interest Adjustment." The actual Accrued Interest Adjustment for the 2015 Note Option and the 2016 Note Option will depend on the settlement date.

Assuming a December , 2003 settlement date, the 2011 Notes will have $ of interest accrued on each $1,000 principal amount. The 2015 Notes and 2016 Notes issued in the exchange offer will be issued with accrued interest which, as of December , 2003, will be $ for each $1,000 of principal amount of the 2015 Notes, and $ for each $1,000 of principal amount of the 2016 Notes.

To adjust for the settlement of accrued interest on tendered 2011 Notes and 2015 Notes and 2016 Notes received in the exchange offer, assuming a December , 2003 settlement date:

- the exchange ratio under the 2015 Note Option will be adjusted by reducing the amount of principal of 2015 Notes issued for each $1,000 of principal of 2011 Notes tendered by $, so that you will receive $ principal amount of 2015 Notes for each $1,000 principal amount of 2011 Notes validly tendered and accepted for payment; and
- the exchange ratio under the 2016 Note Option will be adjusted by increasing the amount of principal of 2016 Notes issued for each $1,000 of principal of 2011 Notes tendered by $, so that you will receive $ principal amount of 2016 Notes for each $1,000 principal amount of 2011 Notes validly tendered and accepted for payment.

These Accrued Interest Adjustments to principal reflect an adjustment to an assumed value of the 2015 Notes and 2016 Notes issued in the exchange offer, based upon trading prices at the time of commencement of the offer, equal to the amount of net accrued interest. For this purpose, the value of the 2015 Notes and 2016 Notes received was assumed to be % of par for the 2015 Notes and % of par for the 2016 Notes, plus accrued interest on those 2015 Notes and 2016 Notes as of the settlement date.

Early Participation Payment

Holders who validly tender 2011 Notes at or prior to 5:00 p.m., New York City time, on , December , 2003 [10th business day from commencement], which we refer to as the early participation date, will receive an early participation payment in cash of $ for each $1,000 principal amount of notes validly tendered and accepted for exchange. The early participation payment will be paid in cash on the settlement date.

Conditions to this Exchange Offer

Notwithstanding any other provisions of the exchange offer, or any extension of the expiration date, we will not be required to issue 2015 Notes or 2016 Notes and we may terminate, modify or otherwise amend the exchange offer, if any of the following conditions has not been satisfied or waived, prior to the expiration date, as extended:

- no action or proceeding has been instituted or threatened in any court or before any governmental agency and no law, rule, regulation, judgment, order or injunction has been proposed (including a proposal which is in existence as of the date of this document), enacted, entered or enforced by any court or governmental agency that in our judgment would reasonably be expected to (1) prohibit, prevent or materially impair our ability to proceed with this exchange offer, (2) materially adversely affect the business, condition (financial or otherwise), income, operations, assets, liabilities or prospects of our subsidiaries or us taken as a whole, (3) limit the deductibility of interest on or indebtedness on any debt connected to this exchange offer or that would materially increase the after-tax cost to us of this exchange offer, or (4) materially impair our contemplated benefits of this exchange offer;

- no event has occurred or is reasonably likely to occur affecting the business, condition (financial or otherwise), income, operations, assets, liabilities or prospects of our company or our subsidiaries taken as a whole that in our judgment would reasonably be expected to (1) prohibit, prevent or delay consummation of this exchange offer, or (2) materially impair our contemplated benefits of this exchange offer;
- there has not occurred (1) any general suspension of trading in, or limitation on prices for, securities on a United States national securities exchange or over-the-counter market, (2) any material adverse change in the trading price of our ordinary shares or American depositary shares, (3) a material impairment in the trading market for securities that in our judgment would reasonably be expected to affect this exchange offer, (4) a declaration of a banking moratorium or any suspension of payment of banks by federal or state authorities in the United States or (5) any limitation (whether or not mandatory) by any governmental authority on, or other event having a reasonable likelihood of affecting, the extension of credit by banks or other lending institutions in the United States; and
- no tender or exchange offer for any class of our equity securities and no merger, acquisition, business continuation or similar transaction involving us has occurred, been proposed or announced.

The foregoing conditions are for our sole benefit and may be waived by us in whole or in part at our absolute discretion. Any determination made by us concerning an event, development or circumstance described or referred to above shall be conclusive and binding. The exchange offer is not subject to a minimum tender condition.

Amendment of this Exchange Offer

We reserve the right to amend this exchange offer, in our sole discretion, subject to applicable law, to:

- terminate this exchange offer;
- extend the expiration date and retain all 2011 Notes that have been tendered; or
- waive any condition to, or otherwise amend the terms of, this exchange offer in any respect and accept all properly tendered 2011 Notes that have not been withdrawn.

If we change the consideration that we are offering, we will give at least 10 business days' notice of the change, if required by law. If that is less than the time remaining before the expiration date, the expiration date will be extended until a date that is no earlier than the 10th business day after the announcement.

Following any delay in acceptance, extension, termination or amendment, we will notify the exchange agent and make a public announcement. In the case of an extension, we will make the announcement no later than 9:00 a.m., New York City time, on the next business day after the previously scheduled expiration date. We will communicate any public announcement by issuing a release to the Dow Jones News Service.

Period for Tendering 2011 Notes

As set forth in this prospectus and in the accompanying letter of transmittal, we will accept for exchange any and all 2011 Notes that are properly tendered on or prior to the expiration date and not withdrawn as permitted below, subject to pro rata acceptance if more that $500 million aggregate principal amount of 2011 Notes is tendered for exchange and not withdrawn. The term "expiration date" means 12:00 Midnight, New York City time, on December , 2003; however, if we extend the period of time for which this exchange offer is open, the term "expiration date" means the latest time and date to which this exchange offer is extended.

We expressly reserve the right, at any time or from time to time, to extend the period of time during which this exchange offer is open, and thereby delay acceptance for exchange of any 2011 Notes, by announcing an extension of this exchange offer as described below under "—Amendment of the Exchange Offer." During any

extension, all 2011 Notes previously tendered will remain subject to this exchange offer and may be accepted for exchange by us. Any 2011 Notes not accepted for exchange for any reason will be returned without expense to the tendering owner as promptly as practicable after the expiration or termination of this exchange offer.

Procedures for Exchanging Notes

Effect of Tender

Any valid tender by a holder of 2011 Notes will constitute an acceptance of our offer to exchange 2011 Notes and a binding agreement between that holder and us upon the terms and subject to the conditions of the exchange offer described herein and in the letter of transmittal. The acceptance of the exchange offer by a tendering holder of 2011 Notes will constitute the agreement by that holder to deliver good and marketable title to the tendered 2011 Notes, free and clear of any and all liens, restrictions, charges, pledges, security interests, encumbrances or rights of any kind of third parties.

Letter of Transmittal; Representations, Warranties and Covenants of Holders of 2011 Notes

Upon the submission of the letter of transmittal, or agreement to the terms of the letter of transmittal pursuant to an agent's message as described below under "—Procedures for Tendering—Book-Entry Delivery Procedures for Tendering 2011 Notes Held with DTC," a holder, or the beneficial holder of such 2011 Notes on behalf of which the holder has tendered, will, subject to the terms and conditions of the exchange offer generally, be deemed, among other things, to irrevocably sell, assign and transfer to or upon our order or the order of our nominees, all right, title and interest in and to, and any and all claims in respect of or arising or having arisen as a result of such holder's status as a holder of, all 2011 Notes tendered thereby, such that thereafter it shall have no contractual or other rights or claims in law or equity against us or the trustee or other person connected with the 2011 Notes arising under, from or in connection with such 2011 Notes.

In addition, such holder of 2011 Notes will be deemed to represent, warrant and agree that:

(1) it has received and reviewed this prospectus;

(2) it is the beneficial owner (as defined below) of, or a duly authorized representative of one or more such beneficial owners of, the 2011 Notes tendered thereby and it has full power and authority to execute the letter of transmittal;

(3) the 2011 Notes being tendered thereby were owned by such holder (and any beneficial owner(s) on whose behalf such holder is acting) as of the date of tender, free and clear of any liens, charges, claims, encumbrances, interests and restrictions of any kind, and acknowledges that we will acquire good, indefeasible and unencumbered title to such 2011 Notes, free and clear of all liens, charges, claims, encumbrances, interests and restrictions of any kind, when we accept the same;

(4) it (and any beneficial owner(s) on whose behalf it is acting) will not sell, pledge, hypothecate or otherwise encumber or transfer any 2011 Notes tendered thereby from the date of the letter of transmittal and agrees that any purported sale, pledge, hypothecation or other encumbrance or transfer will be void and of no effect;

(5) the execution and delivery of the letter of transmittal or agent's message shall constitute an undertaking to execute any further documents and give any further assurances that may be required in connection with any of the foregoing, in each case on and subject to the terms and conditions set out or referred to in this prospectus;

(6) the submission of the letter of transmittal or agent's message to the exchange agent shall, subject to a holder's ability to withdraw its tender and subject to the terms and conditions of the exchange offer generally, constitute the irrevocable appointment of the exchange agent as its attorney and agent, and an irrevocable instruction to such attorney and agent to complete and execute all or any form(s) of transfer and

other document(s) at the discretion of such attorney and agent in relation to the 2011 Notes tendered thereby in favor of us or such other person or persons as we may direct and to deliver such form(s) of transfer and other document(s) in the attorney's and agent's discretion and/or the certificate(s) and other document(s) of title relating to such 2011 Notes' registration and to execute all such other documents and to do all such other acts and things as may be in the opinion of such attorney or agent necessary or expedient for the purpose of, or in connection with, the acceptance of the exchange offer, and to vest in us or our nominees such 2011 Notes; and

(7) the terms and conditions of the exchange offer shall be deemed to be incorporated in, and form a part of, the letter of transmittal or agent's message, which shall be read and construed accordingly.

The representations and warranties and agreements of a holder tendering 2011 Notes shall be deemed to be made on and as of each date of its tender, the expiration date and the settlement date. For purposes of this prospectus, the "beneficial owner" of any 2011 Notes shall mean any holder that exercises sole investment discretion with respect to such 2011 Notes.

Acceptance of 2011 Notes for Exchange; Delivery of 2015 Notes and 2016 Notes

On the settlement date, 2015 Notes and 2016 Notes will be delivered in book-entry form and the early participation payment will be made by deposit of funds with DTC, which will transmit such payments to tendering holders for the 2011 Notes accepted for exchange.

We will be deemed to have accepted validly tendered 2011 Notes that have not been validly withdrawn or revoked as provided in this prospectus when, and if, we have given oral or written notice thereof to the exchange agent. We expect this to occur on the first business day following the expiration date. Subject to the terms and conditions of the exchange offer, delivery of 2015 Notes and 2016 Notes and cash will be made by the exchange agent on the settlement date upon receipt of such notice. The exchange agent will act as agent for tendering holders of the 2011 Notes for the purposes of receiving the 2015 Notes and 2016 Notes (in book entry form) and any cash payment from us and delivering the 2015 Notes (in book entry form) and any cash payment to or at the direction of those holders. If any tendered 2011 Notes are not accepted for any reason set forth in the terms and conditions of the exchange offer, such unaccepted 2011 Notes will be returned without expense to the tendering holder as promptly as practicable after the expiration or termination of the exchange offer.

Pro Rata Acceptance

Subject to the satisfaction or waiver of specified conditions, we will accept for exchange up to $500 million aggregate principal amount of 2011 Notes that are validly tendered by eligible offerees and not withdrawn. See "—Withdrawal of Tenders" below. If 2011 Notes having an aggregate principal amount in excess of $500 million are validly tendered and not withdrawn, we will accept for exchange $500 million aggregate principal amount of 2011 Notes allocated on a pro rata basis based on the proportion of the 2011 Notes you tendered to all 2011 Notes tendered as of the expiration date.

Procedures for Tendering

An eligible holder of 2011 Notes who wishes to accept the exchange offer, and whose 2011 Notes are held by a custodial entity such as a bank, broker, dealer, trust company or other nominee, must instruct that custodial entity to tender such holder's 2011 Notes on such holder's behalf pursuant to the procedures of the custodial entity.

To tender in the exchange offer, a holder of 2011 Notes must either (1) complete, sign and date the letter of transmittal or a facsimile thereof in accordance with its instructions (including guaranteeing the signature(s) to the letter of transmittal, if required), and mail or otherwise deliver such letter of transmittal or such facsimile to the exchange agent at one of the addresses set forth in the letter of transmittal for receipt on or prior to the expiration date or (2) comply with the ATOP procedures for book-entry transfer described below on or prior to the expiration date.

If you wish to receive 2015 Notes for some of your 2011 Notes and 2016 Notes for some of your 2011 Notes, you must make two separate tenders.

The exchange agent and DTC have confirmed that the exchange offer is eligible for ATOP. To tender through the ATOP system, the agent's message in lieu of the letter of transmittal, and any other required documents, must be transmitted to and received by the exchange agent on or prior to the expiration date. 2011 Notes will not be deemed tendered until the letter of transmittal and signature guarantees, if any, or agent's message, are received by the exchange agent.

The method of delivery of the letter of transmittal and all other required documents to the exchange agent is at the election and risk of the holder. Instead of delivery by mail, holders should use an overnight or hand delivery service, properly insured. In all cases, sufficient time should be allowed to assure delivery to and receipt by the exchange agent on or before the early participation date or the expiration date, as applicable. Do not send the letter of transmittal to anyone other than the exchange agent.

All 2015 Notes and 2016 Notes will be delivered only in book-entry form through DTC. Accordingly, if you anticipate tendering other than through DTC, you are urged to contact promptly a bank, broker or other intermediary (that has the capability to hold securities custodially through DTC) to arrange for receipt of any 2015 Notes and 2016 Notes to be delivered to you pursuant to the exchange offer and to obtain the information necessary to provide the required DTC participant with account information for the letter of transmittal.

Book-Entry Delivery Procedures for Tendering 2011 Notes Held with DTC

If you wish to tender 2011 Notes held on your behalf by a nominee with DTC, you must (1) inform your nominee of your interest in tendering your 2011 Notes pursuant to the exchange offer, (2) instruct your nominee as to whether you would like the 2015 Note Option or 2016 Note Option for the 2011 Notes you are tendering and (3) instruct your nominee to tender all 2011 Notes you wish to be tendered in the exchange offer into the exchange agent's account at DTC on or prior to the expiration date (or the early participation date, if you wish to receive the early participation payment). Any financial institution that is a nominee in DTC must tender 2011 Notes by effecting a book-entry transfer of the 2011 Notes to be tendered in the exchange offer into the account of the exchange agent at DTC by electronically transmitting its acceptance of the exchange offer through the ATOP procedures for transfer. DTC will then verify the acceptance, execute a book-entry delivery to the exchange agent's account at DTC, and send an agent's message to the exchange agent. An "agent's message" is a message, transmitted by DTC to and received by the exchange agent and forming part of a book-entry confirmation, which states that DTC has received an express acknowledgement from an organization that participates in DTC (a "participant") tendering 2011 Notes that the participant has received and agrees to be bound by the terms of the letter of transmittal and that we may enforce the agreement against the participant. A letter of transmittal need not accompany tenders effected through ATOP.

Proper Execution and Delivery of Letter of Transmittal

Signatures on a letter of transmittal or notice of withdrawal described below (see "—Withdrawal of Tenders"), as the case may be, must be guaranteed by an eligible institution unless (1) the letter of transmittal is signed by a DTC participant whose name appears on a security position listing as the owner of the 2011 Notes and the holder has not completed the box entitled "Special Return Instructions" or "Special Issuance and Payment Instructions" on the letter of transmittal or (2) the 2011 Notes are tendered for the account of an eligible institution. If signatures on a letter of transmittal, or notice of withdrawal are required to be guaranteed, such guarantee must be made by an eligible institution.

If the letter of transmittal is signed by the holder(s) of 2011 Notes tendered thereby, the signature(s) must correspond with the name(s) as written on the face of the 2011 Notes without alteration, enlargement or any change whatsoever. If any of the 2011 Notes tendered thereby are held by two or more holders, all such holders

must sign the letter of transmittal. If any of the 2011 Notes tendered thereby are registered in different names on different 2011 Notes, it will be necessary to complete, sign and submit as many separate letters of transmittal, and any accompanying documents, as there are different registrations of certificates.

If 2011 Notes that are not accepted for exchange pursuant to the exchange offer are to be returned to a person other than the holder thereof, certificates for such 2011 Notes must be endorsed or accompanied by an appropriate instrument of transfer, signed exactly as the name of the registered owner appears on the certificates, with the signatures on the certificates or instruments of transfer guaranteed by an eligible institution.

If the letter of transmittal is signed by a person other than the holder of any 2011 Notes listed therein, such 2011 Notes must be properly endorsed or accompanied by a properly completed bond power, signed by such holder exactly as such holder's name appears on such 2011 Notes. If the letter of transmittal or any 2011 Notes, bond powers or other instruments of transfer are signed by trustees, executors, administrators, guardians, attorneys-in-fact, officers of corporations or others acting in a fiduciary or representative capacity, such persons should so indicate when signing, and, unless waived by us, evidence satisfactory to us of their authority to so act must be submitted with the letter of transmittal.

No alternative, conditional, irregular or contingent tenders will be accepted. By executing the letter of transmittal or facsimile thereof, the tendering holders of 2011 Notes waive any right to receive any notice of the acceptance for exchange of their 2011 Notes. Tendering holders should indicate in the applicable box in the letter of transmittal the name and address to which substitute certificates evidencing 2011 Notes for principal amounts not tendered or not exchanged should be issued or sent, if different from the name and address of the person signing the letter of transmittal. If no such instructions are given, substitute certificates for the 2011 Notes not tendered or exchanged will be returned to such tendering holder.

All questions as to the validity, form, eligibility (including time of receipt), and acceptance and withdrawal of tendered 2011 Notes will be determined by us in our absolute discretion, which determination will be final and binding. We reserve the absolute right to reject any and all tendered 2011 Notes determined by us not to be in proper form or not to be properly tendered or any tendered 2011 Notes our acceptance of which would, in the opinion of our counsel, be unlawful. We also reserve the right to waive, in our absolute discretion, any defects, irregularities or conditions of tender as to particular 2011 Notes, whether or not waived in the case of other 2011 Notes. Our interpretation of the terms and conditions of the exchange offer (including the instructions in the letter of transmittal) will be final and binding on all parties. Unless waived, any defects or irregularities in connection with tenders of 2011 Notes must be cured within such time as we shall determine.

Although we intend to notify holders of defects or irregularities with respect to tenders of 2011 Notes, neither we, the exchange agent, the information agent, the dealer managers, the trustee nor any other person will be under any duty to give such notification or shall incur any liability for failure to give any such notification. Your tender of 2011 Notes will not be deemed to have been made until any such defects or irregularities have been cured or waived.

Any holder whose 2011 Notes have been mutilated, lost, stolen or destroyed will be responsible for obtaining replacement securities or for arranging for indemnification with the trustee of the 2011 Notes. Holders may contact the information agent for assistance with such matters.

Withdrawal of Tenders

Tenders of 2011 Notes may be withdrawn in writing at any time prior to 5:00 p.m., New York City time, on December , 2003 [10th business day from commencement]. We refer to this time limit as the withdrawal deadline. Tenders of 2011 Notes may not be withdrawn after the withdrawal deadline unless we reduce the principal amount of 2011 Notes subject to the exchange offer, reduce the exchange ratio of the 2015 Notes or 2016 Notes for the 2011 Notes or are otherwise

required by law to permit withdrawal. Under such circumstances, previously tendered 2011 Notes may be withdrawn until the expiration of ten business days after the date that notice of such reduction is first published or given or sent to holders by us.

For a withdrawal of a tender to be effective, a written or facsimile transmission notice of withdrawal must be received by the exchange agent prior to the withdrawal deadline at one of its addresses set forth on the back cover page of this prospectus. The withdrawal notice must specify the name of the person who tendered the 2011 Notes to be withdrawn; must contain a description of the 2011 Notes to be withdrawn, the certificate numbers shown on the particular certificates evidencing such 2011 Notes and the aggregate principal amount of 2011 Notes subject to such withdrawal; and must be signed by the holder of such 2011 Notes in the same manner as the original signature on the letter of transmittal (including any required signature guarantees) or be accompanied by evidence satisfactory to us that the person withdrawing the tender has succeeded to the beneficial ownership of the 2011 Notes. In addition, the notice of withdrawal must specify, in the case of 2011 Notes tendered by delivery of certificates for such 2011 Notes, the name of the registered holder (if different from that of the tendering holder) or, in the case of 2011 Notes tendered by book-entry transfer, the name and number of the account at DTC to be credited with the withdrawn 2011 Notes. The signature on the notice of withdrawal must be guaranteed by an eligible institution unless the 2011 Notes have been tendered for the account of an eligible institution.

Withdrawal of tenders of 2011 Notes may not be rescinded, and any 2011 Notes properly withdrawn will thereafter be deemed not validly tendered for purposes of the exchange offer. Properly withdrawn 2011 Notes may, however, be re-tendered by repeating one of the procedures described in "— Procedures for Tendering" prior to the expiration date.

Interest on Notes

Each 2015 Note will bear interest from July 15, 2003. Each 2016 Note will bear interest from November 26, 2003.

Future Acquisitions of 2011 Notes

We reserve the right, in our sole discretion and if we are so permitted by the terms of our indebtedness, to purchase or make offers for any 2011 Notes that remain outstanding after the expiration date of this exchange offer. To the extent permitted by applicable law and regulation, we may make these purchases in the open market, in privately negotiated transactions, or in additional exchange offers. The terms of these purchases could differ from the terms of this exchange offer. We make no promises that we will purchase or make offers for any 2011 Notes that remain outstanding after the expiration date of this exchange offer and we may not have the financing to do so.

Dealer Managers

We have retained Banc of America Securities LLC, Deutsche Bank Securities Inc. and Lehman Brothers Inc. to act as joint lead dealer managers for this exchange offer. We have also retained Bear, Stearns & Co. Inc., Credit Suisse First Boston LLC, Morgan Stanley & Co. Incorporated, BNP Paribas Securities Corp., Credit Lyonnais Securities (USA) Inc., SunTrust Capital Markets, Inc., TD Securities (USA) Inc., Comerica Securities Inc. and Wells Fargo Securities, LLC as additional dealer managers. In their capacity as dealer managers, the dealer managers may contact holders of 2011 Notes regarding the exchange offer and may request DTC Participants to forward this prospectus and related materials to beneficial owners of the 2011 Notes.

We will enter into a dealer manager agreement with each of the dealer managers. Pursuant to the dealer manager agreement, we will pay a fee to the dealer managers for soliciting tenders of 2011 Notes in the exchange offer. This fee is based on a percentage of the aggregate principal amount of the 2011 Notes exchanged in the exchange offer and will be payable on the settlement date. We have also agreed pursuant to the dealer manager agreement to reimburse the dealer managers for their reasonable out-of-pocket expenses, and we have agreed to indemnify the dealer managers and their officers, directors, employees, agents and affiliates against certain

liabilities under U.S. federal or state law or otherwise caused by, relating to or arising out of the exchange offer and consent solicitation.

The dealer managers have performed investment banking and advisory services for us from time to time for which they have received customary fees and expenses. The dealer managers may, from time to time, engage in transactions with and perform services for us in the ordinary course of their business. Each of the dealer managers acted as an initial purchaser with respect to our private placement of 2016 Notes which closed on November 26, 2003. Banc of America Securities LLC, Bear, Stearns & Co. Inc., Credit Suisse First Boston LLC, Lehman Brothers Inc. and Morgan Stanley & Co. Incorporated acted as underwriters with respect to our public offering of preferred stock which closed on November 18, 2003. Banc of America Securities LLC is also acting as dealer manager and solicitation agent with respect to the pending cash tender offer for our 8.5% Senior Notes due 2012. In addition, affiliates of Deutsche Bank Securities Inc., Bear, Stearns & Co. Inc., Comerica Securities Inc., Credit Suisse First Boston LLC, BNP Paribas Securities Corp., Credit Lyonnais Securities (USA) Inc., TD Securities (USA) Inc. and Wells Fargo Securities, LLC are lenders under our revolving bank credit facility. Frederick B. Whittemore, a member of our board of directors, is an advisory director of Morgan Stanley Dean Witter & Co., an affiliate of Morgan Stanley & Co. Incorporated.

Exchange Agent

The Bank of New York has been appointed the exchange agent for the exchange offer. Letters of transmittal and all correspondence in connection with the exchange offer should be sent or delivered to the exchange agent at The Bank of New York, Corporate Trust Operations, Reorganization Unit, 101 Barclay Street – 7 East, New York, New York 10286. Eligible institutions may make requests by facsimile at (212) 298-1915. We will pay the exchange agent customary fees for its services and will reimburse it for its reasonable, out-of-pocket expenses in connection therewith.

Information Agent

D. F. King & Co., Inc. has been appointed as the information agent for the exchange offer and will receive customary compensation for its services. Questions concerning tender procedures and requests for additional copies of this prospectus or the letter of transmittal should be directed to the information agent at the address and telephone numbers set forth below:

D. F. King & Co., Inc.
48 Wall Street, 22nd Floor
New York, New York 10005

Bankers and brokers, call collect: (212) 269-5500
All others call toll free: (800) 431-9633

Holders of 2011 Notes may also contact their commercial bank, broker, dealer, trust company or other nominee for assistance concerning the exchange offer.

Fees and Expenses

We will bear the expenses of soliciting tenders for this exchange offer. We are making the principal solicitation by mail. However, we may make additional solicitations by telegraph, telephone or in person by officers and regular employees of ours and those of our affiliates.

We will pay the cash expenses to be incurred in connection with this exchange offer and are estimated in the aggregate to be approximately $250,000. Such expenses include fees and expenses of the exchange agent and information agent, accounting and legal fees, SEC filing fees and printing costs, among others.

Appraisal Rights

You will not have any right to dissent and receive appraisal of your 2011 Notes in connection with this exchange offer.

RATIOS OF EARNINGS TO FIXED CHARGES

For purposes of determining the ratios of earnings to fixed charges, earnings are defined as net income (loss) before income taxes, cumulative effect of accounting change, amortization of capitalized interest and fixed charges, less capitalized interest. Fixed charges consist of interest (whether expensed or capitalized) and amortization of debt expenses and discount or premium relating to any indebtedness.

	Year Ended December 31,					Nine Months Ended September 30, 2003
	1998	1999	2000	2001	2002	
Ratio of earnings to fixed charges	(a)	1.4x	3.1x	4.4x	1.5x	4.1x

(a) Earnings for such year were insufficient to cover fixed charges by approximately $915 million.

DESCRIPTION OF NOTES

We will issue the 7.75% Senior Notes due 2015 offered hereby (the "2015 Notes") as additional notes under an indenture dated as of December 20, 2002 (the "2015 Indenture"), among the Company, as issuer, the Subsidiary Guarantors, as guarantors, and The Bank of New York, as trustee (the "Trustee") and the 6.875% Senior Notes due 2016 offered hereby (the "2016 Notes") as additional notes under an indenture dated as of November 26, 2003 (the "2016 Indenture"), among the Company, as issuer, the Subsidiary Guarantors, as guarantors, and the Trustee. Unless otherwise indicated, the term "Notes" as used in this section refers equally to the 2015 Notes and 2016 Notes as applicable, whether issued in this exchange offer or originally issued by us, and the term "Indenture" refers equally to the 2015 Indenture and the 2016 Indenture as applicable. The terms of the Notes include those stated in the Indenture and those made part of the Indenture by reference to the Trust Indenture Act of 1939 (the "Trust Indenture Act").

The following description is only a summary of the material provisions of the Notes and the Indenture. These descriptions do not purport to be complete and are subject to, and are qualified in their entirety by reference to, the Notes and the Indenture. You may request copies of the Indenture at our address set forth under the heading "Where You Can Find More Information."

Certain terms used in this description are defined under the subheading "—Certain Definitions." In this description, the words "Company" and "we" refer only to Chesapeake Energy Corporation and not to any of its subsidiaries.

General

We will issue the Notes as additional Notes ("Add-On Notes") under the Indenture. Subject to the Company's compliance with the covenant described in the first paragraph of "—Certain Covenants—Limitations on Incurrence of Additional Indebtedness," the Company is permitted to issue additional Add-On Notes under the Indenture in an unlimited aggregate principal amount. Any Add-On Notes that are actually issued will be treated as issued and outstanding Notes (as the same class as the initial Notes and the Notes offered by this prospectus) for all purposes of the Indenture and this "Description of Notes," unless the context indicates otherwise. Each 2015 Note matures on January 15, 2015 and bears interest at the rate of 7.75% interest per annum. Each 2016 Note mature on January 15, 2016 and will bear interest at a rate of 6.875% interest per annum.

Interest on the Notes is payable semiannually in arrears on January 15 and July 15 of each year, beginning, in the case of the 2016 Notes, on July 15, 2004. The 2015 Notes, including the 2015 Notes issued in this exchange offer, will accrue interest from July 15, 2003. The 2016 Notes, including the 2016 Notes issued in this exchange offer, will accrue interest from the date of original issuance of the 2016 Notes, which is November 26, 2003. We will make each interest payment to the holders of record of the Notes at the close of business on the January 1 or July 1 preceding such interest payment date. Interest is computed on the basis of a 360-day year of twelve 30-day months. Principal, premium, if any, and interest is payable at the offices of the Trustee and the paying agent, *provided* that, at the option of the Company, payment of interest on Notes not in global form may be made by check mailed to the address of the Person entitled thereto as it appears in the register of the Notes maintained by the registrar. Initially, the Trustee will also act as paying agent and registrar for the Notes.

The Notes are unsecured senior obligations of the Company. The 2015 Notes and 2016 Notes rank equally in right of payment with each other, the 2011 Notes and all future Senior Indebtedness of the Company and rank senior in right of payment to all future Subordinated Indebtedness of the Company.

Guarantees

All the existing subsidiaries of the Company, other than Chesapeake Energy Marketing, Inc., Mayfield Processing, L.L.C. and MidCon Compression L.P., fully and unconditionally guarantee, on a joint and several

basis, the Company's obligations to pay principal of, premium, if any, and interest on the Notes. The Indenture provides that each Person that becomes a Restricted Subsidiary after the Issue Date will guarantee the payment of the Notes.

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

If a Guarantee were rendered voidable, it could be subordinated by a court to all other indebtedness (including guarantees and other contingent liabilities) of the applicable Subsidiary Guarantor, and, depending on the amount of such indebtedness, a Subsidiary Guarantor's liability on its Guarantee could be reduced to zero. Please read "Risk Factors—Risks Related to the 2015 Notes and 2016 Notes—A guarantee could be voided if the guarantor fraudulently transferred the guarantee at the time it incurred the indebtedness, which could result in the noteholders being able to rely on only Chesapeake to satisfy claims."

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

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

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

(3) such Subsidiary Guarantor or the 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

(4) 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 Reference Period, be permitted to incur at least $1.00 of additional Indebtedness (other than Permitted Indebtedness) pursuant to the "—Limitation on Incurrence of Additional Indebtedness" covenant.

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

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

Ranking

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

As of September 30, 2003 on a pro forma basis as described under "Capitalization," the Company and the Subsidiary Guarantors would have had $2.08 billion in principal amount of senior indebtedness outstanding, none of which would have been of secured indebtedness.

The Notes are unsecured obligations of the Company. Secured debt and other secured obligations of the Company and the Subsidiary Guarantors (including obligations with respect to our current bank credit facility) are effectively senior to the Notes to the extent of the value of the assets securing such debt or other obligations.

Liabilities of Subsidiaries versus Notes. A substantial portion of the Company's operations is conducted through its subsidiaries. Claims of creditors of such subsidiaries that are not Subsidiary Guarantors, including trade creditors and creditors holding indebtedness or guarantees issued by such subsidiaries, and claims of preferred stockholders of such subsidiaries will have priority with respect to the assets and earnings of such subsidiaries over the claims of the Company's creditors, including holders of the Notes. Accordingly, the Notes are effectively subordinated to creditors (including trade creditors) and preferred stockholders, if any, of the Company's subsidiaries that are not Subsidiary Guarantors. All of the Company's subsidiaries, other than Chesapeake Energy Marketing, Inc., Mayfield Processing, L.L.C. and MidCon Compression L.P., are Subsidiary Guarantors. The non-guarantor subsidiaries have no outstanding indebtedness.

Although the Indenture limits the incurrence of Indebtedness (including some types of preferred stock) of the Restricted Subsidiaries, such limitations are subject to a number of significant qualifications. In addition, the Indenture does not impose any limitations on the incurrence by the Restricted Subsidiaries of liabilities that are not considered Indebtedness under the Indenture. Please read "—Certain Covenants—Limitation on Incurrence of Additional Indebtedness." Moreover, the Indenture does not impose any limitation on the incurrence by any Unrestricted Subsidiary of Indebtedness (including preferred stock).

Optional Redemption of the Notes

2015 Notes. At any time on or after January 15, 2008, the Company may, at its option, redeem all or any portion of the 2015 Notes at the applicable redemption prices (expressed as percentages of the principal amount of the 2015 Notes) described below, plus, in each case, accrued but unpaid interest thereon to the applicable redemption date if the 2015 Notes are redeemed during the twelve-month period beginning on January 15 of the years set forth below:

Year	Redemption Price
2008	103.875%
2009	102.583%
2010	101.292%
2011 and thereafter	100.000%

Notwithstanding the preceding, at any time prior to January 15, 2008, the Company may, at its option, redeem all or any portion of the 2015 Notes at the Make-Whole Price plus accrued and unpaid interest to the date of redemption. In addition, in the event the Company consummates one or more Equity Offerings on or prior to January 15, 2006, the Company, at its option, may redeem up to 35% of the aggregate principal amount of the 2015 Notes (which includes the 2015 Notes issued in connection with this exchange offer and any other Add-On Notes) issued under the Indenture with all or a portion of the aggregate net proceeds received by the Company from such Equity Offerings at a redemption price of 107.75%, plus accrued and unpaid interest thereon to the redemption date; *provided, however*, that (i) the date of 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 65% of the aggregate principal amount of the 2015 Notes (which includes the 2015 Notes issued in connection with this exchange offer and any other Add-On Notes) issued under the Indenture remain outstanding.

2016 Notes. At any time on or after January 15, 2009, the Company may, at its option, redeem all or any portion of the 2016 Notes at the applicable redemption prices (expressed as percentages of the principal amount

of the 2016 Notes) described below, plus, in each case, accrued but unpaid interest thereon to the applicable redemption date if the 2016 Notes are redeemed during the twelve-month period beginning on January 15 of the years set forth below:

Year	Redemption Price
2009	103.438%
2010	102.292%
2011	101.146%
2012 and thereafter	100.000%

Notwithstanding the preceding, at any time prior to January 15, 2009, the Company may, at its option, redeem all or any portion of the 2016 Notes at the Make-Whole Price plus accrued and unpaid interest to the date of redemption. In addition, in the event the Company consummates one or more Equity Offerings on or prior to January 15, 2007, the Company, at its option, may redeem up to 35% of the aggregate principal amount of the 2016 Notes (which includes the 2016 Notes issued in connection with this exchange offer and any other Add-On Notes) issued under the Indenture with all or a portion of the aggregate net proceeds received by the Company from such Equity Offerings at a redemption price of 106.875%, plus accrued and unpaid interest thereon to the redemption date; *provided*, *however*, that (i) the date of 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 65% of the aggregate principal amount of the 2016 Notes (which includes the 2016 Notes issued in connection with this exchange offer and any other Add-On Notes) issued under the Indenture remain outstanding.

Change of Control

The Indenture provides that, following the occurrence of any Change of Control, the Company must offer to purchase all outstanding Notes at a purchase price equal to 101% of the aggregate principal amount of the Notes, plus accrued and unpaid interest to the date of purchase.

Within 15 days after any Change of Control, the Company will mail or cause to be mailed to all Holders on the date of the Change of Control a Notice (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 shall state, among other things:

(1) that the change of control offer is being made pursuant to this covenant;

(2) the purchase price and the change of control payment date;

(3) that any Note not tendered will continue to accrue interest;

(4) that any Note accepted for payment pursuant to the change of control offer shall cease to accrue interest on the change of control payment date; and

(5) the instructions, consistent with the covenant described hereunder, that a Holder must follow in order to have such Holder's Notes purchased.

The change of control offer will be deemed to have commenced upon mailing of a notice pursuant to the Indenture and will 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 Company will purchase and mail or deliver payment for all Notes tendered in response to the change of control offer.

On the change of control payment date, the Company will, to the extent lawful, (a) accept for payment Notes or portions thereof tendered pursuant to the change of control offer, (b) deposit with the paying agent an amount equal to the change of control payment in respect of all Notes or portions thereof so tendered and (c)

deliver to the Trustee the Notes so accepted together with an officers' certificate stating the Notes or portions thereof tendered to the Company. The paying agent will promptly mail or deliver to each Holder of Notes so accepted payment in an amount equal to the purchase price for such Notes, and the Trustee will promptly authenticate and mail or deliver to each Holder a new Note equal in principal amount to any unpurchased portion of the Notes surrendered, if any, *provided* that each such new Note will be in a principal amount of $1,000 or an integral multiple thereof.

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 change of control offer.

The Change of Control purchase feature of the Notes may in certain circumstances make more difficult or discourage a sale or takeover of the Company. The change of control purchase feature is a result of negotiations between the Company and the initial purchasers. The Company has no present intention to engage in a transaction involving a Change of Control, although it is possible that it could decide to do so in the future. Subject to the limitations discussed below, the Company could, in the future, enter into certain transactions, including acquisitions, refinancings or other recapitalizations, that would not constitute a Change of Control under the Indenture, but that could increase the amount of indebtedness outstanding at such time or otherwise affect the Company's capital structure or credit ratings. Restrictions on the Company's ability to incur additional Indebtedness are contained in the covenants described under "—Certain Covenants—Limitation on Incurrence of Additional Indebtedness," "— Limitation on Liens" and "—Limitation on Sale/ Leaseback Transactions." Under the Indenture, such restrictions can only be waived with the consent of the Holders of a majority in principal amount of the Notes then outstanding. Except for the limitations contained in such covenants, however, the Indenture does not contain any covenants or provisions that may afford Holders of the Notes protection in the event of a highly leveraged transaction.

Future indebtedness that the Company may incur may contain prohibitions on the occurrence of certain events that would constitute a Change of Control or require the repurchase of such indebtedness upon a Change of Control. Moreover, the exercise by the Holders of their right to require the Company to repurchase the Notes could cause a default under such indebtedness, even if the Change of Control itself does not, due to the financial effect of such repurchase on the Company. Finally, the Company's ability to pay cash to the Holders of Notes following the occurrence of a Change of Control may be limited by the Company's then existing financial resources. There can be no assurance that sufficient funds will be available when necessary to make any required repurchases.

The provisions under the Indenture relative to the Company's obligation to make an offer to repurchase the Notes as a result of a Change of Control may be waived or modified with the written consent of the Holders of a majority in principal amount of the Notes.

Certain Covenants

The Indenture provides that the following restrictive covenants are applicable to the Company and its Restricted Subsidiaries.

Limitation on Incurrence of Additional Indebtedness. The Company will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, 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: (1) the Adjusted Consolidated EBITDA Coverage Ratio would have been at least 2.25 to 1.0 or (2) Adjusted Consolidated Net Tangible Assets would have been greater than 200% of Indebtedness of the Company and its Restricted Subsidiaries.

Notwithstanding the preceding, 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. For purposes of determining compliance with this covenant:

(1) in the event that an item of proposed Indebtedness meets the criteria of more than one of the categories of Permitted Indebtedness as of the date of incurrence thereof or is entitled to be incurred pursuant to the first paragraph of this covenant as of the date of incurrence thereof, the Company shall, in its sole discretion, classify (or later classify in whole or in part, in its sole discretion) such item of Indebtedness in any manner that complies with this covenant; and

(2) for purposes of determining compliance with any dollar-denominated restriction on the incurrence of Indebtedness denominated in a foreign currency, the dollar-equivalent principal amount of such Indebtedness incurred pursuant thereto shall be calculated based on the relevant currency.

Accrual of interest or dividends, the accretion of accreted value or liquidation preference and the payment of interest or dividends in the form of additional Indebtedness will not be deemed to be an incurrence of Indebtedness for purposes of this covenant.

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.

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

(1) 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;

(2) 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 the first paragraph of the covenant captioned "—Limitation on Incurrence of Additional Indebtedness"; and

(3) 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 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 Stock 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 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); and

(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 (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 (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).

Notwithstanding the preceding, the above limitations will not prevent:

(1) 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;

(2) 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;

(3) any dividend or other distribution payable from a Restricted Subsidiary to the Company or any other Restricted Subsidiary;

(4) regular quarterly dividends on the 6.75% Cumulative Convertible Preferred Stock, the 6.00% Cumulative Convertible Preferred Stock or the 5.00% Cumulative Convertible Preferred Stock of the Company outstanding on the Issue Date, *provided* that no Default or Event of Default shall have occurred and be continuing at the time of or immediately after giving effect to any such Restricted Payment; and

(5) other Restricted Payments not in excess of $25 million in the aggregate since the Issue Date, *provided* that no Default or Event of Default shall have occurred and be continuing at the time of or immediately after giving effect to any such Restricted Payment.

Any Restricted Payment described in the preceding clause (3) shall be excludable in the calculation of the amount of Restricted Payments, and any Restricted Payment described in any other clause shall be included in the calculation.

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

(1) 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 million or greater);

(2) (A) the consideration consists of cash, cash equivalents, Permitted Financial Investments or property, equipment, leasehold interests or other assets used in the Oil and Gas Business ("Permitted Consideration") or (B) the portion of the consideration that does not constitute Permitted Consideration, together with all other consideration received for Asset Sales since the Issue Date that does not constitute Permitted Consideration, has a fair market value of no more than 10% of ACNTA; and

(3) 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 the following two paragraphs.

The Company may apply such Net Available Proceeds, within 365 days following the receipt of Net Available Proceeds from any Asset Sale, to:

(1) the repayment of Indebtedness of the Company under Credit Facilities or other Senior Indebtedness, including any mandatory redemption or repurchase or optional redemption of the Existing Notes or the Notes;

(2) make an Investment in assets used in the Oil and Gas Business; or

(3) develop by drilling the Company's oil and gas reserves.

If, upon completion of the 365-day period, any portion of the Net Available Proceeds of any Asset Sale shall not have been applied by the Company as described in clauses (1), (2) or (3) in 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 million, then the Company will be obligated to make an offer (the "Net Proceeds Offer") to purchase the Notes and any other Senior Indebtedness in respect of which such an offer to purchase is also 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 Notes and other such Senior Indebtedness tendered in such Net Proceeds Offer) at a purchase price of 100% of the principal amount thereof plus accrued interest to the date of repurchase. Upon the completion of the Net Proceeds Offer, the amount of Excess Proceeds will be reset to zero.

Any Net Proceeds Offer will be conducted in substantially the same manner as a change of control offer. 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.

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.

Notwithstanding the preceding, 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.

Limitation on Liens. The Company will not, and will not permit any Restricted Subsidiary to, create, incur, assume or suffer to exist any Liens (other than Permitted Liens) upon any of their respective properties securing any Indebtedness of the Company or any Restricted Subsidiary, unless the Notes are equally and ratably secured; *provided* that if such Indebtedness is expressly subordinated to the Notes or the Guarantees, the Lien securing such Indebtedness will be subordinated and junior to the Lien securing the Notes or the Guarantees.

Limitation on Sale/Leaseback Transactions. The Company will not, and will not permit any Restricted Subsidiary to, enter into any Sale/Leaseback Transaction with any Person (other than the Company or any other Restricted Subsidiary) unless:

(1) the Company or such Restricted Subsidiary would be entitled to incur Indebtedness, in a principal amount equal to the Attributable Indebtedness with respect to such Sale/Leaseback Transaction in accordance with the covenant captioned "—Limitation on Incurrence of Additional Indebtedness;" or

(2) the Company or such Restricted Subsidiary receives proceeds from such Sale/Leaseback Transactions 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.

Limitations on Mergers and Consolidations. The Company will not consolidate or merge with or into any Person, or sell, convey, lease or otherwise dispose of all or substantially all of its assets to any Person, unless:

(1) the Person formed by or surviving such consolidation or merger (if other than the Company), or to which such sale, lease, conveyance or other disposition or assignment shall be made (collectively, the "Successor"), is a corporation organized and existing under the laws of the United States or any state thereof or the District of Columbia, or Canada or any province thereof, and the Successor assumes by supplemental indenture in a form satisfactory to the Trustee all of the obligations of the Company under the Indenture and under the Notes;

(2) immediately before and after giving effect to such transaction, no Event of Default shall have occurred and be continuing;

(3) immediately after giving effect to such transaction on a pro forma basis, the Consolidated Tangible Net Worth of the Company (or the Successor) 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 Successor) would be able to incur $1.00 of additional Indebtedness (other than Permitted Indebtedness) pursuant to the first paragraph of the covenant captioned "—Limitation on Incurrence of Additional Indebtedness."

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:

(1) pay dividends or make any other distributions on its Capital Stock to the Company or a Restricted Subsidiary;

(2) pay any Indebtedness owed to the Company or a Restricted Subsidiary of the Company;

(3) make loans or advances to the Company or a Restricted Subsidiary of the Company; or

(4) 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 Credit Facilities, *provided* that any Payment Restrictions thereunder (other than, with respect to (4) 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 no less favorable to the Holders of Notes 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.

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 Restricted Subsidiary) (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:

(1) more than $5 million, 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

(2) more than $25 million, unless the Company receives a written opinion from a nationally recognized investment banking firm with total assets in excess of $1.0 billion that such transaction or series of transactions is fair to the Company from a financial point of view.

SEC Reports. 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 will file with the SEC and provide the Trustee and Holders with annual reports and such information, documents and other reports specified in Sections 13 and 15(d) of the Exchange Act.

Certain Definitions

The following is a summary of certain defined terms used in the Indenture. Reference is made to the Indenture for the full definition of all such terms and for the definitions of capitalized terms used in this prospectus and not defined below.

"*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:

(1) 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);

(2) 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);

(3) depreciation and depletion of the Company and its Restricted Subsidiaries;

(4) amortization of the Company and its Restricted Subsidiaries including, without limitation, amortization of capitalized debt issuance costs;

(5) 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;

(6) any loss realized in accordance with GAAP from currency exchange transactions not in the ordinary course of business consistent with past practice;

(7) any loss net of income taxes realized in accordance with GAAP attributable to extraordinary items;

(8) any charges associated solely with the prepayment of any Indebtedness; and

(9) 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

(1) 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

(2) 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

(1) 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,

(2) the incurrence of any Indebtedness (including the issuance of the Notes) 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,

(3) 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,

(4) 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

(5) in determining the amount of Indebtedness pursuant to the covenant captioned "Limitation on Incurrence of Additional Indebtedness," 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 (1) amortization of original issue discount or premium on any Indebtedness (other than with respect to the Existing Notes and the Notes), (2) the interest portion of all deferred payment obligations, calculated in accordance with GAAP, and (3) 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*" or "*ACNTA*" means, without duplication, as of the date of determination, (a) the sum of

(1) 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,

(2) 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,

(3) the Net Working Capital on a date no earlier than the date of the Company's latest annual or quarterly financial statements and

(4) 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

(1) minority interests,

(2) any gas balancing liabilities of the Company and its Restricted Subsidiaries reflected as a long-term liability in the Company's latest annual or quarterly financial statements,

(3) 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,

(4) 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)(1) 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

(5) 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, ACNTA will continue to be calculated as if the Company were still using the full cost method of accounting.

"*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.

"*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 Restricted Subsidiary or by a Restricted Subsidiary to the Company or another 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 the covenant captioned "Limitations on Mergers and Consolidations,"

(e) Sale/Leaseback Transactions in compliance the covenant captioned "Limitations on Sale/ Leaseback Transactions,"

(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 (a) 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 (b) the sum of all such principal payments.

"*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:

(1) 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;

(2) the adoption of a plan relating to the liquidation or dissolution of the Company;

(3) 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

(4) 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.

"*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

(1) 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

(2) 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 Notes or any other Senior Indebtedness scheduled to mature no earlier than the Indebtedness being repaid and the prepayment of any of the Notes or such other Senior Indebtedness;

(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;

(i) any gain (but not loss) attributable to extraordinary items; and

(j) any unrealized non-cash gains or losses or charges in respect of hedge or non-hedge derivatives (including those resulting from the application of FAS 133).

"*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.

"*Credit Facilities*" means, one or more debt facilities (including, without limitation, the Company's existing credit facility) or commercial paper facilities, in each case with banks or other institutional lenders providing for revolving credit loans, term loans, receivables financing (including through the sale of receivables to such lenders or to special purpose entities formed to borrow from such lenders against such receivables) or letters of credit, in each case, as amended, restated, modified, renewed, refunded, replaced or refinanced in whole or in part from time to time.

"*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.

"*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 of 1933 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 hereunder.

"*Existing Notes*" means the Company's outstanding (a) 7.875% Senior Notes due 2004, (b) 8.5% Senior Notes due 2012, (c) 8.125% Senior Notes due 2011, (d) 8.375% Senior Notes due 2008, (e) 9% Senior Notes due 2012, (f) 7.5% Senior Notes due 2013, (g) (in the case of the 2016 Notes only) 7.75% Senior Notes due 2015 and (h) (in the case of the 2015 Notes only) 6.875% Senior Notes due 2016.

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

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

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

"*Indebtedness*" means, without duplication, with respect to any Person,

(a) all obligations of such Person

(1) 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),

(2) evidenced by bonds, notes, debentures or similar instruments,

(3) 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),

(4) evidenced by bankers' acceptances or similar instruments issued or accepted by banks,

(5) for the payment of money relating to a Capitalized Lease Obligation, or

(6) 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 in respect of Currency Hedge Obligations, Interest Rate Hedge Agreements and Oil and Gas Hedging Contracts, 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 resolution of such Board;

(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) or (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.

"*Interest Rate Hedging Agreements*" means, with respect to the Company and its Restricted Subsidiaries, the obligations of such Persons under (a) interest rate swap agreements, interest rate cap agreements and interest rate collar agreements and (b) 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 (a) all investments by such Person in any other Person in the form of loans, advances or capital contributions, (b) all guarantees of Indebtedness or other obligations of any other Person by such Person, (c) all purchases (or other acquisitions for consideration) by such Person of assets, Indebtedness, Capital Stock or other securities of any other Person and (d) 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 December 20, 2002 in the case of the 2015 Notes and is expected to be November 26, 2003 in the case of the 2016 Notes.

"*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 Note means an amount equal to the excess, if any, of (a) the present value of the remaining interest, premium and principal payments due on such Note (excluding any portion of such payments of interest accrued as of the redemption date) as if such Note were redeemed on January 15, 2008 in the case of any 2015 Note or January 15, 2009 in the case of any 2016 Note, computed using a discount rate equal to the Treasury Rate plus 50 basis points, over (b) the outstanding principal amount of such Note. "Treasury Rate" with respect to a Note means the yield to maturity (calculated on a semi-annual bond equivalent basis) at the time of the computation of United States Treasury securities with a constant maturity (as compiled by and published in the most recent Federal Reserve Statistical Release H.15(519), which has become publicly available at least two business days prior to the date of the redemption notice or, if such Statistical Release is no longer published, any publicly available source of similar market data) most nearly equal to the then remaining maturity of such Note assuming that such Note will be redeemed on January 15, 2008 in the case of any 2015 Note or January 15, 2009 in the case of any 2016 Note; *provided, however*, that if the Make-Whole Average Life of a Note is not equal to the constant maturity of the United States Treasury security for which a weekly average yield is given, the Treasury Rate shall be obtained by linear interpolation (calculated to the nearest one-twelfth of a year) from the weekly average yields of United States Treasury securities for which such yields are given, except that if the Make-Whole Average Life of such Note 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. "Make-Whole Average Life" means, with respect to a Note, the number of years (calculated to the nearest one-twelfth of a year) between the date of redemption of such Note and January 15, 2008 in the case of any 2015 Note or January 15, 2009 in the case of any 2016 Note.

"*Make-Whole Price*" means the greater of (a) the sum of the outstanding principal amount of the Notes to be redeemed plus the Make-Whole Amount of such Notes and (b) the redemption price (expressed as a percentage of the principal amount) of such Notes on January 15, 2008 in the case of any 2015 Note and January 15, 2009 in the case of any 2016 Note.

"*Maturity Date*" means January 15, 2015 in the case of any 2015 Note, or January 15, 2016 in the case of any 2016 Note.

"*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 (3) (B) or (C) of the covenant captioned "Limitation on Restricted Payments," the aggregate net cash proceeds received by the Company, after payment of expenses, commissions, discounts, taxes and any other transaction costs incurred in connection therewith.

"*Net Working Capital*" means (a) all current assets of the Company and its Restricted Subsidiaries, minus (b) 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) (1) provides credit support, including any undertaking, agreement or instrument which would constitute Indebtedness or (2) 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 (1) established for the purpose of acquiring or investing in property securing Non-Recourse Indebtedness, (2) substantially all of the assets of which consist of property securing Non-Recourse Indebtedness, and (3) 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 (other than Permitted Indebtedness) pursuant to the first paragraph of the covenant captioned "Limitation on Incurrence of Additional Indebtedness" (such redesignation being deemed an incurrence of additional Indebtedness (other than Non-Recourse Indebtedness)).

"*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 agreement, 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.

"Permitted Business Investments" means

(1) Investments in assets used in the Oil and Gas Business;

(2) the acquisition of Oil and Gas Securities;

(3) 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;

(4) the acquisition of working interests, royalty interests or mineral leases relating to oil and gas properties;

(5) Investments by the Company or any Restricted Subsidiary in any Person which, immediately prior to the making of such Investment, is a Restricted Subsidiary;

(6) Investments in the Company by any Restricted Subsidiary;

(7) Investments permitted under the covenants captioned "Limitation on Sale of Assets" and "Limitation on Sale/ Leaseback Transactions";

(8) Investments in any Person the consideration for which consists of Qualified Stock and

(9) 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

(1) if the Indebtedness (including the Notes) being renewed, extended, refinanced, refunded or repurchased is equal to or subordinated in right of payment to the Notes, then such Indebtedness is equal to or subordinated in right of payment to, as the case may be, the Notes at least to the same extent as the Indebtedness being renewed, extended, refinanced, refunded or repurchased,

(2) such Indebtedness is scheduled to mature no earlier than the Indebtedness being renewed, extended, refinanced, refunded or repurchased, and

(3) 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 (1)-(4) 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:

(1) 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;

(2) repurchase obligations for instruments of the type described in clause (1) for which delivery of the instrument is made against payment;

(3) 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;

(4) 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

(5) 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

(1) additional Indebtedness of the Company and its Restricted Subsidiaries under Credit Facilities in a principal amount outstanding under this clause (1) at any time not to exceed the greater of

(a) $300 million and

(b) $100 million plus 20% of Adjusted Consolidated Net Tangible Assets;

(2) Indebtedness of the Company and its Restricted Subsidiaries outstanding on the Issue Date;

(3) other Indebtedness of the Company and its Restricted Subsidiaries in a principal amount not to exceed $40 million at any one time outstanding;

(4) Non-Recourse Indebtedness;

(5) Indebtedness of the Company to any Restricted Subsidiary of the Company and Indebtedness of any Restricted Subsidiary of the Company to the Company or another Restricted Subsidiary of the Company;

(6) Permitted Company Refinancing Indebtedness;

(7) Permitted Subsidiary Refinancing Indebtedness;

(8) obligations of the Company and its Restricted Subsidiaries under Currency Hedge Obligations, Oil and Gas Hedging Contracts or Interest Rate Hedging Agreements;

(9) Indebtedness under the Notes (excluding any Add-On Notes);

(10) Indebtedness of a Subsidiary pursuant to a Guarantee of the Notes in accordance with the Indenture; and

(11) Indebtedness consisting of any guarantee by the Company or one of its Restricted Subsidiaries of Indebtedness of the Company or a Restricted Subsidiary outstanding on the Issue Date or permitted by the Indenture to be incurred thereafter by the Company or its Restricted Subsidiary.

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

"*Permitted Liens*" means

(1) Liens existing on the Issue Date;

(2) Liens securing Indebtedness under Credit Facilities permitted by the Indenture to be incurred;

(3) Liens now or hereafter securing any obligations under Interest Rate Hedging Agreements so long as the related Indebtedness (a) constitutes the Existing Notes or the Notes (or any Permitted Company Refinancing Indebtedness in respect thereof) or (b) is, or is permitted to be under the Indenture, secured by a Lien on the same property securing such interest rate hedging obligations;

(4) 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 and that the Indebtedness being refinanced was not incurred under the Credit Facilities;

(5) 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;

(6) mechanics', worker's, materialmen's, operators' or similar Liens arising in the ordinary course of business;

(7) Liens in connection with worker's compensation, unemployment insurance or other social security, old age pension or public liability obligations;

(8) 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;

(9) 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;

(10) 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;

(11) Liens on pipeline or pipeline facilities which arise out of operation of law;

(12) 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;

(13) (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* 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;

(14) 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;

(15) 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;

(16) 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;

(17) Liens reserved in oil and gas mineral leases for bonus or rental payments and for compliance with the terms of such leases;

(18) 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;

(19) Liens securing obligations of the Company or any of its Restricted Subsidiaries under Currency Hedge Obligations or Oil and Gas Hedging Contracts; and

(20) 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

(1) if the Indebtedness (including the Guarantees) being renewed, extended, refinanced, refunded or repurchased is equal to with or subordinated in right of payment to the Guarantees, then such Indebtedness is equal to 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,

(2) such Indebtedness is scheduled to mature no earlier than the Indebtedness being renewed, extended, refinanced, refunded or repurchased, and

(3) 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 Stock*" means the 624,037 shares 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, all of which shares were redeemed as of May 1, 2001.

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

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

"*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 either Indenture or the related Notes.

"*Restricted Payment*" means, with respect to any Person, any of the following:

(1) 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 Stock);

(2) 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;

(3) 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 Notes; and

(4) the making by such Person of any Investment other than a Permitted Investment.

"*Restricted Subsidiary*" means any Subsidiary of the Company other than an Unrestricted Subsidiary. The Board of Directors may designate any Unrestricted Subsidiary to be a Restricted Subsidiary; *provided, however*, that, immediately after giving effect to such designation of any Unrestricted Subsidiary, the Company could incur at least $1.00 in additional Indebtedness (other than Permitted Indebtedness) pursuant to the first paragraph of the covenant captioned "Limitation on Incurrence of Additional Indebtedness."

"*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.

"*Senior Indebtedness*" means any Indebtedness of the Company or a 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 Notes or the Guarantees, respectively.

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

"*Subsidiary*" means any subsidiary of the Company. A "subsidiary" of any Person means

(1) 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,

(2) 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

(3) 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 (a) each of the Subsidiaries that becomes a guarantor of the Notes in compliance with the provisions of the Indenture and (b) each of the Subsidiaries executing a supplemental indenture in which such Subsidiary agrees to be bound by the terms of the Indenture.

"*Unrestricted Subsidiary*" means (a) Chesapeake Energy Marketing, Inc. until such time as such Subsidiary shall be designated as a Restricted Subsidiary in accordance with the requirements of the Indenture, (b) any Subsidiary of an Unrestricted Subsidiary and (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,

(1) the Company could incur $1.00 of additional Indebtedness (other than Permitted Indebtedness) pursuant to the first paragraph of the covenant captioned "Limitation on Incurrence of Additional Indebtedness,"

(2) the Company could make an additional Restricted Payment of $1.00 pursuant to the first paragraph of the covenant captioned "Limitation on Restricted Payments,"

(3) 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

(4) 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 (1) direct obligations of the United States of America for the payment of which its full faith and credit is pledged or (2) 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 (1) or (2) 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.

Events of Default

The following are Events of Default with respect to the Notes:

(1) default by the Company or any Subsidiary Guarantor in the payment of principal of or premium, if any, on the Notes when due and payable at maturity, upon repurchase pursuant to the covenants described under "Limitation on Sale of Assets" or "Change of Control," upon acceleration or otherwise;

(2) default by the Company or any Subsidiary Guarantor for 30 days in payment of any interest on the Notes;

(3) default by the Company or any Subsidiary Guarantor in the deposit of any optional redemption payment;

(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 $10.0 million 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 $10.0 million 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 the covenants captioned "Limitation on Restricted Payments" and "Limitations on Mergers and Consolidations," or in the performance, or breach of, any other covenant or agreement of the Company or any Subsidiary Guarantor in the 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 Notes;

(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 $10.0 million (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) the failure of a Guarantee by a Subsidiary Guarantor to be in full force and effect, or the denial or disaffirmance by such entity thereof; or

(8) certain events involving bankruptcy, insolvency or reorganization of the Company or any Subsidiary of the Company (other than a Non-Recourse Subsidiary or an Unrestricted Subsidiary).

The Indenture provides that the Trustee may withhold notice to the Holders of the Notes of any default (except in payment of principal of, or premium, if any, or interest on the Notes) if the Trustee considers it in the interest of the Holders of the Notes to do so.

If an Event of Default occurs and is continuing, the Trustee or the Holders of not less than 25% in principal amount of the Notes outstanding may declare the principal of and premium, if any, and accrued but unpaid interest on all the Notes to be due and payable. Upon such a declaration, such principal, premium, if any, and interest will be due and payable immediately. If an Event of Default relating to certain events of bankruptcy, insolvency or reorganization of the Company or any Subsidiary of the Company (other than a Non-Recourse Subsidiary or an Unrestricted Subsidiary) occurs and is continuing, the principal of, and premium, if any, and interest on all the Notes will become and be immediately due and payable without any declaration or other act on the part of the Trustee or any Holders of the Notes. The amount due and payable on the acceleration of any Note will be equal to 100% of the principal amount of the Note, plus accrued and unpaid interest to the date of payment. Under certain circumstances, the Holders of a majority in principal amount of the outstanding Notes may rescind any such acceleration with respect to the Notes and its consequences.

No Holder of a Note may pursue any remedy under the Indenture unless

(1) the Trustee shall have received written notice of a continuing Event of Default,

(2) the Trustee shall have received a request from Holders of at least 25% in principal amount of the Notes to pursue such remedy,

(3) the Trustee shall have been offered indemnity reasonably satisfactory to it,

(4) the Trustee shall have failed to act for a period of 60 days after receipt of such notice, request and offer of indemnity and

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

provided, however, such provision does not affect the right of a Holder of any Note to sue for enforcement of any overdue payment thereon.

The Holders of a majority in principal amount of the Notes then outstanding will have the right to direct the time, method and place of conducting any proceeding for exercising any remedy available to the Trustee, subject to certain limitations specified in the Indenture. The Indenture requires the annual filing by the Company with the Trustee of a written statement as to compliance with the covenants contained in the Indenture.

Modification and Waiver

Modifications and amendments to the Indenture or the Notes may be made by the Company, the Subsidiary Guarantors and the Trustee with the consent of the Holders of a majority in principal amount of the Notes then outstanding; *provided* that no such modification or amendment may, without the consent of the Holder of each Note then outstanding affected thereby,

(1) reduce the percentage of principal amount of Notes whose Holders must consent to an amendment, supplement or waiver;

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

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

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

(5) reduce the purchase price, including the premium, if any, payable upon the repurchase of any Note upon an Asset Sale or Change in Control, or change the time at which any Note may or shall be repurchased thereunder;

(6) make any Note payable in money other than that stated in such Note;

(7) impair the right to institute suit for the enforcement of any payment of principal of, or premium, if any, or interest on, any Note;

(8) make any change in the percentage of principal amount of Notes necessary to waive compliance with certain provisions of the Indenture; or

(9) waive a continuing Default or Event of Default in the payment of principal of, premium, if any, or interest on the Notes.

The Indenture provides that modifications and amendments of the Indenture may be made by the Company and the Trustee without the consent of any Holders of the Notes in certain limited circumstances, including

(a) to cure any ambiguity, omission, defect or inconsistency,

(b) to provide for the assumption of the obligations of the Company or any Subsidiary Guarantor under the Indenture upon the merger, consolidation or sale or other disposition of all or substantially all of the assets of the Company or such Subsidiary Guarantor,

(c) to reflect the release of any Subsidiary Guarantor from its Guarantee of the Notes, or the addition of any Subsidiary of the Company as a Subsidiary Guarantor, in the manner provided in the Indenture,

(d) to comply with any requirement of the SEC in order to effect or maintain the qualification of the Indenture under the Trust Indenture Act or

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

The Holders of a majority in aggregate principal amount of the Notes then outstanding may waive any past default under the Indenture, except a default in the payment of principal, premium, if any, or interest.

Legal Defeasance and Covenant Defeasance

The Company may, at its option and at any time, elect to have its obligations discharged with respect to the outstanding Notes (“Legal Defeasance”). Such Legal Defeasance means that the Company will be deemed to have paid and discharged the entire Indebtedness represented by such Notes, except for

(1) the rights of Holders of the Notes to receive payments solely from the trust fund described in the following paragraph in respect of the principal of, premium, if any, and interest on the Notes when such payments are due,

(2) the Company’s obligations with respect to the Notes concerning the issuance of temporary Notes, transfers and exchanges of the Notes, replacement of mutilated, destroyed, lost or stolen Notes, the maintenance of an office or agency where the Notes may be surrendered for transfer or exchange or presented for payment, and duties of paying agents,

(3) the rights, powers, trusts, duties and immunities of the Trustee, and the Company’s obligations in connection therewith and

(4) the Legal Defeasance provisions of the Indenture.

In addition, the Company may, at its option and at any time, elect to have the obligations of the Company released with respect to certain covenants described under “—Certain Covenants” (“Covenant Defeasance”), and thereafter any omission to comply with such obligations shall not constitute a Default or Event of Default. In the event Covenant Defeasance occurs, certain events (not including non-payment) described under “—Events of Default” will no longer constitute an Event of Default. If we exercise our Legal Defeasance or Covenant Defeasance option, each Subsidiary Guarantor will be released from all its obligations under the Indenture and its Guarantee.

In order to exercise either Legal Defeasance or Covenant Defeasance under the Indenture,

(1) the Company must irrevocably deposit with the Trustee, in trust, for the benefit of the Holders of the Notes, cash in U.S. Legal Tender, U.S. Government Securities, or a combination thereof, in such amounts as will be sufficient, in the opinion of a nationally recognized firm of independent public accountants, to pay the principal of, premium, if any, and interest on the outstanding amount of the Notes on the Maturity Date or on the applicable mandatory redemption date, as the case may be, of such principal or installment of principal, premium, if any, or interest;

(2) in the case of Legal Defeasance, the Company must deliver to the Trustee an opinion of counsel reasonably acceptable to the Trustee confirming that

(A) the Company has received from or there has been published by, the Internal Revenue Service a ruling or

(B) since the date of the Indenture, there has been a change in the applicable federal income tax law, in either case to the effect that, and based thereon such opinion of counsel shall confirm that, the Holders of the Notes will not recognize income, gain or loss for U.S. Federal income tax purposes as a result of such Legal Defeasance and will be subject to U.S. 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;

(3) in the case of Covenant Defeasance, the Company shall have delivered to the Trustee an opinion of counsel reasonably acceptable to the Trustee to the effect that the Holders of the Notes will not recognize income, gain or loss for U.S. 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;

(4) no Default or Event of Default shall have occurred and be continuing on the date of such deposit or insofar as Events of Default from bankruptcy or insolvency events are concerned, at any time in the period ending on the 91st day after the date of deposit;

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

(6) the Company shall have delivered to the Trustee an officers' certificate stating that the deposit was not made by the Company with the intent of preferring the Holders of the Notes over other creditors of the Company or with the intent of defeating, hindering, delaying or defrauding creditors of the Company or others; and

(7) the Company shall have delivered to the Trustee an officers' certificate and an opinion of counsel each stating that the Company has complied with all conditions precedent provided for relating to the Legal Defeasance or the Covenant Defeasance.

Governing Law

The Indenture provides that it and the Notes will be governed by, and construed in accordance with, the laws of the State of New York.

The Trustee

The Bank of New York is the Trustee under the Indenture. The Bank of New York also serves as trustee for our 7.875% Senior Notes due 2004, our 8.375% Senior Notes due 2008, our 8.125% Senior Notes due 2011, our 8.5% Senior Notes due 2012, our 9% Senior Notes due 2012 and our 7.50% Senior Notes due 2013. We may also maintain banking and other commercial relationships with the Trustee and its affiliates in the ordinary course of

business, and the Trustee may own our debt securities. Its address is 101 Barclay Street, 8th Floor, New York, New York 10286. The Company has also appointed the Trustee as the initial registrar and paying agent under the Indenture.

The Trustee is permitted to become an owner or pledgee of the Notes and may otherwise deal with the Company or its Subsidiaries or Affiliates with the same rights it would have if it were not Trustee. If, however, the Trustee acquires any conflicting interest (as defined in the Trust Indenture Act) after an Event of Default has occurred and is continuing, it must eliminate such conflict or resign.

In case an Event of Default shall occur (and be continuing), the Trustee will be required to use the degree of care and skill of a prudent person in the conduct of such person's own affairs. The Trustee will be under no obligation to exercise any of its powers under the Indenture at the request of any of the Holders of the Notes, unless such Holders have offered the Trustee indemnity reasonably satisfactory to it.

Book-Entry, Delivery and Form

The 2015 Notes and 2016 Notes issued in the exchange offer will be issued in the form of one or more separate global securities. The global securities will be deposited with, or on behalf of, the Depositary and registered in the name of the Depositary or its nominee. Except as set forth below, the global securities may be transferred, in whole and not in part, only to the Depositary or another nominee of the Depositary. Investors may hold their beneficial interests in the global securities directly through the Depositary if they have an account with the Depositary or indirectly through organizations which have accounts with the Depositary.

Notes that are issued as described below under "—Certificated Notes" will be issued in definitive form. Upon the transfer of Notes in definitive form, such Notes will, unless the global securities have previously been exchanged for Notes in definitive form, be exchanged for an interest in the global securities representing the aggregate principal amount of Notes being transferred.

The Depositary has advised the Company as follows: The Depositary is a limited-purpose trust company organized under the laws of the State of New York, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Exchange Act. The Depositary was created to hold securities of institutions that have accounts with the Depositary ("participants") and to facilitate the clearance and settlement of securities transactions among its participants in such securities through electronic book-entry changes in accounts of the participants, thereby eliminating the need for physical movement of securities certificates. The Depositary's participants include securities brokers and dealers (which may include the initial purchasers), banks, trust companies, clearing corporations and certain other organizations. Access to the Depositary's book-entry system is also available to others such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a participant, whether directly or indirectly.

The Company expects that pursuant to procedures established by the Depositary, upon the issuance of the global securities, the Depositary will credit, on its book-entry registrations and transfer system, the aggregate principal amount of Notes represented by such global securities to the accounts of participants. The accounts to be credited shall be designated by the exchange agent. Ownership of beneficial interests in the global securities will be limited to participants or Persons that may hold interests through participants. Ownership of beneficial interests in the global securities will be shown on, and the transfer of those ownership interests will be effected only through, records maintained by the Depositary (with respect to participants' interest) and such participants (with respect to the owners of beneficial interests in the global securities other than participants). The laws of some jurisdictions may require that certain purchasers of securities take physical delivery of such securities in definitive form. Such limits and laws may impair the ability to transfer or pledge beneficial interests in the global securities.

So long as the Depositary, or its nominee, is the Holder of the global securities, the Depositary or such nominee, as the case may be, will be considered the sole legal owner and Holder of the Notes for all purposes of the Notes and the Indenture. Except as set forth below, you will not be entitled to have the Notes represented by the global securities registered in your name, will not receive or be entitled to receive physical delivery of certificated Notes in definitive form and will not be considered to be the owner or Holder of any Notes under the global securities. The Company understands that under existing industry practice, in the event an owner of a beneficial interest in the global securities desires to take any action that the Depositary, as the Holder of the global securities, is entitled to take, the Depositary will authorize the participants to take such action, and that the participants will authorize beneficial owners owning through such participants to take such action or would otherwise act upon the instructions of beneficial owners owning through them.

The Company will make all payments on Notes represented by the global securities registered in the name of and held by the Depositary or its nominee to the Depositary or its nominee, as the case may be, as the owner and Holder of the global securities.

The Company expects that the Depositary or its nominee, upon receipt of any payment in respect of the global securities, will credit participants' accounts with payments in amounts proportionate to their respective beneficial interests in the aggregate principal amount of the global securities as shown on the records of the Depositary or its nominee. The Company also expects that payments by participants to owners of beneficial interest in the global securities held through such participants will be governed by standing instructions and customary practices and will be the responsibility of such participants. The Company will not have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the global securities for any Notes or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests or for any other aspect of the relationship between the Depositary and its participants or the relationship between such participants and the owners of beneficial interests in the global securities owning through such participants.

Although the Depositary has agreed to the foregoing procedures in order to facilitate transfers of interests in the global securities among participants of the Depositary, it is under no obligations to perform or continue to perform such procedures, and such procedures may be discontinued at any time. Neither the Trustee nor the Company will have any responsibility for the performance by the Depositary or its participants or indirect participants of their respective obligations under the rules and procedures governing their operations.

Certificated Notes

Subject to certain conditions, the Notes represented by the global securities are exchangeable for certificated Notes in definitive form of like series and tenor as such Notes if:

(1) the Depositary notifies the Company that it is unwilling or unable to continue as Depositary for the global securities and a successor is not promptly appointed or if at any time the Depositary ceases to be a clearing agency registered under the Exchange Act or

(2) the Company in its discretion at any time determines not to have all of the Notes represented by the global securities.

Any Notes that are exchangeable pursuant to the preceding sentence will be exchanged for certificated Notes issuable in authorized denominations and registered in such names as the Depositary shall direct. Subject to the foregoing, the global securities are not exchangeable, except for global securities of the same aggregate denominations to be registered in the name of the Depositary or its nominee

MATERIAL UNITED STATES FEDERAL INCOME TAX CONSIDERATIONS

The following is a general discussion of the material United States federal income tax consequences of exchanging 2011 Notes for 2015 Notes and/or 2016 Notes, receiving any early participation payments and owning and disposing of 2015 Notes and 2016 Notes. This discussion is a summary for general information purposes only and does not consider all aspects of U.S. federal income taxation which may be relevant to particular holders in light of their individual investment circumstances or to certain types of holders subject to special tax rules (e.g., financial institutions, broker-dealers, insurance companies, tax-exempt organizations, U.S. persons that hold notes as part of a "straddle," a "hedge" or a "conversion transaction," persons that acquire notes in connection with employment or other performance of services, persons that have a functional currency other than the U.S. dollar, and investors in partnerships or other pass-through entities), nor does it address state, local or foreign tax considerations or any U.S. federal tax considerations other than U.S. federal income tax. This summary assumes that holders have held their 2011 Notes and will hold 2015 Notes and 2016 Notes as "capital assets" within the meaning of Section 1221 of the Internal Revenue Code of 1986, as amended (the "Code"). This summary is based on the Code and applicable Treasury regulations, rulings, administrative pronouncements and judicial decisions as of the date hereof, all of which are subject to change or differing interpretations at any time with possible retroactive effect.

For purposes of this discussion, a "U.S. holder" is a beneficial owner of notes that for U.S. federal income tax purposes is: (i) a citizen or resident of the United States, including an alien individual who is a lawful permanent resident of the United States or meets the substantial presence residency test under the U.S. federal income tax laws; (ii) a corporation or other entity taxable as a corporation for U.S. federal income tax purposes, that is created or organized in or under the laws of the United States, any state thereof or the District of Columbia, unless otherwise provided by Treasury regulations; (iii) an estate the income of which is subject to U.S. federal income taxation regardless of its source; or (iv) a trust if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more United States persons have the authority to control all substantial decisions of the trust, or a trust in existence on August 20, 1996 which made a valid election to be treated as a U.S. person to the extent provided in applicable Treasury regulations. A "non-U.S. holder" is any beneficial owner of notes that is not a U.S. holder.

If a partnership holds a note, the U.S. federal income tax treatment of a partner generally will depend upon the status of the partner and the activities of the partnership. If you are a partner of a partnership holding notes, you are urged to consult your tax advisor.

ALL HOLDERS ARE URGED TO CONSULT THEIR OWN TAX ADVISORS REGARDING THE U.S. FEDERAL INCOME TAX CONSEQUENCES IN LIGHT OF THEIR PARTICULAR SITUATIONS, AS WELL AS THE SPECIFIC FEDERAL, STATE, LOCAL, AND FOREIGN INCOME AND OTHER TAX CONSIDERATIONS OF EXCHANGING 2011 NOTES FOR 2015 NOTES AND/OR 2016 NOTES, RECEIVING ANY EARLY PARTICIPATION PAYMENTS AND OWNING AND DISPOSING OF 2015 NOTES AND 2016 NOTES.

Consequences to U.S. Holders

Consequences of Participating in the Exchange

Exchanging 2011 Notes for 2015 Notes and/or 2016 Notes. The exchange of 2011 Notes for 2015 Notes and/or 2016 Notes constitutes a recapitalization within the meaning of section 368(a)(1)(E) of the Code. Accordingly, you will not recognize a loss on the exchange and will recognize gain equal to the lesser of (i) the aggregate fair market value of the excess principal amount of the 2015 Notes and 2016 Notes (other than amounts attributable to accrued, but unpaid interest on the 2011 Notes) over the principal amount of the 2011 Notes, plus any early participation payments (if treated as part of the exchange) received by you (collectively, "boot") or (ii) your realized gain on the exchange. Realized gain equals the excess, if any, of (i) the fair market value of the 2015 Notes and 2016 Notes received in the exchange (other than amounts attributable to accrued, but unpaid interest on

the 2011 Notes), plus any early participation payments (if treated as part of the exchange) received by you, over (ii) your adjusted tax basis in the 2011 Notes. Except as provided below with respect to accrued market discount, any such gain will be long-term capital gain if you held the 2011 Notes for more than one year at the time of the exchange. Non-corporate taxpayers are generally subject to reduced rates of U.S. federal income taxation on net long-term capital gains. Your initial tax basis in 2015 Notes and/or 2016 Notes received in the exchange (other than 2015 Notes and 2016 Notes attributable to accrued, but unpaid interest on the 2011 Notes) will be equal to your adjusted tax basis in the 2011 Notes immediately before the exchange, increased by the amount of gain recognized by you in the exchange and decreased by the boot received in the exchange. The holding period for such 2015 Notes or 2016 Notes will include the period during which such holder held the 2011 Notes surrendered in the exchange. The initial tax basis of the portion of any 2015 Notes or 2016 Notes that constituted boot as described above will be the fair market value of the 2015 Notes or 2016 Notes on the date of the exchange.

For purposes of determining the tax consequences of a recapitalization, it is not entirely clear that "principal amount" means the stated principal amount of the 2015 Notes and 2016 Notes. Alternatively, the IRS could take the position that it means the "issue price" as determined under Section 1273 of the Code, which could be higher than their stated principal amount.

Any gain recognized on the exchange of a 2011 Note will be treated as ordinary income to the extent of any accrued market discount on the 2011 Note, unless you elected to include such market discount into income as it accrues. Market discount arises when a note is acquired after its original issuance for an amount less than the stated redemption price of the note.

The fair market value of any 2015 Notes or 2016 Notes received by you attributable to accrued but unpaid interest on the 2011 Notes that has not yet been included in income will be taxable as ordinary income.

Early Participation Payments. The tax treatment of the receipt of any early participation payments is subject to uncertainty, because there are no authorities that directly address the treatment of such payment. If treated as additional consideration received in exchange for the 2011 Notes, the early participation payments would be treated as part of the amount received, as provided in the discussion above under the caption "Exchanging 2011 Notes for 2015 Notes and/or 2016 Notes." It is also possible that the early participation payments may be treated as a separate fee that would be subject to tax as ordinary income.

We recommend that you consult your own tax advisor regarding the particular tax consequences to you of the exchange.

Consequences of Holding and Disposing of 2015 Notes and 2016 Notes

Interest on the 2015 Notes and the 2016 Notes. Stated interest on a 2015 Notes and 2016 Notes will be includible in gross income as ordinary interest income in accordance with your usual method of accounting for tax purposes.

Sale, Exchange, Redemption or Other Disposition of 2015 Notes and 2016 Notes. Except as described below with respect to accrued market discount, upon the disposition of a 2015 Note or a 2016 Note by sale, exchange, redemption or other disposition, you generally will recognize capital gain or loss equal to the difference between (i) the amount realized on the disposition (other than amounts attributable to accrued interest not previously recognized as income, which will be treated as ordinary interest income as described above) and (ii) your adjusted federal income tax basis in the note. Your adjusted federal income tax basis in a note generally will equal the cost of the note to you. Any capital gain or loss will be long-term capital gain or loss if you have held the note for longer than one year. You should consult your tax advisors regarding the treatment of capital gains (which may be taxed at lower rates than ordinary income for certain non-corporate taxpayers) and losses (the deductibility of which is subject to certain limitations).

Market Discount. If your initial basis in a 2015 Note or a 2016 Note is less than its stated principal amount, subject to a de minimis exception you will be treated as having purchased the note at a "market discount." In such case, you will be required to treat any principal payment on, or any gain realized on the sale, exchange, or other disposition of, the note as ordinary income to the extent of the lesser of (i) the amount of such payment or realized gain or (ii) the market discount accrued on the note while held by you and not previously included in income; you also may be required to defer the deduction of all or a portion of any interest paid or accrued on indebtedness incurred or maintained to purchase or carry the note. Alternatively, you may elect (with respect to the note and all your other market discount obligations acquired by you after the first day of the first taxable year to which such election applies) to include market discount in income currently as it accrues. This election may only be revoked with the consent of the Internal Revenue Service ("IRS"). Market discount is considered to accrue ratably during the period from the date of acquisition to the maturity date of the note, unless you elect to accrue market discount on the basis of a constant interest rate. Amounts includible in income as market discount are generally treated as ordinary interest income.

Bond Premium. If your initial basis in a 2015 Note or a 2016 Note is greater than its principal amount, you will be treated as having acquired the note with "amortizable bond premium" equal in amount to such excess. You may elect (with respect to the note and all your other obligations with amortizable bond premium held on or acquired by you after the first day of the first taxable year to which such election applies) to amortize such premium using a constant yield method over the remaining term of the note and may offset interest income otherwise required to be included in respect to the note during any taxable year by the amortized amount of such excess for the taxable year. This election may only be revoked with the consent of the IRS.

Pre-Issuance Interest. The first interest payment on the each 2015 Note and 2016 Note will include interest attributable to the period prior to the issuance of such notes pursuant to the exchange offer. You may elect to decrease the issue price and the basis of the notes received in the exchange by the amount of pre-issuance accrued interest, in which case a portion of the first stated interest payment will be treated as a return of the excluded pre-issuance accrued interest and not as an amount payable on the note.

Consequences to Non-U.S. Holders

You are a non-U.S. holder for purposes of this discussion if you are a beneficial owner of notes and you are not a U.S. holder.

Consequences of Participation in the Exchange

Exchanging 2011 Notes for 2015 Notes and/or 2016 Notes. With the possible exception of the portion attributable to the early participation payment, the receipt of 2015 Notes and/or 2016 Notes and any early participation payments (if treated as part of the exchange) received by you in exchange for 2011 Notes (besides amounts attributable to accrued and unpaid interest) will generally not be subject to U.S. federal income tax if (i) the exchange is not effectively connected with your conduct of a United States trade or business and (ii) you are an individual and are present in the United States for fewer than 183 days during the year of receipt.

Amounts attributable to accrued and unpaid interest paid to you will not be subject to U.S federal income tax or withholding tax if (i) the interest is not effectively connected with your conduct of a United States trade or business; and (ii) you (A) do not actually or constructively own a 10% or greater voting interest in the Company, (B) are not a controlled foreign corporation with respect to which the Company is related within the meaning of Section 864(d)(4) of the Code; (C) are not a bank receiving interest described in Section 881(c)(3)(A) of the Code; and (D) you provide the appropriate certification as to your non-U.S. status. This certification requirement can generally be met by providing a properly executed IRS Form W-8BEN or substantially similar form signed by the non-U.S. holder under penalties of perjury certifying that such person is a non-U.S. Holder and providing a name and address. If you hold a 2011 Note through a securities clearing organization or other qualified financial institution, the organization or institution may provide a signed statement to the Withholding Agent. However, in that case, the signed statement must generally be accompanied by a statement containing the relevant information from the executed IRS Form W-8BEN or substantially similar form you provided to the organization or institution. There are also special rules applicable to intermediaries.

Except in the case of income or gain in respect of the disposition of a 2011 Note that is effectively connected with the conduct of a United States trade or business, discussed below, and with the possible exception of gain attributable to early participation payments (discussed below), ordinary income recognized by you which does not qualify for exemption from taxation as described above will be subject to U.S. federal withholding at a rate of 30% unless reduced or eliminated by an applicable tax treaty.

Early Participation Payments. The tax treatment of the receipt of early participation payments by a non-U.S. holder is subject to uncertainty as it is for U.S. holders, as discussed above under “Consequences to U.S. Holders – Early Participation Payments.” If the payment constitutes additional consideration received in exchange for the 2011 Notes, the consequences should be as discussed above under “Consequences to Non-U.S. Holders – Exchanging 2011 Notes for 2015 Notes and/or 2016 Notes.” If the early participation payments are treated as a separate fee, the U.S. federal income tax consequences to you are unclear and the payment may be taxable as ordinary income subject to withholding tax even if interest payments are exempt from withholding. The Withholding Agent with might withhold U.S. federal withholding tax on the any early participation payments to you that do not otherwise qualify for exemption from taxation.

Effectively Connected Income or Gain. An exchange of 2011 Notes for 2015 Notes and/or 2016 Notes and any early participation payments that are effectively connected with your conduct of a United States trade or business are subject to regular U.S. federal income tax on that income or gain in generally the same manner as U.S. holders, and general U.S. federal income tax return filing requirements will apply. See “Consequences to U.S. Holders—Consequences of Participating in the Exchange” for more information. In addition, if the non-U.S. holder is a corporation, it may be subject to a branch profits tax equal to 30% of its effectively connected adjusted earnings and profits for the taxable year of the sale, unless it qualifies for a lower rate under an applicable tax treaty.

Consequences of Holding and Disposing of 2015 Notes and 2016 Notes

U.S. Federal Withholding Tax Applicable to the 2015 Notes and 2016 Notes.

The 30% U.S. federal withholding tax will not apply to any payment of principal or interest on the 2015 Notes or 2016 Notes provided that:

- you do not actually or constructively own 10% or more of the total combined voting power of all classes of our voting stock within the meaning of the Code and applicable Treasury Regulations;
- you are not a controlled foreign corporation that is related to us through stock ownership; and
- you are not a bank whose receipt of interest on the notes is pursuant to a loan agreement entered into in the ordinary course of business.

In each case, (a) you must provide your name and address on an IRS Form W-8BEN (or successor form), and certify under penalties of perjury, that you are not a U.S. person, (b) a financial institution holding the notes on your behalf must certify, under penalties of perjury, that it has received an IRS Form W-8BEN (or successor form) from you and must provide us with a copy, or (c) you must hold your notes directly through a "qualified intermediary," and the qualified intermediary must have sufficient information in its files indicating that you are not a U.S. holder. A qualified intermediary is a bank, broker or other intermediary that is acting out of a non-U.S. branch or office and has signed an agreement with the IRS providing that it will administer all or part of the U.S. federal tax withholding rules under specified procedures.

If you cannot satisfy the requirements described above, payments of principal and interest made to you will be subject to the 30% U.S. federal withholding tax, unless you provide us with a properly executed (1) IRS Form W-8BEN or successor form claiming an exemption from or a reduction of withholding under the benefit of a tax treaty or (2) IRS Form W-8ECI (or successor form) stating that interest paid on the notes is not subject to withholding tax because it is effectively connected with your conduct of a trade or business in the United States.

U.S. Federal Income Tax

Interest. If you are engaged in a trade or business in the United States and interest on the notes is effectively connected with the conduct of that trade or business, you will be subject to U.S. federal income tax on the interest on a net income basis (although exempt from the 30% withholding tax) in the same manner as if you were a United States person as defined under the Code. In addition, if you are a foreign corporation, you may be subject to a branch profits tax equal to 30% (or lower applicable treaty rate) of your earnings and profits for the taxable year, including earnings and profits from an investment in the notes, that are effectively connected with the conduct by you of a trade or business in the United States.

Sale, Exchange, Redemption or Other Disposition. Any gain or income realized on the sale, exchange, redemption or other disposition of the notes generally will not be subject to U.S. federal income tax unless:

- the gain or income is effectively connected with the conduct of a trade or business in the United States by you,
- you are an individual who is present in the United States for 183 days or more in the taxable year of that disposition, and certain other conditions are present, or
- the gain represents accrued interest, in which case the rules for taxation of interest would apply.

If you are a holder subject to U.S. federal income tax under the first bullet point, you will be taxed on a net income basis in the same manner as if you were a U.S. person as defined under the Code. In addition, if you are a foreign corporation, you may be subject to a branch profits tax as explained above. Holders subject to U.S. federal income tax under the second bullet point will be taxed on their net capital gains at a 30% rate.

U.S. Federal Estate Tax

Your estate will not be subject to U.S. federal estate tax on notes beneficially owned by you at the time of your death, provided that (1) interest on the notes is exempt from U.S. federal withholding tax under the portfolio interest exemption (without regard to the certification requirement) described in the first paragraph of "—Consequences to Non-U.S. Holders—U.S. Federal Withholding Tax" above and (2) interest on such notes would not have been, if received at the time of your death, effectively connected with the conduct by you of a trade or business in the United States.

Backup Withholding and Information Reporting

U.S. Holders

Information reporting will apply to payments of principal and interest made by us on, or the proceeds of the sale or other disposition of (including pursuant to the exchange), the 2011 Notes, the 2015 Notes and the 2016 Notes with respect to certain non-corporate U.S. holders, and backup withholding, currently at a rate of 28%, may apply unless the recipient of such payment provides the appropriate intermediary with a taxpayer identification number, certified under penalties of perjury, as well as certain other information or otherwise establishes an exemption from backup withholding. Any amount withheld under the backup withholding rules is allowable as a credit against the U.S. holder's U.S. federal income tax liability, provided the required information is timely provided to the IRS.

Non-U.S. Holders

Payments to non-U.S. holders of interest on an 2011 Note, a 2015 Note or a 2016 Note and amounts withheld from such payments, if any, generally will be reported to the IRS and you. Backup withholding will not apply to payments of principal and interest on the notes if you certify as to your non-U.S. holder status on an IRS Form W-8BEN or Form W-8ECI (or successor forms) under penalties of perjury or you otherwise qualify for an exemption (provided that neither we nor our agent know or have reason to know that you are a United States person or that the conditions of any other exemptions are not in fact satisfied).

The payment of the proceeds of the disposition of notes (including pursuant to the exchange) to or through the U.S. office of a U.S. or foreign broker will be subject to information reporting and backup withholding unless you provide the certification described above or you otherwise qualify for an exemption. The proceeds of a disposition effected outside the United States by a non-U.S. holder to or through a foreign office of a broker generally will not be subject to backup withholding or information reporting. However, if such broker is a United States person, a controlled foreign corporation, a foreign person 50% or more of whose gross income from all sources for certain periods is effectively connected with a trade or business in the United States, or a foreign partnership that is engaged in the conduct of a trade or business in the United States or that has one or more partners that are United States persons who in the aggregate hold more than 50% of the income or capital interests in the partnership, information reporting requirements will apply unless such broker has documentary evidence in its files of the holder's non-U.S. status and has no actual knowledge or reason to know to the contrary or unless the holder otherwise qualifies for an exemption. Any amount withheld under the backup withholding rules is allowable as a credit against your U.S. federal income tax liability, if any, provided the required information or appropriate claim for refund is provided to the IRS.

LEGAL MATTERS

The validity of the issuance of the notes offered hereby and certain other legal matters will be passed upon for us by Vinson & Elkins L.L.P., Houston, Texas. In rendering its opinion, Vinson & Elkins L.L.P. relied upon Commercial Law Group, P.C., Oklahoma City, Oklahoma, as to all the matters of Oklahoma law. Shannon T. Self, a shareholder in Commercial Law Group, P.C., is a director of Chesapeake. As of September 30, 2003, Mr. Self owned 104,992 shares of our common stock.

EXPERTS

The consolidated financial statements of Chesapeake Energy Corporation, incorporated in this prospectus by reference to the amended annual report on Form 10-K/A of Chesapeake Energy Corporation for the year ended December 31, 2002, have been so incorporated in reliance on the report of PricewaterhouseCoopers LLP, independent accountants, given on the authority of said firm as experts in auditing and accounting.

Estimates of the oil and gas reserves of Chesapeake Energy Corporation and related future net cash flows and the present values thereof, included in Chesapeake's annual report on Form 10-K/A for the year ended December 31, 2002, were based upon reserve reports prepared by Williamson Petroleum Consultants, Inc., Ryder Scott Company, L.P., Netherland, Sewell & Associates, Inc. and Lee Keeling and Associates, Inc., independent petroleum engineers. We have incorporated these estimates in reliance on the authority of each such firm as experts in such matters.

The exchange agent for the exchange offer is:

The Bank of New York

By Facsimile (Eligible Institutions Only):

(212) 298-1915
Attention: Mr. Bernard Arsenec

By telephone:

(212) 815-5098

By Mail or Hand:

The Bank of New York
Corporate Trust Operations
Reorganization Unit
101 Barclay Street – Floor 7E
New York, NY 10286
Attention: Mr. Bernard Arsenec

Questions, requests for assistance and requests for additional copies of this prospectus and consent solicitation statement and related letter of transmittal may be directed to the Information Agent or the dealer managers at each of their addresses set forth below.

The information agent for the exchange offer is:

D.F. King & Co., Inc.

48 Wall Street, 22nd Floor
New York, New York 10005
Banks and Brokerage Firms, Please Call: (212) 269-5550
All others Call Toll-free: (800) 431-9633

The joint lead dealer managers for the exchange offer are:

Banc of America Securities LLC

214 North Tryon Street, 17th Floor
Charlotte, North Carolina 28255
Attention: High Yield Special Products
(888) 292-0070 (U.S. toll-free)
(704) 388-4813 (collect)

Deutsche Bank Securities

60 Wall Street
New York, New York 10005
Attention: High Yield
Capital Markets
(212) 250-7466 (collect)

Lehman Brothers

745 Seventh Avenue
New York, New York 10019
(800) 438-3242 (U.S. toll-free)
(212) 528-7581 (collect)

PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

Item 20. Indemnification Of Officers And Directors

Section 1031 of the Oklahoma General Corporation Act, under which Chesapeake is incorporated, authorizes the indemnification of directors and officers under certain circumstances. Article VIII of the Certificate of Incorporation of Chesapeake and Article VI of the Bylaws of Chesapeake also provide for indemnification of directors and officers under certain circumstances. These provisions, together with Chesapeake's indemnification obligations under individual indemnity agreements with its directors and officers, may be sufficiently broad to indemnify such persons for liabilities under the Securities Act of 1933 (the "Securities Act"), as amended. In addition, Chesapeake maintains insurance, which insures its directors and officers against certain liabilities.

The Oklahoma General Corporation Act provides for indemnification of each of Chesapeake's officers and directors against (a) expenses, including attorneys' fees, judgments, fines and amounts paid in settlement actually and reasonably incurred by them in connection with any action, suit or proceeding brought by reason of such person being or having been a director, officer, employee or agent of Chesapeake, or of any other corporation, partnership, joint venture, trust or other enterprise at the request of Chesapeake, other than an action by or in the right of Chesapeake. To be entitled to indemnification, the individual must have acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interest of Chesapeake, and with respect to any criminal action, the person seeking indemnification had no reasonable cause to believe that the conduct was unlawful and (b) expenses, including attorneys' fees, actually and reasonably incurred in connection with the defense or settlement of any action or suit by or in the right of Chesapeake brought by reason of the person seeking indemnification being or having been a director, officer, employee or agent of Chesapeake, or any other corporation, partnership, joint venture, trust or other enterprise at the request of Chesapeake, provided the actions were in good faith and were reasonably believed to be in or not opposed to the best interest of Chesapeake, except that no indemnification shall be made in respect of any claim, issue or matter as to which the individual shall have been adjudged liable to Chesapeake, unless and only to the extent that the court in which such action was decided has determined that the person is fairly and reasonably entitled to indemnity for such expenses which the court deems proper. Article VIII of Chesapeake's Certificate of Incorporation provides for indemnification of Chesapeake's director and officers. The Oklahoma General Corporation Act also permits Chesapeake to purchase and maintain insurance on behalf of Chesapeake's directors and officers against any liability arising out of their status as such, whether or not Chesapeake would have the power to indemnify them against such liability. These provisions may be sufficiently broad to indemnify such persons for liabilities arising under the Securities Act.

Chesapeake has entered into indemnity agreements with each of its directors and executive officers. Under each indemnity agreement, Chesapeake will pay on behalf of the indemnitee any amount which he is or becomes legally obligated to pay because of (a) any claim or claims from time to time threatened or made against him by any person because of any act or omission or neglect or breach of duty, including any actual or alleged error or misstatement or misleading statement, which he commits or suffers while acting in his capacity as a director and/or officer of Chesapeake or an affiliate or (b) being a party, or being threatened to be made a party, to any threatened, pending or contemplated action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that he is or was an officer, director, employee or agent of Chesapeake or an affiliate or is or was serving at the request of Chesapeake as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise. The payments which Chesapeake would be obligated to make under an indemnification agreement could include damages, charges, judgments, fines, penalties, settlements and costs, cost of investigation and cost of defense of legal, equitable or criminal actions, claims or proceedings and appeals therefrom, and costs of attachment, supersedeas, bail, surety or other bonds. Chesapeake also provides liability insurance for each of its directors and executive officers.

Item 21. Exhibits And Financial Statement Schedules

(a) Exhibits. The following exhibits are filed herewith pursuant to the requirements of Item 601 of Regulation S-K:

Exhibit No.	Description
1.1*	Form of Exchange Offer Dealer Manager Agreement.
4.1	Indenture dated as of December 20, 2002 among Chesapeake, as issuer, the subsidiaries signatory thereto, as Subsidiary Guarantors and The Bank of New York, as Trustee, with respect to our 7.75% Senior Notes due 2015. Incorporated herein by reference to Exhibit 4.5 to Chesapeake's registration statement on Form S-4 (No. 333-102445). First Supplemental Indenture dated as of February 14, 2003. Incorporated herein by reference to Exhibit 4.6.1 to Chesapeake's annual report on Form 10-K for the year ended December 31, 2002. Second Supplemental Indenture dated May 1, 2003. Incorporated herein by reference to Exhibit 4.6.1 to our quarterly report on Form 10-Q for the quarter ended March 31, 2003. Third Supplemental Indenture dated August 15, 2003. Incorporated herein by reference to Exhibit 4.6.1 to our quarterly report on Form 10-Q for the quarter ended September 30, 2003.
4.2*	Form of Indenture among Chesapeake, as issuer, the subsidiaries signatory thereto, as Subsidiary Guarantors and the Bank of New York, as Trustee, with respect to our 6.875% Senior Notes due 2016.
5.1*	Opinion of Vinson & Elkins L.L.P. regarding the validity of the securities being registered.
5.2*	Opinion of Commercial Law Group, P.C. regarding the validity of the securities being registered.
12.1	Computation of Ratios of Earnings and Fixed Charges. Incorporated herein by reference to Exhibit 12.1 to Chesapeake's quarterly report on Form 10-Q for the quarter ended September 30, 2003.
23.1*	Consent of PricewaterhouseCoopers LLP.
23.2*	Consent of Williamson Petroleum Consultants, Inc.
23.3*	Consent of Ryder Scott Company L.P.
23.4*	Consent of Lee Keeling and Associates, Inc.
23.5*	Consent of Netherland, Sewell & Associates, Inc.
23.6*	Consent of Vinson & Elkins L.L.P. (included in Exhibit 5.1).
23.7*	Consent of Commercial Law Group, P.C. (included in Exhibit 5.2).
24.1*	Power of Attorney (included in the signature pages of this Registration Statement).
25.1*	Statement of Eligibility on Form T-1 of The Bank of New York for the 2015 Notes.
25.2*	Statement of Eligibility on Form T-1 of The Bank of New York for the 2016 Notes.
99.1*	Form of Letter of Transmittal.

* Filed herewith.
\+ Management contract or compensatory plan or arrangement.

(b) Financial Statement Schedules. Incorporated herein by reference to Item 8 of Chesapeake's annual report on Form 10-K/A for the year ended December 31, 2002, as amended.

Item 22. Undertakings

Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of any Registrant, we have been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by

any Registrant of expenses incurred or paid by a director, officer or controlling person of such Registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, such Registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

Each registrant hereby undertakes:

(1) That, for purposes of determining any liability under the Securities Act of 1933, each filing of the registrants annual report pursuant to section 13(a) or section 15(d) of the Securities Exchange Act of 1934 (and, where applicable, each filing of an employee benefit plan's annual report pursuant to section 15(d) of the Securities Exchange Act of 1934) that is incorporated by reference in the registration statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(2) To respond to requests for information that is incorporated by reference into the prospectus pursuant to Items 4, 10(b), 11, or 13 of this Form, within one business day of receipt of such request, and to send the incorporated documents by first class mail or other equally prompt means. This includes information contained in documents filed subsequent to the effective date of the registration statement through the date of responding to the request.

(3) To supply by means of a post-effective amendment all information concerning a transaction, and the company being acquired involved therein, that was not the subject of and included in this Registration Statement when it became effective.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the Registrant has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Oklahoma City, State of Oklahoma on November 21, 2003.

CHESAPEAKE ENERGY CORPORATION

By: /s/ AUBREY K. MCCLENDON

Aubrey K. McClendon
Chief Executive Officer

Each person whose signature appears below authorizes Aubrey K. McClendon and Marcus C. Rowland, and each of them, each of whom may act without joinder of the other, to execute in the name of each such person who is then an officer or director of the company and to file any amendments to this registration statement necessary or advisable to enable the company to comply with the Securities Act of 1933, as amended, and any rules, regulations and requirements of the Securities and Exchange Commission in respect thereof, in connection with the registration of the securities which are the subject of this registration statement, which amendments may make such changes in the registration statement as such attorney may deem appropriate. Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed by the following persons in the capacities and on the date indicated.

Signature	Capacity	Date
/s/ AUBREY K. MCCLENDON **Aubrey K. McClendon**	Chairman of the Board, Chief Executive Officer and Director (Principal Executive Officer)	November 21, 2003
/s/ TOM L. WARD **Tom L. Ward**	President, Chief Operating Officer and Director (Principal Executive Officer)	November 21, 2003
/s/ MARCUS C. ROWLAND **Marcus C. Rowland**	Executive Vice President and Chief Financial Officer (Principal Financial Officer)	November 21, 2003
/s/ MICHAEL A. JOHNSON **Michael A. Johnson**	Senior Vice President—Accounting, Controller and Chief Accounting Officer (Principal Accounting Officer)	November 21, 2003
Frank Keating	Director	November 21, 2003
Breene M. Kerr	Director	November 21, 2003
Charles T. Maxwell	Director	November 21, 2003
/s/ SHANNON T. SHELF **Shannon T. Self**	Director	November 21, 2003
/s/ FREDRICK B. WHITTEMORE **Frederick B. Whittemore**	Director	November 21, 2003

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, each Registrant has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Oklahoma City, State of Oklahoma on November 21, 2003.

CHESAPEAKE EP CORPORATION
CHESAPEAKE SOUTH TEXAS CORP.
CHESAPEAKE OPERATING, INC.
NOMAC DRILLING CORPORATION
OXLEY PETROLEUM CO.

By: /s/ MARCUS C. ROWLAND

Name: **Marcus C. Rowland**
Title: **Vice President**

Each person whose signature appears below authorizes Aubrey K. McClendon and Marcus C. Rowland, and each of them, each of whom may act without joinder of the other, to execute in the name of each such person who is then an officer or director of the company and to file any amendments to this registration statement necessary or advisable to enable the company to comply with the Securities Act of 1933, as amended, and any rules, regulations and requirements of the Securities and Exchange Commission in respect thereof, in connection with the registration of the securities which are the subject of this registration statement, which amendments may make such changes in the registration statement as such attorney may deem appropriate. Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed by the following persons in the capacities and on the date indicated.

Signature	Capacity	Date
/s/ AUBREY K. MCCLENDON **Aubrey K. McClendon**	President and Director (Principal Executive Officer)	November 21, 2003
/s/ TOM L. WARD **Tom L. Ward**	Vice President and Director	November 21, 2003
/s/ MARCUS C. ROWLAND **Marcus C. Rowland**	Vice President (Principal Financial and Accounting Officer)	November 21, 2003

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, each Registrant has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Oklahoma City, State of Oklahoma on November 21, 2003.

THE AMES COMPANY, L.L.C.
CARMEN ACQUISITION, L.L.C.
CHESAPEAKE ACQUISITION, L.L.C.
CHESAPEAKE ENO ACQUISITION, L.L.C.
CHESAPEAKE FOCUS, L.L.C.
CHESAPEAKE KNAN ACQUISITION, L.L.C.
CHESAPEAKE MOUNTAIN FRONT, L.L.C.
CHESAPEAKE ORC, L.L.C.
CHESAPEAKE ROYALTY, L.L.C.
GOTHIC ENERGY, L.L.C.
GOTHIC PRODUCTION, L.L.C.
SAP ACQUISITION, L.L.C.
MC MINERAL COMPANY, L.L.C.
JOHN C. OXLEY, L.L.C. .

By: /s/ MARCUS C. ROWLAND

Name: **Marcus C. Rowland**
Title: **Vice President**

Each person whose signature appears below authorizes Aubrey K. McClendon and Marcus C. Rowland, and each of them, each of whom may act without joinder of the other, to execute in the name of each such person who is then an officer or director of the company and to file any amendments to this registration statement necessary or advisable to enable the company to comply with the Securities Act of 1933, as amended, and any rules, regulations and requirements of the Securities and Exchange Commission in respect thereof, in connection with the registration of the securities which are the subject of this registration statement, which amendments may make such changes in the registration statement as such attorney may deem appropriate. Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed by the following persons in the capacities and on the date indicated.

Signature	Capacity	Date
/s/ AUBREY K. MCCLENDON **Aubrey K. McClendon**	President and Director (Principal Executive Officer)	November 21, 2003
/s/ TOM L. WARD **Tom L. Ward**	Vice President and Director	November 21, 2003
/s/ MARCUS C. ROWLAND **Marcus C. Rowland**	Vice President (Principal Financial and Accounting Officer)	November 21, 2003

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, each Registrant has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Oklahoma City, State of Oklahoma on November 21, 2003.

CHESAPEAKE ENERGY LOUISIANA CORPORATION

By: /s/ AUBREY K. MCCLENDON

Name: **Aubrey K. McClendon**
Title: **Chief Executive Officer**

Each person whose signature appears below authorizes Aubrey K. McClendon and Marcus C. Rowland, and each of them, each of whom may act without joinder of the other, to execute in the name of each such person who is then an officer or director of the company and to file any amendments to this registration statement necessary or advisable to enable the company to comply with the Securities Act of 1933, as amended, and any rules, regulations and requirements of the Securities and Exchange Commission in respect thereof, in connection with the registration of the securities which are the subject of this registration statement, which amendments may make such changes in the registration statement as such attorney may deem appropriate. Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed by the following persons in the capacities and on the date indicated.

Signature	Capacity	Date
/s/ AUBREY K. MCCLENDON **Aubrey K. McClendon**	Chief Executive Officer and Director (Principal Executive Officer)	November 21, 2003
/s/ TOM L. WARD **Tom L. Ward**	President, Chief Operating Officer and Director	November 21, 2003
/s/ MARCUS C. ROWLAND **Marcus C. Rowland**	Vice President and Chief Financial Officer (Principal Financial and Accounting Officer)	November 21, 2003

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, each Registrant has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Oklahoma City, State of Oklahoma on November 21, 2003.

CHESAPEAKE EXPLORATION LIMITED PARTNERSHIP
CHESAPEAKE LOUISIANA, L.P.
CHESAPEAKE PANHANDLE LIMITED PARTNERSHIP
CHESAPEAKE-STAGHORN ACQUISITION L.P.
CHESAPEAKE SIGMA, L.P.
CHESAPEAKE ZAPATA, L.P.

By Chesapeake Operating, Inc., as general partner of each respective entity

By: /s/ AUBREY K. MCCLENDON

Name: **Aubrey K. McClendon**
Title: **Chief Executive Officer**

Each person whose signature appears below authorizes Aubrey K. McClendon and Marcus C. Rowland, and each of them, each of whom may act without joinder of the other, to execute in the name of each such person who is then an officer or director of the company and to file any amendments to this registration statement necessary or advisable to enable the company to comply with the Securities Act of 1933, as amended, and any rules, regulations and requirements of the Securities and Exchange Commission in respect thereof, in connection with the registration of the securities which are the subject of this registration statement, which amendments may make such changes in the registration statement as such attorney may deem appropriate. Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed by the following persons in the capacities and on the date indicated.

Signature	Capacity	Date
/s/ AUBREY K. MCCLENDON **Aubrey K. McClendon**	Chief Executive Officer and Director of Chesapeake Operating, Inc. (Principal Executive Officer)	November 21, 2003
/s/ TOM L. WARD **Tom L. Ward**	President, Chief Operating Officer and Director of Chesapeake Operating, Inc.	November 21, 2003
/s/ MARCUS C. ROWLAND **Marcus C. Rowland**	Executive Vice President—Finance and Chief Financial Officer of Chesapeake Operating, Inc. (Principal Financial and Accounting Officer)	November 21, 2003

Exhibit 1.1

CHESAPEAKE ENERGY CORPORATION

Form of Exchange Offer Dealer Manager Agreement

New York, New York
[ ], 2003

BANC OF AMERICA SECURITIES LLC
DEUTSCHE BANK SECURITIES INC.
LEHMAN BROTHERS INC.
Other Dealer Managers Listed on the Signature Pages Hereto
c/o Banc of America Securities LLC
100 North Tryon Street, 12th Floor
Charlotte, NC 28255

Ladies and Gentlemen:

Chesapeake Energy Corporation, an Oklahoma corporation (the "Company"), plans to make an offer to exchange (the "Exchange Offer") a combination of its (i) 7.75% Senior Notes due 2013 (the "7.75% Notes") and (ii) 6.875% Senior Notes due 2016 (the "6.875% Notes", and together with the 7.75% Notes, the "New Notes") for its outstanding 8.125% Senior Notes due 2011 (the "Old Notes"). The Company will offer holders of Old Notes the choice of exchanging $[ ] principal amount of 7.75% Notes for each $1,000 principal amount of Old Notes or $[ ] principal amount of 6.875% Notes for each $1,000 principal amount of Old Notes, in each case tendered in the Exchange Offer on the terms and conditions set forth in the Prospectus and the related Letter of Transmittal (each as defined below). Capitalized terms used and not defined in this Agreement shall have the meanings assigned to them in the Prospectus.

The Old Notes were issued pursuant to an indenture dated as of April 6, 2001 (the "Old Notes Indenture"), between the Company (as issuer), certain subsidiaries of the Company (as subsidiary guarantors) and United States Trust Company of New York (the "Old Trustee") (as trustee). The 7.75% Notes are to be issued under an indenture dated as of March 5, 2003 (the "7.75% Notes Indenture"), between the Company (as issuer), the Subsidiary Guarantors (as subsidiary guarantors) and The Bank of New York (the "7.75% Notes Trustee") (as trustee), and the 6.875% Notes are to be issued under an indenture dated as of November 26, 2003 (the "6.875% Notes Indenture"), between the Company (as issuer), the Subsidiary Guarantors (as subsidiary guarantors) and The Bank of New York (the "6.875% Notes Trustee") (as trustee), in each case without registration under the Securities Act of 1933, as amended (the "Securities Act"), and the rules and regulations of the Securities and Exchange Commission (the "Commission") promulgated thereunder in reliance upon exemptions from the registration requirements thereunder.

In connection with the Exchange Offer, the Company has prepared a preliminary prospectus dated November 21, 2003 (the "Preliminary Prospectus"), and a final prospectus dated [ ], 2003 (including any information incorporated by reference therein as of the Commencement Date, and as amended or supplemented up to and including the Closing Date, the "Final Prospectus", and together with the Preliminary Prospectus, the "Prospectus"). The Preliminary Prospectus forms a part of the registration statement (the "Registration Statement") on Form S-4 (Registration No. 33-[ ]) filed with the Commission on November 21, 2003, for registration under the Securities Act of $[ ] aggregate principal amount of 7.75% Notes and $[ ] aggregate principal amount of 6.875% Notes, and the related Letter of Transmittal (the "Letter of Transmittal," and together with the Prospectus and the Registration Statement, the "Offering Documents"). The Final Prospectus was filed with the Commission pursuant to Rule 424(b) of the Securities Act on [ ], 2003. The Offering Documents were prepared by the Company and set forth certain information concerning the Company, the Old Notes and the New Notes. The Company hereby confirms that it has authorized the use of the Offering Documents and any amendments or supplements thereto in connection with the Exchange Offer. Unless stated to the contrary, references herein to the Offering Documents are to the Offering Documents up to and including the Closing Date, and are not meant to include any information incorporated by reference therein subsequent to the Closing Date, and any references herein to the terms "amend", "amendment" or "supplement" with respect to any of the Offering Documents shall be deemed to refer to and include any information filed under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), subsequent to the execution of this Agreement that is incorporated by reference therein.

1. Engagement. The Company hereby engages Banc of America Securities LLC, Deutsche Bank Securities Inc. and Lehman Brothers Inc. as joint lead dealer managers (the "Joint Lead Dealer Managers") and each of Bear, Stearns & Co. Inc., Credit Suisse First Boston LLC, Morgan Stanley & Co. Incorporated, BNP Paribas Securities Corp., Credit Lyonnais Securities (USA) Inc., SunTrust Capital Markets, Inc., TD Securities (USA) Inc., Comerica Securities Inc. and Wells Fargo Securities, LLC as co-dealer managers (each a "Co-Dealer Manager", and together with the Joint Lead Dealer Managers, the "Dealer Managers"), authorizes the Dealer Managers to act as such in connection with the Exchange Offer and agrees that the Dealer Managers shall act as independent contractors with duties solely to the Company. Each Dealer Manager agrees to perform, in accordance with its customary practice, such services in connection with the Exchange Offer as are customarily performed by investment banking concerns in connection with exchange offers of like nature, including but not limited to soliciting the holders of the Old Notes sought to be exchanged by the Company pursuant to the Exchange Offer.

The Company acknowledges that each Dealer Manager is a securities firm that is engaged in securities trading and brokerage activities as well as in providing investment banking and financial advisory services. In the ordinary course of trading and brokerage activities, each Dealer Manager and its affiliates may at any time hold long or short positions, and may trade or otherwise effect transactions, for their own account or the accounts of customers, in debt or equity securities of the Company and its affiliates or other entities that may be involved in the transactions contemplated hereby. Notwithstanding the foregoing, nothing in this paragraph shall be deemed to release any Dealer Manager or any of its affiliates from its obligations set forth in Section 9.

Each Co-Dealer Manager authorizes the Joint Lead Dealer Managers to act as lead dealer managers in connection with the Exchange Offer, and (i) to agree, on their behalf and on behalf of the other Co-Dealer Managers, to any addition to, change in or waiver of any provision of, or the termination of, this Agreement (other than additions to or changes in this paragraph, and other than a waiver of, or reduction in fees due to such Co-Dealer Manger under, Section 3), (ii) to agree to the addition of other Dealer Managers to, or removal of other Dealer Managers from, this Agreement, (iii) to exercise, in the Joint Lead Dealer Managers' discretion, all the authority vested in the Joint Lead Dealer Managers under this Agreement, and (iv) except as otherwise set forth in this paragraph, to take any other action as may seem advisable to the Joint Lead Dealer Managers in respect of the Exchange Offer (including, without limitation, actions and communications with the Commission, state blue sky or securities commission, stock exchanges and other regulatory bodies and organizations). Each Co-Dealer Manager waives and releases each Joint Lead Dealer Manager from and against any and all claims, causes of action or liabilities of any kind that the Co-Dealer Manager has or may have to the extent it or they arise out of, or in connection with, the Joint Lead Dealer Managers' exercise of their rights and obligations as Joint Lead Dealer Managers under this Agreement and in connection with the Exchange Offer.

2. Solicitation Material; Withdrawal.

(a) The Company agrees to furnish the Dealer Managers with as many copies as the Dealer Managers may reasonably request of the Offering Documents, any exhibits thereto, any information incorporated by reference therein, any amendments or supplements thereto and any other documents or materials whatsoever relating to the Exchange Offer (collectively, as amended or supplemented from time to time, the "Exchange Offer Material") to be used by the Company in connection with the Exchange Offer.

(b) The Company agrees that, within a reasonable time prior to using any Exchange Offer Material, it will submit copies of such material to the Joint Lead Dealer Managers and their counsel and that it will not use or publish any such material to which the Joint Lead Dealer Managers or their counsel reasonably object. In the event that (i) the Company uses or permits the use of any Exchange Offer Material (a) which has not been submitted to the Dealer Managers for their comments or (b) which has been so submitted and with respect to which the Dealer Managers have made comments, but which comments have not resulted in a response reasonably satisfactory to the Dealer Managers and their counsel to reflect their comments, (ii) the Company shall have breached, in any material respect, any of its representations, warranties, agreements or covenants herein or (iii) the Exchange Offer is terminated or withdrawn for any reason or any stop order, restraining order, injunction or denial of an application for approval has been issued and not thereafter stayed or vacated with respect to, or any proceeding, litigation or investigation has developed or been initiated such that it is reasonably likely to have a material adverse effect on the Company's ability to carry out the Exchange Offer, the exchange of the New Notes for the Old Notes pursuant thereto or the performance of this Agreement, the 7.75% Notes Indenture, the 6.875% Notes Indenture and the New Notes, then in any such case the Dealer Managers shall be entitled to withdraw as Dealer Managers without any liability or penalty to the Company or any

other Indemnified Person (as defined in Section 8 hereof) and without loss of any right to the payment of all expenses payable hereunder. If the Dealer Managers withdraw as Dealer Managers pursuant to this Section 2, the Company shall promptly reimburse the Dealer Managers for expenses incurred through the date of such withdrawal. The Company shall inform the Dealer Managers promptly after it receives notice or becomes aware of the happening of any event or the discovery of any fact (i) that would require the making of any change in any Exchange Offer Material then being used, or (ii) that would affect the truth or completeness of any representation or warranty contained in this Agreement if such representation or warranty were being made immediately after the happening of such event or the discovery of such fact.

3. Compensation and Expenses.

(a) The Company and the Dealer Managers agree that the compensation (the "Fee") for each Dealer Manager's services, which will be paid in immediately available funds on the Closing Date, will be as follows (in each case, stated as a percentage of the aggregate principal amount of Old Notes tendered and accepted for exchange by the Company pursuant to the Exchange Offer):

Dealer Manager	Fee
Banc of America Securities LLC	
Deutsche Bank Securities Inc.	
Lehman Brothers Inc.	
Bear, Stearns & Co. Inc.	
Credit Suisse First Boston LLC	
Morgan Stanley & Co. Incorporated	
BNP Paribas Securities Corp.	
Credit Lyonnais Securities (USA) Inc.	
SunTrust Capital Markets, Inc.	
TD Securities (USA) Inc.	
Comerica Securities Inc.	
Wells Fargo Securities, LLC	

(b) In addition to the compensation payable under Section 3(a) above, the Company agrees to pay in immediately available funds (i) all fees and expenses relating to the filing, preparation, printing, mailing and publishing of the Exchange Offer Material, (ii) all fees, disbursements and expenses of the Company's counsel and accountants and of the Exchange Agent (as defined in Section 4), (iii) all advertisement charges, (iv) all other fees and expenses in connection with the Exchange Offer, including those of any exchange agent, information agent or other person rendering services in connection therewith, (v) to brokers and dealers (including the Dealer Managers), commercial banks, trust companies and other nominees the amount of their customary mailing and handling expenses incurred in forwarding the Exchange Offer to their customers, (vi) the cost of preparation, issuance, transfer and delivery of the New Notes, including any transfer, withholding or other taxes payable thereon, (vii) the costs

and charges of the 7.75% Notes Trustee and the 6.875% Notes Trustee, (viii) the cost of printing the Blue Sky memorandum in connection with the Exchange Offer under state securities laws and all expenses in connection with the qualification of the New Notes under such state securities laws, including filing fees and reasonable fees and disbursements of counsel for the Dealer Managers in connection with such qualification and in connection with the Blue Sky memorandum, (ix) any fees charged by rating agencies for the rating of the New Notes and (x) all other reasonable costs and expenses incident to the performance of the obligations of the Company hereunder for which provision is not otherwise made in this Section. The Company will also reimburse the Dealer Managers for all reasonable expenses incurred by the Dealer Managers in connection with their services as Dealer Managers; provided, however, that the Company shall only be liable to reimburse the Dealer Managers for the reasonable fees and expenses of a single firm of attorneys representing the Dealer Managers which is hereby designated to be Cravath, Swaine & Moore LLP. The Company shall perform its obligations set forth in this Section 3(b), without regard to whether the Exchange Offer is consummated and any payments due hereunder shall be paid promptly upon the earlier of (i) the completion or earlier termination of the Exchange Offer or (ii) the withdrawal by the Dealer Managers pursuant to Section 2 hereof.

4. Exchange Agent and Information Agent. The Company will arrange for The Bank of New York to serve as exchange agent (the "Exchange Agent") in connection with the Exchange Offer and, as such, to advise the Dealer Managers as to such matters relating to the Exchange Offer as the Dealer Managers may reasonably request. The Company shall provide the Dealer Managers or cause the Old Trustee and The Depository Trust Company ("DTC") to provide the Dealer Managers with copies of the records or other lists showing the names and addresses of, and principal amounts of Old Notes held by, the holders of Old Notes as of a recent date and shall, from and after such date, advise the Dealer Managers during the pendency of the Exchange Offer of any change in the information previously provided. The Company will arrange for D.F. King & Co., Inc. to serve as information agent (the "Information Agent") in connection with the Exchange Offer and, as such, to advise the Dealer Managers as to such matters relating to the Exchange Offer as the Dealer Managers may reasonably request and to furnish the Dealer Managers with any written reports concerning any such information as the Dealer Managers may reasonably request.

5. Representations, Warranties and Certain Agreements.

(A) The Company represents and warrants to the Dealer Managers, and agrees with the Dealer Managers, as follows:

(a) The Company has been duly incorporated and is validly existing as a corporation in good standing under the laws of the State of Oklahoma. The Company has corporate power and authority to own, lease and operate its properties and to conduct its business as described in the Offering Documents, and to enter into and perform all its obligations under this Agreement, the 7.75% Notes Indenture, the 6.875% Notes Indenture and the New Notes and to consummate the Exchange Offer. The Company is duly qualified as a foreign corporation to transact business and is in good standing in each jurisdiction in which such qualification is required, whether by reason of the

ownership or leasing of property or the conduct of business, except for such jurisdictions where the failure to so qualify or to be in good standing could not reasonably be expected to, individually or in the aggregate, result in a material adverse change in the condition, financial or otherwise, or in the earnings, business, operations or prospects, whether or not arising from transactions in the ordinary course of business, of the Company and its subsidiaries taken as a whole (any such change a "Material Adverse Change").

(b) Each subsidiary of the Company has been duly incorporated or otherwise established as a legal entity and is validly existing as such and in good standing (to the extent such concept applies) under the laws of the jurisdiction of its incorporation or establishment and has the corporate power and authority to own, lease and operate its properties and to conduct its business as described in the Offering Documents. Each of the Company's subsidiaries is duly qualified to transact business and is in good standing in each jurisdiction in which such qualification is required, whether by reason of the ownership or leasing of property or the conduct of business, except for such jurisdictions where the failure to so qualify or to be in good standing could not reasonably be expected to, individually or in the aggregate, result in a Material Adverse Change. Except as otherwise stated in the Offering Documents, all of the issued and outstanding equity interests of each of the Company's subsidiaries has been duly authorized and validly issued, is fully paid and nonassessable, and the equity interests owned by the Company, directly or through subsidiaries, are owned free and clear of any security interest, mortgage, pledge, lien, encumbrance or claim. Each Subsidiary Guarantor has the corporate power and authority to enter into and perform all its obligations under this Agreement, the 7.75% Notes Indenture, the 6.875% Notes Indenture and the Guarantees in accordance with their terms.

(c) This Agreement has been duly authorized, executed and delivered by, and is a valid and binding agreement of, the Company and each Subsidiary Guarantor, enforceable against the Company and each Subsidiary Guarantor in accordance with its terms, except as rights to indemnification and contribution hereunder may be limited by applicable law and except as the enforcement hereof may be limited by bankruptcy, insolvency, reorganization, moratorium, fraudulent transfer or other similar laws relating to or affecting the rights and remedies of creditors or by general equitable principles and subject to an implied covenant of good faith and fair dealing.

(d) The New Notes have been duly authorized by the Company and, when executed, authenticated and issued in accordance with the terms of the 7.75% Notes Indenture and the 6.875% Notes Indenture and delivered to the holders of the Old Notes who tender their Old Notes in accordance with the terms of the Exchange Offer, will constitute valid and binding obligations of the Company, enforceable against the Company in accordance with their terms, except as the enforceability thereof may be limited by bankruptcy, insolvency, reorganization, moratorium, fraudulent transfer or other similar laws relating to or affecting the rights and remedies of creditors or by general equitable principles, and be entitled to the benefits of the 7.75% Notes Indenture and the 6.875% Notes Indenture, as applicable.

(e) Each of the 7.75% Notes Indenture, the 6.875% Notes Indenture and the Guarantees has been duly authorized by the Company and the Subsidiary Guarantors, as applicable, and, assuming due authorization, execution and delivery thereof by the 7.75% Notes Trustee and the 6.875% Notes Trustee, respectively, constitute valid and binding agreements of the Company and each Subsidiary Guarantor, as applicable, enforceable against the Company and each Subsidiary Guarantor, as applicable, in accordance with their terms, except as the enforcement thereof may be limited by bankruptcy, insolvency, reorganization, moratorium, fraudulent transfer or similar laws relating to or affecting enforcement of the rights and remedies of creditors or by general principles of equity. Each of the 7.75% Notes Indenture and the 6.875% Notes Indenture complies with the requirements of and has been duly qualified under the Trust Indenture Act of 1939, including the rules and regulations of the Commission promulgated thereunder.

(f) The Company has taken all necessary corporate action to authorize the making and consummation of the Exchange Offer (including the exchange of the New Notes for the Old Notes) and all other actions contemplated by the Offering Documents.

(g) The Old Notes, the Old Notes Indenture, the New Notes, the 7.75% Notes Indenture, the 6.875% Notes Indenture and the Guarantees conform in all material respects to the respective statements relating thereto contained in the Offering Documents.

(h) Except as otherwise disclosed in the Offering Documents, (i) there has been no Material Adverse Change, or any development that could reasonably be expected to result in a Material Adverse Change; (ii) the Company and its subsidiaries, considered as one entity, have not incurred any material liability or obligation, indirect, direct or contingent, not in the ordinary course of business nor entered into any material transaction or agreement not in the ordinary course of business; (iii) there has been no dividend or distribution of any kind declared, paid or made by the Company on any class of capital stock or repurchase or redemption by the Company of any class of capital stock, in each case, within the 24-month period immediately preceding the date of this Agreement; and (iv) there has been no material change in the capital stock, short-term debt or long-term debt of the Company and its subsidiaries, considered as one entity. Complete and correct copies of the Offering Documents have been furnished to the Dealer Managers or will be furnished to the Dealer Managers no later than the Commencement Date.

(i) The Offering Documents, as amended and supplemented from time to time, comply and will comply in all material respects with the applicable provisions of the Securities Act and the Exchange Act, as applicable, and the rules and regulations promulgated thereunder, and in connection with the Exchange Offer, the Company has complied, and will continue to comply, in all material respects with the Securities Act, the Exchange Act, the applicable regulations of the New York Stock Exchange and applicable state securities or “blue sky” laws or regulations.

(j) Any Company document incorporated by reference in the Offering Documents when filed or becoming so incorporated by reference complied in all material

respects with the requirements of the Securities Act and the Exchange Act, as applicable, and the rules and regulations promulgated thereunder.

(k) The Offering Documents do not and will not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made therein, in the light of the circumstances under which they are made, not misleading, except that the Company makes no representation or warranty with respect to any statement contained in, or any matter omitted from, the Offering Documents relating to the Dealer Managers and based upon information furnished in writing by the Dealer Managers to the Company expressly for use therein.

(l) The Registration Statement became effective under the Securities Act on ·, 2003, and thereupon the offering of the New Notes as contemplated by the Prospectus became registered under the Securities Act and no stop order suspending the effectiveness of the Registration Statement has been issued and no proceedings for the purpose have been instituted or are pending or contemplated under the Securities Act.

(m) PricewaterhouseCoopers LLP (the "Independent Accountants"), who have expressed their opinion with respect to the financial statements (which term as used in this Agreement includes the related notes and supporting schedules thereto) included or incorporated by reference in the Offering Documents, are independent public or certified public accountants within the meaning of Regulation S-X under the Securities Act and the Exchange Act.

(n) The financial statements, together with the related schedules and notes, included or incorporated by reference in the Offering Documents present fairly in all material respects the consolidated financial position of the Company and its subsidiaries as of and at the dates indicated and the results of their operations and cash flows for the periods specified. Such financial statements have been prepared in conformity with generally accepted accounting principles as applied in the United States applied on a consistent basis throughout the periods involved, except as may be expressly stated in the related notes thereto.

(o) All of the outstanding shares of the capital stock of the Company have been duly authorized and validly issued, are fully paid and nonassessable and have been issued in compliance with federal and state securities laws. None of the outstanding shares of capital stock of the Company were issued in violation of any preemptive rights, rights of first refusal or other similar rights to subscribe for or purchase securities of the Company.

(p) Neither the Company nor any of its subsidiaries is in violation of its charter or by-laws or is in default (or, with the giving of notice or lapse of time, would be in default) ("Default") under any indenture, mortgage, loan or credit agreement, note, contract, franchise, lease or other instrument to which the Company or any of its subsidiaries is a party or by which it or any of them may be bound, or to which any of the property or assets of the Company or any of its subsidiaries is subject (each such foregoing document being referred to as an "Existing Instrument"), except for such Defaults as could not reasonably be expected to, individually or in the aggregate, result in

a Material Adverse Change. The Company's and each Subsidiary Guarantor's execution, delivery and performance of this Agreement, the 7.75% Notes Indenture, the 6.875% Notes Indenture, the Guarantees and any other agreements or documents relating to any of the foregoing, the offer, sale and issuance of the New Notes, the related exchange of the New Notes for the Old Notes pursuant to the Exchange Offer, the Exchange Offer, the cancellation of the Old Notes and the consummation of the transactions contemplated by any of the foregoing and by the Offering Documents: (i) have been duly authorized by all necessary corporate action and will not result in any violation of the provisions of the charter or by-laws of the Company or any of its subsidiaries; (ii) will not conflict with or constitute a breach of, or Default or a Debt Repayment Triggering Event (as defined below) under, or result in the creation or imposition of any lien, charge or encumbrance upon any property or assets of the Company or any of its subsidiaries pursuant to, or require the consent of any other party to, any Existing Instrument, except for such conflicts, breaches, Defaults, liens, charges or encumbrances as could not reasonably be expected to, individually or in the aggregate, result in a Material Adverse Change; and (iii) will not result in any violation of any law, administrative regulation or administrative or court decree applicable to the Company or any of its subsidiaries or any of their respective properties. As used herein, a "Debt Repayment Triggering Event" means any event or condition which gives, or with the giving of notice or lapse of time would give, the holder of any note, debenture or other evidence of indebtedness (or any person acting on such holder's behalf) the right to require the repurchase, redemption or repayment of all or a portion of such indebtedness by the Company or any of its subsidiaries.

(q) No consent, approval, authorization or other order of, or registration or filing with, any court or other governmental or regulatory authority or agency, is required for the Company's or any Subsidiary Guarantor's execution, delivery and performance of this Agreement, the 7.75% Notes Indenture, the 6.875% Notes Indenture, the Guarantees and any other agreements or documents relating to any of the foregoing, the offer, sale and issuance of the New Notes, the related exchange of the New Notes for the Old Notes pursuant to the Exchange Offer, the Exchange Offer, the cancellation of the Old Notes and the consummation of the transactions contemplated by any of the foregoing and by the Offering Documents, except such as have been obtained or made by the Company or the Subsidiary Guarantors and are in full force and effect under the Securities Act, applicable state securities or blue sky laws.

(r) The Company has made appropriate arrangements, to the extent applicable, with The Depository Trust Company ("DTC") or any other "qualified" securities depositary to allow for the book-entry movement of the tendered notes representing the Old Notes between depositary participants and the Exchange Agent.

(s) The Company is subject to and is reporting in accordance with the requirements of Section 13 or Section 15(d) of the Exchange Act. The Company has filed and, during the period between the Commencement Date and the Closing Date, will file, all documents (including exhibits) required to be filed with the Commission pursuant to Section 13, 14 or 15 of the Exchange Act (the "Company Filed Documents") within the time periods required to be filed by the Exchange Act and the rules and regulations promulgated thereunder. The Company will be in compliance with all reporting

requirements under the Exchange Act as of the Closing Date. The information provided by the Company pursuant to these provisions and incorporated by reference in the Offering Documents and subsequently superseded by another document incorporated by reference did not, at the date thereof, and will not, as the case may be, contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(t) Except as contemplated by this Agreement, the Company has not paid or agreed to pay to any person any compensation for (i) soliciting another to purchase any of the Company's securities, other than in connection with the Company's sale of $200,000,000 aggregate principal amount of 6.875% Senior Notes due 2016 to qualified institutional buyers in accordance with Rule 144A under the Securities Act on or about November 26, 2003, and in connection with the Company's sale of 1,500,000 shares of 5.00% Cumulative Convertible Preferred Stock on or about November 18, 2003, or (ii) the solicitation of tenders by holders of the Old Notes pursuant to the Exchange Offer.

(u) Neither the Company nor any of its subsidiaries nor any of their respective directors, officers or controlling persons has taken, directly or indirectly, any action designed to or which has constituted or which might reasonably be expected to cause or result in stabilization or manipulation of the price of any security of the Company to facilitate the Exchange Offer or the sale or resale of the Company's securities or to encourage tenders by holders of the Old Notes pursuant to the Exchange Offer.

(v) Except as described in the Offering Documents or as otherwise disclosed to the Dealer Managers, there are no legal or governmental actions, suits or proceedings pending or, to the best of the Company's knowledge: (i) threatened against or affecting the Company or any of its subsidiaries; or (ii) which have as the subject thereof any officer or director of, or any property owned or leased by, the Company or any of its subsidiaries, where in any such case there is a reasonable possibility that such action, suit or proceeding might be determined adversely to the Company or such subsidiary, officer or director and any such action, suit or proceeding, if so determined adversely, would reasonably be expected to result in a Material Adverse Change or adversely affect the consummation of the transactions contemplated by this Agreement and by the Offering Documents. There are no legal or governmental actions, suits or proceedings pending required to be described in the Offering Documents which are not described as required. No material labor dispute with the employees of the Company or any of its subsidiaries exists or, to the best of the Company's knowledge, is threatened or imminent.

(w) The Company is not, and, after giving effect to the transactions contemplated in the Offering Documents, will not be, an "investment company" within the meaning of the Investment Company Act of 1940, as amended.

(x) The Company maintains a system of accounting controls sufficient to provide reasonable assurances that (i) transactions are executed in accordance with management's general or specific authorization; (ii) transactions are recorded as necessary to permit preparation of financial statements in conformity with generally accepted accounting

principles as applied in the United States and to maintain accountability for assets; (iii) access to assets is permitted only in accordance with management's general or specific authorization; and (iv) the recorded accountability for assets is compared with existing assets at reasonable intervals and appropriate action is taken with respect to any differences.

(y) The Company and its subsidiaries own or possess sufficient trademarks, trade names, patent rights, copyrights, licenses, approvals, trade secrets and other similar rights (collectively, "Intellectual Property Rights") reasonably necessary to conduct their businesses as now conducted, except where the failure to own or possess such Intellectual Property Rights could not reasonably be expected to result in a Material Adverse Change, and the expected expiration of any of such Intellectual Property Rights could not reasonably be expected to result in a Material Adverse Change. Neither the Company nor any of its subsidiaries has received any notice of infringement or conflict with asserted Intellectual Property Rights of others, which infringement or conflict, if the subject of an unfavorable decision, ruling or finding, could reasonably be expected to result in a Material Adverse Change. Neither the Company nor any of its subsidiaries has received any notice of infringement or conflict with asserted Intellectual Property Rights of others, which infringement or conflict, if the subject of an unfavorable decision, could reasonably be expected to result in a Material Adverse Change.

(z) The Company and each of its subsidiaries possess such valid and current certificates, authorizations, permits or licenses (collectively, "Licenses") issued by the appropriate state, federal or foreign regulatory agencies or bodies necessary to conduct their respective businesses, except where the failure to possess such Licenses could not reasonably be expected to result in a Material Adverse Change. Neither the Company nor any of its subsidiaries has received any notice of proceedings relating to the revocation or modification of, or non-compliance with, any such License which, singly or in the aggregate, if the subject of an unfavorable decision, ruling or finding, could reasonably be expected to result in a Material Adverse Change.

(aa) The Company and each of its subsidiaries has good and marketable title to all the properties and assets reflected as owned in the financial statements described in the Offering Documents, including, without limitation, all oil and gas producing properties of the Company and its subsidiaries, and all assets and facilities used by the Company and its subsidiaries in the production and marketing of oil and gas, in each case free and clear of any security interests, mortgages, liens, encumbrances, equities, claims and other defects, except as described in the Offering Documents or as do not materially and adversely affect the value of such property and do not materially interfere with the use made or proposed to be made of such property by the Company or such subsidiary. The real property, improvements, equipment and personal property held under lease by the Company or any of its subsidiaries are held under valid and enforceable leases, with such exceptions as are not material and do not materially interfere with the use made or proposed to be made of such real property, improvements, equipment or personal property by the Company or such subsidiary.

(bb) Except as disclosed in the Company Filed Documents, neither the Company nor any of its subsidiaries is in violation of any statute, rule, regulation, decision or order of any governmental agency or body or any court, domestic or foreign, relating to the use, disposal or release of hazardous or toxic substances or relating to the protection or restoration of the environment or human exposure to hazardous or toxic substances (collectively, "environmental laws"), owns or operates any real property contaminated with any substance that is subject to any environmental laws, is liable for any off-site disposal or contamination pursuant to any environmental laws, or is subject to any claim relating to any environmental laws, which violation, contamination, liability or claim would individually or in the aggregate result in a Material Adverse Change; and the Company is not aware of any pending investigation which might lead to such a claim.

(cc) The Company and its subsidiaries have filed all necessary federal, state and foreign income and franchise tax returns and have paid all taxes shown by such returns, which are due and payable, and any related or similar assessment, fine or penalty levied against any of them, except in each case as may be being contested in good faith and by appropriate proceedings. The Company and its subsidiaries have made adequate charges, accruals and reserves in the applicable financial statements described in the Offering Documents in respect of all federal, state and foreign income and franchise taxes for all periods as to which the tax liability of the Company or any of its subsidiaries has not been finally determined.

(dd) Neither the Company nor any of its subsidiaries nor, to the best of the Company's knowledge, any employee or agent of the Company or any subsidiary has violated or is in violation of the Foreign Corrupt Practices Act.

Any certificate signed by an officer of the Company and delivered to the Dealer Managers or to counsel for the Dealer Managers pursuant hereto shall be deemed to be a representation and warranty by the Company to the Dealer Managers as to the matters set forth therein.

6. Certain Conditions and Obligations.

(A) The obligations of the Dealer Managers as provided herein shall be subject to each of the following conditions:

(a) All representations and warranties of the Company contained herein or in any certificate or writing delivered hereunder at all times during and as of the Exchange Offer shall be true and correct.

(b) The Company at all times during the Exchange Offer shall have performed, in all material respects, all of its obligations hereunder required as of such time to have been performed by it.

(c) For the period from the date of this Agreement up to and including the Closing Date, there shall not have occurred any Material Adverse Change, or any development that could reasonably be expected to result in a Material Adverse Change, from that set forth in the Offering Documents that, in the judgment of a majority in

interest of the Dealer Managers, makes it impracticable to market the New Notes or consummate the Exchange Offer on the terms and in the manner contemplated in the Offering Documents.

(B) Subject to Section 14 of this Agreement, the Company agrees that it shall not consummate the Exchange Offer unless the following conditions are satisfied or otherwise waived by the Joint Lead Dealer Managers on behalf of the Dealer Managers, provided that each Dealer Manager may withdraw from participating in the Exchange Offer if it disagrees with any decision made by the Joint Lead Dealer Managers pursuant to this Section 6(B):

(a) On the Closing Date, the Joint Lead Dealer Managers shall have received a certificate, dated as of the Closing Date, signed by an executive officer of the Company, confirming that no change or development to the effect set forth in Section 6(c) above and certifying that the representations and warranties of the Company set forth in Section 5 of this Agreement are true and correct as of the Closing Date and that the Company has complied with, or received waivers from the Joint Lead Dealer Managers with respect to, all of the agreements and satisfied all of the conditions contained herein on its part to be performed or satisfied hereunder on or before the Commencement Date and the Closing Date, as applicable (and the Joint Lead Dealer Managers shall have received an additional 11 signed copies of such certificate for each of the several Dealer Managers). The officer signing and delivering such certificate may rely upon the best of his or her knowledge as to any proceedings threatened.

(b) (i) The Dealer Managers shall have received on or prior to the Commencement Date a letter dated as of the Commencement Date addressed to the Dealer Managers, in form and substance satisfactory to the Joint Lead Dealer Managers, from PricewaterhouseCoopers LLP, the Company's independent public accountants, containing statements and information of the type ordinarily included in accountants' "comfort letters" to underwriters, delivered according to Statement of Auditing Standards No. 72 (or any successor bulletin), with respect to the audited and unaudited financial statements and certain financial information contained in the Offering Documents (and the Joint Lead Dealer Managers shall have received an additional 11 signed copies of such auditors' letter for each of the several Dealer Managers); and (ii) the Joint Lead Dealer Managers shall also have received on or prior to the Closing Date a letter dated as of the Closing Date addressed to the Dealer Managers from PricewaterhouseCoopers LLP to the effect that they reaffirm the statements made by them pursuant to clause (i) of this paragraph (and the Joint Lead Dealer Managers shall have received an additional 11 signed copies of such auditors' letter for each of the several Dealer Managers); provided that the letter delivered on the Closing Date may use a "cut-off date" not earlier than [three business days] prior to the Closing Date.

(c) (i) The Joint Lead Dealer Managers shall have received on or prior to the Commencement Date the favorable opinion of Vinson & Elkins L.L.P., counsel for the Company, dated as of the Commencement Date, the form of which is attached as Exhibit A, (and the Joint Lead Dealer Managers shall have received an additional 11 signed copies of such opinion for each of the several Dealer Managers); and (ii) the Joint Lead Dealer Managers shall have received on or prior to the Closing Date the favorable

opinion of Vinson & Elkins L.L.P., dated as of the Closing Date, the form of which is attached as Exhibit B, (and the Joint Lead Dealer Managers shall have received an additional 11 signed copies of such opinion for each of the several Dealer Managers). The opinion of Vinson & Elkins L.L.P. shall be rendered to the Dealer Managers at the request of the Company and shall so state therein.

(d) No stop order, restraining order or injunction has been issued by the Commission or any court, and no litigation shall have been commenced or threatened before the Commission or any court, with respect to (i) the making or consummation of the Exchange Offer, (ii) the execution, delivery or performance by the Company or any Subsidiary Guarantor of this Agreement, the 7.75% Notes Indenture, the 6.875% Notes Indenture, the Guarantees or the New Notes or (iii) any of the transactions in connection with, or contemplated by, the Exchange Offer Material which the Dealer Managers or their legal counsel in good faith believe makes it inadvisable for the Dealer Managers to continue to render services pursuant hereto and it shall not have otherwise become unlawful under any law or regulation, federal, state or local, for the Dealer Managers so to act, or continue so to act, as the case may be.

(e) The Joint Lead Dealer Managers shall have received such other documents and certificates as are reasonably requested by the Joint Lead Dealer Managers or their counsel.

7. Covenants. In further consideration of the Dealer Managers' agreements herein contained, the Company covenants with the Dealer Managers as follows:

(a) The Company will furnish to the Dealer Managers, without charge, as many copies of the Offering Documents and any amendments and supplements thereto as they may reasonably request.

(b) Prior to amending or supplementing the Offering Documents (including any amendment or supplement through incorporation by reference of any report filed under the Exchange Act), the Company shall furnish to the Joint Lead Dealer Managers and their counsel for review at a reasonable time prior to filing a copy of each such proposed amendment or supplement, and the Company shall not use any such proposed amendment or supplement to which the Dealer Managers or their counsel reasonably object.

(c) The Company will advise the Joint Lead Dealer Managers promptly of (i) the occurrence of any event which could cause the Company to withdraw or terminate the Exchange Offer or would permit the Company to exercise any right not to exchange the New Notes for the tendered Old Notes, (ii) any proposal or requirement to make, amend or supplement the Offering Documents, (iii) the issuance of any order or the taking of any other action by any administrative or judicial tribunal or other governmental agency or instrumentality which would delay, prevent or adversely affect the Exchange Offer (and, if in writing, will furnish the Joint Lead Dealer Managers a copy thereof), (iv) any Material Adverse Change, or any development which could reasonably be expected to

have a Material Adverse Change, and (v) any other information relating to the Exchange Offer which the Dealer Managers may from time to time reasonably request.

(d) The Company agrees that if any event occurs or condition exists as a result of which the Offering Documents would include an untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances when the Offering Documents are delivered to a holder of the Old Notes, not misleading, or if, in the opinion of the Company, after consultation with the Dealer Managers, it is necessary at any time to amend or supplement the Offering Documents to comply with applicable law, the Company shall immediately notify the Dealer Managers, subject to Section 7(b) of this Agreement, prepare an amendment or supplement to the Offering Documents that will correct such statement or omission or effect such compliance, and supply such amended or supplemented Offering Documents to the Dealer Managers without charge in such quantities as the Dealer Managers may reasonably request, and if it shall be necessary to amend the Registration Statement or amend or supplement the Prospectus to comply with the Securities Act or the regulations under the Securities Act, the Company promptly will prepare and file with the Commission, subject to paragraph (c) of this Section 7, an amendment or supplement that will correct such statement or omission or effect such compliance.

(e) Prior to the Closing Date, the Company shall file, on a timely basis, with the Commission and the New York Stock Exchange all reports and documents required to be filed under Section 13 or 15 of the Exchange Act.

(f) The Company will cooperate with the Dealer Managers and use its best efforts to cause the New Notes to be accepted for clearance and settlement through the facilities of DTC and settlement through the facilities of Clearstream and Euroclear.

8. Indemnification. The Company agrees to indemnify and hold harmless each Dealer Manager and such Dealer Manager's affiliates and officers, directors, employees, agents and each person, if any, who controls any Dealer Manager within the meaning of the Securities Act and the Exchange Act (each a "Dealer Manager Indemnified Person") from and against any and all losses, claims, damages, liabilities and expenses, joint or several, to which any such Dealer Manager Indemnified Person may become subject arising out of or based upon (A) any untrue statement or alleged untrue statement of a material fact contained in the Offering Documents or any of the documents incorporated by reference therein or in any amendment or supplement to any of the foregoing, or the omission or alleged omission to state therein a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading, (B) any breach by the Company of any representation or warranty or failure to comply with any of the agreements of the Company set forth in the Agreement, (C) any withdrawal, termination, rescission or modification of, or failure to make or consummate, the Exchange Offer or to exchange any of the New Notes for the Old Notes or (D) the transactions contemplated by the Agreement, or the performance by each Dealer Manager thereunder, or any claim, litigation, investigation or proceedings relating to the foregoing ("Dealer Manager Proceedings") regardless of whether any of such Dealer Manager Indemnified Persons is a party thereto, and to reimburse such Dealer Manager Indemnified Persons for any reasonable legal or other reasonable out-of-pocket expenses in connection with investigating or

defending, settling, compromising or paying for any of the foregoing; provided that the foregoing indemnification will not, as to any Dealer Manager Indemnified Person, apply to losses, claims, damages, liabilities or expenses to the extent, but only to the extent, that they have resulted from (i) the gross negligence or willful misconduct of such Dealer Manager Indemnified Person or (ii) in the case of the indemnity provided in clause (A) above of this paragraph, an untrue statement of a material fact or omission to state a material fact made in reliance upon and in conformity with the information furnished in writing by the Dealer Managers expressly for inclusion in the Offering Documents. This indemnity agreement shall be in addition to any liability which the Company may otherwise have.

The Company shall not be liable for any settlement of any lawsuit, claim or proceeding effected without its written consent (which consent shall not be unreasonably withheld or delayed), but if settled with such consent, the Company agrees, subject to the provisions of this Section 8, to indemnify the Dealer Manager Indemnified Person from and against any loss, damage or liability by reason of such settlement.

Each Dealer Manager agrees, severally and not jointly, to indemnify and hold harmless each of the Company and its affiliates and officers, directors, employees, agents and each person, if any, who controls the Company within the meaning of the Securities Act and the Exchange Act (each a "Company Indemnified Person") from and against any and all losses, claims, damages, liabilities and reasonable expenses, joint or several, to which any such Company Indemnified Person may become subject arising out of or based upon the transactions contemplated by the Agreement or the performance by the Dealer Managers thereunder, or any claim, litigation, investigation or proceedings relating to the foregoing ("Company Proceedings") regardless of whether any of such Company Indemnified Persons is a party thereto, and to reimburse such Company Indemnified Persons for any reasonable legal or other reasonable out-of-pocket expenses as they are incurred in connection with investigating or defending any of the foregoing, but only to the extent such losses, claims, damages, liabilities or expenses have resulted from (i) the gross negligence or willful misconduct of such Dealer Manager or (ii) an untrue statement of a material fact or omission to state a material fact made in reliance upon and in conformity with the information furnished in writing by such Dealer Manager expressly for inclusion in the Offering Documents. The Company acknowledges that the information furnished by the Dealer Managers (as described in clause (ii) of the preceding sentence) refers solely to the identity, address and phone number of each Dealer Manager appearing on the front cover page and the back cover page of the prospectus that forms a part of the Registration Statement. The terms "Dealer Manager Indemnified Person" and "Company Indemnified Person" are herein collectively referred to as an "Indemnified Person" and the terms "Dealer Manager Proceedings" and "Company Proceedings" are herein collectively referred to as "Proceedings."

The Dealer Managers shall not be liable for any settlement of any lawsuit, claim or proceeding effected without their written consent (which consent shall not be unreasonably withheld or delayed), but if settled with such consent, each Dealer Manager agrees, severally and not jointly, subject to the provisions of this Section 8, to indemnify the Company Indemnified Person from and against any loss, damage or liability by reason of such settlement.

Promptly after receipt by an Indemnified Person of notice of the commencement of any Proceedings, such Indemnified Person will, if a claim in respect thereof is to be made against the Company or the Dealer Managers, as the case may be, as indemnifying party (the "Indemnifying Party") for indemnification hereunder, promptly notify such Indemnifying Party in writing of the commencement thereof; provided that (i) the omission so to notify the Indemnifying Party will not relieve any Indemnifying Party from any liability which it may have hereunder except to the extent it has been materially prejudiced by such failure and (ii) the omission so to notify such Indemnifying Party will not relieve it from any liability which it may have to such Indemnified Person independently of this Section 8. In case any such Proceedings are brought against any Indemnified Person and it notifies the applicable Indemnifying Party of the commencement thereof, such Indemnifying Party will be entitled to participate therein, and, to the extent that it may elect by written notice delivered to such Indemnified Person, to assume the defense thereof, with counsel reasonably satisfactory to such Indemnified Person; provided that if the defendants in any such Proceeding include both such Indemnified Person and the Indemnifying Party and counsel to such Indemnified Person shall have reasonably concluded that there may be legal defenses available to it which are different from or additional to those available to the Indemnifying Party, such Indemnified Person shall have the right to select separate counsel to assert such legal defenses and to otherwise participate in the defense of such Proceedings on behalf of such Indemnified Person. Upon receipt of notice from the Indemnifying Party to such Indemnified Person of its election so to assume the defense of such Proceedings and approval by such Indemnified Person of counsel, the Indemnifying Party shall not be liable to such Indemnified Person for expenses incurred by such Indemnified Person in connection with the defense thereof (other than reasonable costs of investigation) unless (i) such Indemnified Person shall have employed separate counsel in connection with the assertion of legal defenses in accordance with the proviso to the next preceding sentence (it being understood, however, that the Indemnifying Party shall not be liable for the expenses of more than one separate counsel, representing all the Indemnified Persons who are parties to such Proceedings, such counsel to be designated in writing by a majority of the Indemnified Persons who are parties to such Proceedings), (ii) the Indemnifying Party shall not have employed counsel reasonably satisfactory to such Indemnified Person to represent such Indemnified Person within a reasonable time after notice of commencement of the Proceedings or (iii) the Indemnifying Party shall have authorized in writing the employment of counsel for such Indemnified Person; and except that, if clause (i) or (iii) is applicable, such liability shall be only in respect of the counsel referred to in such clause (i) or (iii). The Indemnifying Party shall not effect, without the prior written consent of the Indemnified Person (which consent shall not be unreasonably withheld or delayed), any settlement of any pending or threatened proceeding unless such settlement includes an unconditional release from the party bringing such proceeding of such Indemnified Person and does not include a statement as to or an admission of fault, culpability or a failure to act by or on behalf of any Indemnified Person.

If for any reason the foregoing indemnification is unavailable to any Indemnified Person or insufficient to hold it harmless, then each applicable Indemnifying Party shall contribute to the amount paid or payable by such Indemnified Person as a result of such loss, claim, damage, liability or expense in such proportion as is appropriate to reflect not only the relative benefits received by the Indemnifying Party on the one hand and such Indemnified Person on the other hand, but also the relative fault of Indemnifying Party on the one hand, and such Indemnified Person, on the other hand, as well as any relevant equitable considerations. It is hereby agreed

that the relevant benefits to the Company (including its affiliates, officers, directors, employees, agents and controlling persons) on one hand and the Dealer Managers (including their affiliates, officers, directors, employees, agents and controlling persons) on the other hand shall be deemed to be in the same proportion as (i) the aggregate principal amount of the New Notes issued pursuant to the Exchange Offer bears to (ii) the aggregate Fees paid or proposed to be paid to the Dealer Managers pursuant to Section 3(a). The relative faults of the Company (including its affiliates, officers, directors, employees, agents and controlling persons) on the one hand and each Dealer Manager (including its affiliates, officers, directors, employees, agents and controlling persons) on the other hand relating to an untrue or alleged untrue statement of material fact or the omission or alleged omission to state a material fact shall be determined by reference to, among other things, the extent to which the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact is based upon information supplied by or on behalf of the Company and each Dealer Manager and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission. The provisions set forth in the immediately preceding paragraph with respect to notice of commencement of any action shall apply if a claim for contribution is to be made under this Section 9; provided, however, that no additional notice shall be required with respect to any action for which notice has been given under the immediately preceding paragraph for purposes of indemnification.

The Company and the Dealer Managers agree that it would not be just and equitable if contribution pursuant to this Section 8 were determined by pro rata allocation (even if the Dealer Managers were treated as one entity for such purpose) or by any other method of allocation which does not take account of the equitable considerations referred to in this Section 8.

The indemnity, reimbursement and contribution obligations of an Indemnifying Party under this Section 8 shall be in addition to any liability which such Indemnifying Party may otherwise have to an Indemnified Party, and shall be binding upon and inure to the benefit of any successors, assigns, heirs and personal representatives of such Indemnifying Party and any such Indemnified Person. Notwithstanding the foregoing, in no event shall any Dealer Manager be liable under this Section 8 in an amount in excess of the Fee actually received by such Dealer Manager pursuant to Section 3(a). No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. The Dealer Managers' obligations to contribute pursuant to this Section 8 are several and not joint in proportion to their respective share of the aggregate Fee paid by the Company pursuant to Section 3(a).

9. Confidentiality. Each Dealer Manager shall use all information provided to it by or on behalf of the Company hereunder solely for the purpose of providing the services which are the subject of this Agreement and the transactions contemplated hereby and shall treat confidentially all such information; provided that nothing herein shall prevent any Dealer Manager from disclosing any such information (i) pursuant to the order of any court or administrative or similar proceeding, (ii) upon the request of any governmental agency or regulatory authority having jurisdiction over such Dealer Manager or any of its affiliates, (iii) to the extent that such information becomes publicly available other than by reason of disclosure by such Dealer Manager, (iv) to its employees, legal counsel, independent auditors and other experts or agents who need to know such information and are informed of the confidential nature of such information, (v) to any of its affiliates who have been notified in advance of the confidential

nature of such information and (vi) in the Offering Documents. Each Dealer Manager shall be responsible for compliance by its disclosee with this Section 9. With respect to clause (i) above, prior to making any such disclosure, each Dealer Manager shall promptly notify the Company of such order or request and use commercially reasonable efforts to cooperate with the Company, at the Company's expense, in seeking a protective order or taking such action as the Company may reasonably request consistent with applicable law.

10. Survival. The agreements contained in Sections 3, 8 and 9 hereof and the representations and warranties of the Company set forth in Section 5 hereof shall remain operative and in full force and effect, regardless of (i) any failure to commence, or the withdrawal, termination or consummation of, the Exchange Offer or the termination or assignment of this Agreement, (ii) any investigation made by or on behalf of the Company or any Indemnified Person and (iii) any withdrawal by the Dealer Managers pursuant to Section 2 hereof.

11. No Liability for Acts of Dealers, Banks and Trust Companies. The Dealer Managers shall have no liability to the Company or any other person for any losses, claims, damages, liabilities and expenses (each a "Loss" and collectively, the "Losses") arising from any act or omission on the part of any broker or dealer in securities (a "Dealer") or any bank or trust company, or any other person, and neither any Dealer Manager nor any of its affiliates shall be liable for any Losses arising from its own acts or omissions in performing its obligations as Dealer Manager or as a Dealer hereunder or otherwise in connection with the Exchange Offer, except for any such Losses (i) arising out of any untrue statement or omission or alleged untrue statement or omission made in reliance upon and in conformity with information furnished in writing by the Dealer Manager expressly for inclusion in the Offering Documents, or (ii) which are finally judicially determined to have resulted from such Dealer Manager's gross negligence or willful misconduct (it being understood that any such liability of any Dealer Manager shall be several and not joint). In soliciting or obtaining tenders of Old Notes, no Dealer, bank or trust company shall be deemed to be acting as the agent of the Company or any of its affiliates, and no Dealer Manager shall be deemed the agent of any Dealer, bank or trust company or the agent or fiduciary of the Company or any of its affiliates, equity holders, creditors or of any other person. In soliciting or obtaining tenders of Old Notes, the Dealer Managers shall not be nor shall the Dealer Managers be deemed for any purpose to act as partners or joint venturers of or members of a syndicate or group with the Company or any of its affiliates in connection with the Exchange Offer or otherwise, and neither the Company nor any of its affiliates shall be deemed to act as the Dealer Managers' respective agents. The Company shall have sole authority for the acceptance or rejection of any and all tenders of Old Notes.

12. Governing Law; Jurisdiction; Judgment Currency. This Agreement shall be governed by and construed in accordance with the laws of the State of New York applicable to contracts to be performed wholly within the State of New York. The parties hereto consent to the non-exclusive jurisdiction of the courts of the State of New York and the federal courts located in the Borough of Manhattan, City of New York in any action or proceeding related to this Agreement (except that a judgment obtained in such courts may be enforced in any jurisdiction). All judgments arising from such litigation or settlements related thereto shall be paid in United States Dollars.

13. Notices. Except as otherwise expressly provided in this Agreement, whenever notice is required by the provisions of this Agreement to be given to (i) the Company such notice shall be in writing addressed to Chesapeake Energy Corporation, 6100 North Western Avenue, Oklahoma City, Oklahoma 73118, Attention: Marcus C. Rowland, Executive Vice President and Chief Financial Officer; and (ii) the Dealer Managers or to the Joint Lead Dealer Managers, such notice shall be in writing addressed to (A) Banc of America Securities LLC, Bank of America Corporate Center, 100 North Tryon Street, Twelfth Floor, Charlotte, North Carolina 28255, facsimile number: (704) 388-0830, Attention: Andrew C. Karp, (B) Deutsche Bank Securities Inc., 60 Wall Street, New York, New York 10005, facsimile number: ·, Attention: ·, and (C) Lehman Brothers Inc., 745 Seventh Avenue, New York, New York 10019, facsimile number: ·, Attention: ·.

14. Conditions to the Exchange Offer. Nothing in this Agreement shall obligate the Company to proceed with or consummate the Exchange Offer, and the Company may terminate the Exchange Offer, unless each of the conditions set forth under "The Exchange Offer—Conditions to the Exchange Offer" in the Prospectus is satisfied (as determined by the Company in its sole discretion) or is otherwise waived by the Company, in each case, on or prior to the date on which the Exchange Offer expires (taking into account any extensions thereof).

15. Miscellaneous. This Agreement contains the entire agreement between the parties relating to the subject matter hereof and supersedes all oral statements and prior writings with respect thereto. This Agreement may not be amended or modified except by a writing executed by each of the parties hereto. Section headings herein are for convenience only and are not a part of this Agreement.

(a) This Agreement is solely for the benefit of the Company and the Dealer Managers, and no other person (except for Indemnified Persons, to the extent set forth in Section 8 hereof) shall acquire or have any rights under or by virtue of this Agreement.

(b) Each Dealer Manager may (subject to Section 9 hereof) share any information or matters relating to the Company or the Exchange Offer, and the transactions contemplated hereby with its affiliates, and such affiliates may likewise share information relating to the Company with such Dealer Manager; provided, however, that each Dealer Manager will not, and will ensure its employees and affiliates do not, share any such information with any of its or its affiliates' employees on the public side of such Dealer Manager's information wall. Each Dealer Manager shall be responsible for compliance by its affiliates with Section 9 hereof.

(c) If any term, provision, covenant or restriction contained in this Agreement is held by a court of competent jurisdiction to be invalid, void or unenforceable or against public policy, the remainder of the terms, provisions, covenants and restrictions contained herein shall remain in full force and effect and shall in no way be affected, impaired or invalidated. The Company and the Dealer Managers shall endeavor in good faith negotiations to replace the invalid, void or unenforceable provisions with valid provisions, the economic effect of which comes as close as possible to that of the invalid, void or unenforceable provisions.

(d) This Agreement may be executed in counterparts, each of which will be deemed an original, but all of which, taken together, will constitute one and the same instrument.

Please indicate your willingness to act as Dealer Managers on the terms set forth herein and your acceptance of the foregoing provisions by signing in the space provided below for that purpose and returning to us a copy of this letter, whereupon this letter shall constitute a binding agreement between us.

Very truly yours,

CHESAPEAKE ENERGY CORPORATION

By: _____

Name:
Title:

SUBSIDIARY GUARANTORS:

THE AMES COMPANY, L.L.C.
CARMEN ACQUISITION, L.L.C.
CHESAPEAKE ACQUISITION, L.L.C.
CHESAPEAKE EP CORPORATION
CHESAPEAKE SOUTH TEXAS CORPORATION
CHESAPEAKE ENERGY LOUISIANA CORPORATION
CHESAPEAKE ENO ACQUISITION, L.L.C.
CHESAPEAKE FOCUS, L.L.C.
CHESAPEAKE KNAN ACQUISITION, L.L.C.
CHESAPEAKE MOUNTAIN FRONT, L.L.C.
CHESAPEAKE OPERATING, INC.
CHESAPEAKE ORC, L.L.C.
CHESAPEAKE ROYALTY, L.L.C.
GOTHIC ENERGY, L.L.C.
GOTHIC PRODUCTION, L.L.C.
NOMAC DRILLING CORPORATION
SAP ACQUISITION, L.L.C.
MC MINERAL COMPANY, L.L.C.
JOHN C. OXLEY, L.L.C.
OXLEY PETROLEUM CO.

By: _____

Name:
Title:

CHESAPEAKE EXPLORATION LIMITED PARTNERSHIP
CHESAPEAKE LOUISIANA, L.P.
CHESAPEAKE PANHANDLE LIMITED PARTNERSHIP
CHESAPEAKE-STAGHORN ACQUISITION L.P.
CHESAPEAKE SIGMA, L.P.
CHESAPEAKE ZAPATA, L.P.

By Chesapeake Operating, Inc., as general partner of each respective entity

By: _____

Name:
Title:

Accepted and agreed to as of the date
first written above:

BANC OF AMERICA SECURITIES LLC

By: _____

Name: Andrew C. Karp
Title: Managing Director

DEUTSCHE BANK SECURITIES INC.

By: _____

Name:
Title:

LEHMAN BROTHERS INC.

By: _____

Name:
Title:

BEAR, STEARNS & CO. INC.

By: _____

Name:
Title:

CREDIT SUISSE FIRST BOSTON LLC

By: _____

Name:
Title:

MORGAN STANLEY & CO. INCORPORATED

By: _____

Name:
Title:

BNP PARIBAS SECURITIES CORP.

By: _____

Name:
Title:

CREDIT LYONNAIS SECURITIES (USA) INC.

By: _____

Name:
Title:

SUNTRUST CAPITAL MARKETS, INC.

By: _____

Name:
Title:

TD SECURITIES (USA) INC.

By: _____

Name:
Title:

COMERICA SECURITIES INC.

By: _____

Name:
Title:

WELLS FARGO SECURITIES, LLC

By: _____

Name:
Title:

Form of Commencement Date Legal Opinion

(a) The Company has been duly incorporated and is an existing corporation in good standing under the laws of the State of Oklahoma; with corporate power and authority to own, lease and operate its properties and to conduct its business as described in the Offering Documents.

(b) Each subsidiary of the Company has been duly incorporated or otherwise established as a legal entity and is in good standing (to the extent such concept applies) under the laws of the jurisdiction of its incorporation or establishment, with power and authority (corporate and other) to own its properties and to conduct its business as described in the Offering Documents. Except as otherwise stated in the Offering Documents, all of the issued and outstanding equity interests of each of the Company's subsidiaries has been duly authorized and validly issued, is fully paid and nonassessable, and the equity interests owned by the Company, directly or through subsidiaries, are owned free and clear of any security interest, mortgage, pledge, lien, encumbrance or claim.

(c) This Agreement has been duly authorized, executed and delivered by the Company and each Subsidiary Guarantor, and assuming the due authorization, execution and delivery of this Agreement by the Dealer Managers, this Agreement constitutes a valid and legally binding agreement of the Company and each Subsidiary Guarantor, enforceable against the Company and each Subsidiary Guarantor in accordance with its terms, except as rights to indemnification hereunder may be limited by applicable law and except as the enforcement hereof may be limited by bankruptcy, insolvency, reorganization, moratorium, fraudulent transfer or other similar laws of general applicability relating to or affecting the rights and remedies of creditors or by general equitable principles (regardless of whether enforcement is sought in a proceeding at law or in equity).

(d) The Company has taken all necessary corporate action to authorize the making and consummation of the Exchange Offer (including the exchange of the New Notes for the Old Notes) and all other actions contemplated by the Offering Documents.

(e) The Offering Documents, as amended and supplemented from time to time, comply in all material respects with the applicable provisions of the Securities Act and the Exchange Act, as applicable, and the rules and regulations promulgated thereunder.

(f) Any Company document incorporated by reference in the Offering Documents when filed or becoming so incorporated by reference complied in all material respects with the requirements of the Securities Act and the Exchange Act, as applicable, and the rules and regulations promulgated thereunder.

(g) All of the outstanding shares of the capital stock of the Company have been duly authorized and validly issued, are fully paid and nonassessable and have been issued in compliance with federal and state securities laws. None of the outstanding shares of

capital stock of the Company were issued in violation of any preemptive rights, rights of first refusal or other similar rights to subscribe for or purchase securities of the Company.

(h) The Company's and each Subsidiary Guarantor's execution, delivery and performance of this Agreement, the 7.75% Notes Indenture, the 6.875% Notes Indenture, the Guarantees and any other agreements or documents relating to any of the foregoing, the offer, sale and issuance of the New Notes, the related exchange of the New Notes for the Old Notes pursuant to the Exchange Offer, the Exchange Offer, the cancellation of the Old Notes and the consummation of the transactions contemplated by any of the foregoing and by the Offering Documents: (i) have been duly authorized by all necessary corporate action and will not result in any violation of the provisions of the charter or by-laws of the Company or any of its subsidiaries; (ii) will not conflict with or constitute a breach of, or constitute a default under any agreement or instrument to which the Company or any of its subsidiaries is a party or by which the Company or any such subsidiary is bound or to which any of their properties are subject that is filed or referenced as an exhibit to the Company's Annual Report of Form 10-K for the year ended December 31, 2002, or to any report on Form 8-K or Form 10-Q filed since December 31, 2002; and (iii) to the best of such counsel's knowledge, will not result in any violation of any law, administrative regulation or administrative or court decree applicable to the Company or any of its subsidiaries or any of their respective properties.

(i) The statements under the captions "Description of Notes" and "U.S. Federal Income Tax Considerations" in the Prospectus, insofar as such statements purport to describe or summarize the legal matters and documents therein, fairly present in all material respects such legal matters and documents.

(j) The Registration Statement became effective under the Securities Act on ·, 2003, and thereupon the offering of the New Notes as contemplated by the Prospectus became registered under the Securities Act and, to such counsel's knowledge, no stop order suspending the effectiveness of the Registration Statement has been issued and no proceedings for the purpose have been instituted or are pending or contemplated under the Securities Act.

(k) To the best of such counsel's knowledge, no consent, approval, authorization or other order of, or registration or filing with, any court or other governmental or regulatory authority or agency, is required for the Company's or any Subsidiary Guarantor's execution, delivery and performance of this Agreement, the 7.75% Notes Indenture, the 6.875% Notes Indenture, the Guarantees and any other agreements or documents relating to any of the foregoing, the offer, sale and issuance of the New Notes, the related exchange of the New Notes for the Old Notes pursuant to the Exchange Offer, the Exchange Offer, the cancellation of the Old Notes and the consummation of the transactions contemplated by any of the foregoing and by the Offering Documents, except such as have been obtained or made by the Company or the Subsidiary Guarantors and are in full force and effect under the Securities Act, applicable state securities or blue sky laws.

(l) Except as described in the Offering Documents or as otherwise disclosed to the Dealer Managers, there are no legal or governmental actions, suits or proceedings pending or, to the best of such counsel's knowledge: (i) threatened against or affecting the Company or any of its subsidiaries; or (ii) which have as the subject thereof any officer or director of, or any property owned or leased by, the Company or any of its subsidiaries, where in any such case there is a reasonable possibility that such action, suit or proceeding might be determined adversely to the Company or such subsidiary, officer or director and any such action, suit or proceeding, if so determined adversely, would reasonably be expected to result in a Material Adverse Change or adversely affect the consummation of the transactions contemplated by this Agreement and by the Offering Documents.

(m) The Company is not, and, after giving effect to the transactions contemplated in the Offering Documents, will not be, an "investment company" within the meaning of the Investment Company Act of 1940, as amended.

It is understood and agreed that certain of the opinions set forth in paragraphs (a)-(d) and (g)-(h) (with respect to due authorization, conflicts with charters, by-laws or similar organizational documents and with respect to certain documents filed as exhibits to the Form 10-K) may be given by the Commercial Law Group, P.C.

In addition, Vinson & Elkins L.L.P. shall state that they have participated in conferences with officers and other representatives of the Company, representatives of the independent public accountants of the Company, general counsel of the Company, representatives of the Dealer Managers and counsel for the Dealer Managers, at which conferences, the Exchange Offer Material was discussed. Such counsel shall further state that, although they have made certain additional inquiries and investigations in connection with the preparation of the Exchange Offer Material, they have not verified, are not passing on and do not assume any responsibility for the accuracy, completeness or fairness of the statements contained in the Offering Documents or any documents incorporated by reference therein, based on the participation described above in the course of acting as counsel to the Company in this transaction, no information has come to their attention that has caused such counsel to believe that the Offering Documents, at the date hereof (other than the financial statements and schedules and other financial data and the oil and gas reserve data, in each case contained or incorporated by reference (including the notes thereto and auditor's report thereon) therein, as to which such counsel need not express any comment or belief) contained an untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements therein not misleading.

Form of Closing Date Legal Opinion

(a) The Company has been duly incorporated and is an existing corporation in good standing under the laws of the State of Oklahoma; with corporate power and authority to own, lease and operate its properties and to conduct its business as described in the Offering Documents.

(b) Each subsidiary of the Company has been duly incorporated or otherwise established as a legal entity and is in good standing (to the extent such concept applies) under the laws of the jurisdiction of its incorporation or establishment, with power and authority (corporate and other) to own its properties and to conduct its business as described in the Offering Documents. Except as otherwise stated in the Offering Documents, all of the issued and outstanding equity interests of each of the Company's subsidiaries has been duly authorized and validly issued, is fully paid and nonassessable, and the equity interests owned by the Company, directly or through subsidiaries, are owned free and clear of any security interest, mortgage, pledge, lien, encumbrance or claim.

(c) This Agreement has been duly authorized, executed and delivered by the Company and each Subsidiary Guarantor, and assuming the due authorization, execution and delivery of this Agreement by the Dealer Managers, this Agreement constitutes a valid and legally binding agreement of the Company and each Subsidiary Guarantor, enforceable against the Company and each Subsidiary Guarantor in accordance with its terms, except as rights to indemnification hereunder may be limited by applicable law and except as the enforcement hereof may be limited by bankruptcy, insolvency, reorganization, moratorium, fraudulent transfer or other similar laws of general applicability relating to or affecting the rights and remedies of creditors or by general equitable principles (regardless of whether enforcement is sought in a proceeding at law or in equity).

(d) The New Notes have been duly authorized by the Company and, when executed, authenticated and issued in accordance with the terms of the 7.75% Notes Indenture and the 6.875% Notes Indenture and delivered to the holders of the Old Notes who tender their Old Notes in accordance with the terms of the Exchange Offer, will constitute valid and binding obligations of the Company, enforceable against the Company in accordance with their terms, except as the enforceability thereof may be limited by bankruptcy, insolvency, reorganization, moratorium, fraudulent transfer or other similar laws of general applicability relating to or affecting the rights and remedies of creditors or by general equitable principles (regardless of whether enforcement is sought in a proceeding at law or in equity), and be entitled to the benefits of the 7.75% Notes Indenture and the 6.875% Notes Indenture, as applicable.

(e) Each of the 7.75% Notes Indenture, the 6.875% Notes Indenture and the Guarantees has been duly authorized by the Company and the Subsidiary Guarantors, as applicable, and, assuming due authorization, execution and delivery thereof by the 7.75% Notes Trustee and the 6.875% Notes Trustee, respectively, constitute valid and binding agreements of the Company and each Subsidiary Guarantor, as applicable, enforceable

against the Company and each Subsidiary Guarantor, as applicable, in accordance with their terms, except as the enforcement thereof may be limited by bankruptcy, insolvency, reorganization, moratorium, fraudulent transfer or similar laws of general applicability relating to or affecting enforcement of the rights and remedies of creditors or by general principles of equity (regardless of whether enforcement is sought in a proceeding at law or in equity). Each of the 7.75% Notes Indenture and the 6.875% Notes Indenture complies with the requirements of and has been duly qualified under the Trust Indenture Act of 1939, including the rules and regulations of the Commission promulgated thereunder.

(f) The Company has taken all necessary corporate action to authorize the making and consummation of the Exchange Offer (including the exchange of the New Notes for the Old Notes) and all other actions contemplated by the Offering Documents.

(g) The Old Notes, the Old Notes Indenture, the New Notes, the 7.75% Notes Indenture, the 6.875% Notes Indenture and the Guarantees conform in all material respects to the respective statements relating thereto contained in the Offering Documents.

(h) The Offering Documents, as amended and supplemented from time to time, comply in all material respects with the applicable provisions of the Securities Act and the Exchange Act, as applicable, and the rules and regulations promulgated thereunder.

(i) Any Company document incorporated by reference in the Offering Documents when filed or becoming so incorporated by reference complied in all material respects with the requirements of the Securities Act and the Exchange Act, as applicable, and the rules and regulations promulgated thereunder.

(j) All of the outstanding shares of the capital stock of the Company have been duly authorized and validly issued, are fully paid and nonassessable and have been issued in compliance with federal and state securities laws. None of the outstanding shares of capital stock of the Company were issued in violation of any preemptive rights, rights of first refusal or other similar rights to subscribe for or purchase securities of the Company.

(k) The Company's and each Subsidiary Guarantor's execution, delivery and performance of this Agreement, the 7.75% Notes Indenture, the 6.875% Notes Indenture, the Guarantees and any other agreements or documents relating to any of the foregoing, the offer, sale and issuance of the New Notes, the related exchange of the New Notes for the Old Notes pursuant to the Exchange Offer, the Exchange Offer, the cancellation of the Old Notes and the consummation of the transactions contemplated by any of the foregoing and by the Offering Documents: (i) have been duly authorized by all necessary corporate action and will not result in any violation of the provisions of the charter or by-laws of the Company or any of its subsidiaries; (ii) will not conflict with or constitute a breach of, or constitute a default under any agreement or instrument to which the Company or any of its subsidiaries is a party or by which the Company or any such subsidiary is bound or to which any of their properties are subject that is filed or referenced as an exhibit to the Company's Annual Report of Form 10-K for the year

ended December 31, 2002, or to any report on Form 8-K or Form 10-Q filed since December 31, 2002; and (iii) to the best of such counsel's knowledge, will not result in any violation of any law, administrative regulation or administrative or court decree applicable to the Company or any of its subsidiaries or any of their respective properties.

(l) The statements under the captions "Description of Notes" and "U.S. Federal Income Tax Considerations" in the Prospectus, insofar as such statements purport to describe or summarize the legal matters and documents therein, fairly present in all material respects such legal matters and documents.

(m) The Registration Statement became effective under the Securities Act on ·, 2003, and thereupon the offering of the New Notes as contemplated by the Prospectus became registered under the Securities Act and, to such counsel's knowledge, no stop order suspending the effectiveness of the Registration Statement has been issued and no proceedings for the purpose have been instituted or are pending or contemplated under the Securities Act.

(n) To the best of such counsel's knowledge, no consent, approval, authorization or other order of, or registration or filing with, any court or other governmental or regulatory authority or agency, is required for the Company's or any Subsidiary Guarantor's execution, delivery and performance of this Agreement, the 7.75% Notes Indenture, the 6.875% Notes Indenture, the Guarantees and any other agreements or documents relating to any of the foregoing, the offer, sale and issuance of the New Notes, the related exchange of the New Notes for the Old Notes pursuant to the Exchange Offer, the Exchange Offer, the cancellation of the Old Notes and the consummation of the transactions contemplated by any of the foregoing and by the Offering Documents, except such as have been obtained or made by the Company or the Subsidiary Guarantors and are in full force and effect under the Securities Act, applicable state securities or blue sky laws.

(o) Except as described in the Offering Documents or as otherwise disclosed to the Dealer Managers, there are no legal or governmental actions, suits or proceedings pending or, to the best of such counsel's knowledge: (i) threatened against or affecting the Company or any of its subsidiaries; or (ii) which have as the subject thereof any officer or director of, or any property owned or leased by, the Company or any of its subsidiaries, where in any such case there is a reasonable possibility that such action, suit or proceeding might be determined adversely to the Company or such subsidiary, officer or director and any such action, suit or proceeding, if so determined adversely, would reasonably be expected to result in a Material Adverse Change or adversely affect the consummation of the transactions contemplated by this Agreement and by the Offering Documents.

(p) The Company is not, and, after giving effect to the transactions contemplated in the Offering Documents, will not be, an "investment company" within the meaning of the Investment Company Act of 1940, as amended.

It is understood and agreed that certain of the opinions set forth in paragraphs (a)-(f) and (j)-(k) (with respect to due authorization, conflicts with charters, by-laws or similar organizational documents and with respect to certain documents filed as exhibits to the Form 10-K) may be given by the Commercial Law Group, P.C.

In addition, Vinson & Elkins L.L.P. shall state that they have participated in conferences with officers and other representatives of the Company, representatives of the independent public accountants of the Company, general counsel of the Company, representatives of the Dealer Managers and counsel for the Dealer Managers, at which conferences, the Exchange Offer Material was discussed. Such counsel shall further state that, although they have made certain additional inquiries and investigations in connection with the preparation of the Exchange Offer Material, they have not verified, are not passing on and do not assume any responsibility for the accuracy, completeness or fairness of the statements contained in the Offering Documents or any documents incorporated by reference therein, based on the participation described above in the course of acting as counsel to the Company in this transaction, no information has come to their attention that has caused such counsel to believe that the Offering Documents, at the date hereof and as of the Closing Date (other than the financial statements and schedules and other financial data and the oil and gas reserve data, in each case contained or incorporated by reference (including the notes thereto and auditor's report thereon) therein, as to which such counsel need not express any comment or belief) contained an untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements therein not misleading.

EXECUTION COPY

CHESAPEAKE ENERGY CORPORATION

as Issuer,

THE SUBSIDIARY GUARANTORS,

as Guarantors,

AND

THE BANK OF NEW YORK,

as Trustee

INDENTURE

DATED AS OF NOVEMBER 26, 2003

6.875% SENIOR NOTES DUE 2016

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.

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MISCELLANEOUS

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

INDENTURE, dated as of November 26, 2003, among CHESAPEAKE ENERGY CORPORATION, an Oklahoma corporation (the "Company"), the SUBSIDIARY GUARANTORS listed as signatories hereto and The Bank 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 6.875% Senior Notes due 2016:

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), 6.875% Senior Notes due 2016 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" or "ACNTA" 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 as a long-term liability 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 Restricted Subsidiary or by a Restricted Subsidiary to the Company or another 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.

"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 or any other Senior Indebtedness scheduled to mature no earlier than the Indebtedness being repaid and the prepayment of any of the Securities or such other Senior Indebtedness; 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;(i) any gain (but not loss) attributable to extraordinary items; and (j) any unrealized non-cash gains or losses or charges in respect of hedge or non-hedge derivatives (including those resulting from the application of FAS 133).

"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.

"Credit Facilities" means, one or more debt facilities (including, without limitation, the Company's existing credit facility) or commercial paper facilities, in each case with banks or other institutional lenders providing for revolving credit loans, term loans, receivables financing (including through the sale of receivables to such lenders or to special purpose entities formed to borrow from such lenders against such receivables) or letters of credit, in each case, as amended, restated, modified, renewed, refunded, replaced or refinanced in whole or in part from time to time.

"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) 8.5% Senior Notes due 2012, (iii) 8.125% Senior Notes due 2011, (iv) 8.375% Senior Notes due 2008, (v) 9% Senior Notes due 2012, (vi) 7.75% Senior Notes due 2015 and (vii) 7.50% Senior Notes due 2013.

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

"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, Bank of America Securities LLC, Deutsche Bank Securities Inc., Lehman Brothers Inc., Bear, Stearns & Co. Inc., Credit Suisse First Boston LLC, Morgan Stanley & Co. Incorporated, BNP Paribas Securities Corp., Credit Lyonnais Securities (USA) Inc., SunTrust Capital Markets, Inc., TD Securities (USA) Inc., Comerica Securities Inc. and Wells Fargo Securities, LLC.

"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 November 26, 2003.

"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 January 15, 2009, 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 January 15, 2009; 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 January 15, 2009.

"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 January 15, 2009 set forth in Section 3.07.

"Maturity Date" means January 15, 2016.

"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 Restricted Subsidiary in any Person which, immediately prior to the making of such Investment, is a Restricted Subsidiary; (vi) Investments in the Company by any 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 depositary 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 depositary institution or trust company operating outside the United States, provided, that such depositary 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) additional Indebtedness of the Company and its Restricted Subsidiaries under Credit Facilities in a principal amount outstanding under this clause (i) at any time not to exceed the greater of (a) $300 million and (b) $100 million plus 20% of Adjusted Consolidated Net Tangible Assets; (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 $40 million at any one time outstanding; (iv) Non-Recourse Indebtedness; (v) Indebtedness of the Company to any Restricted Subsidiary of the Company and Indebtedness of any Restricted Subsidiary of the Company to the Company or another 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); (x) Indebtedness of a Subsidiary pursuant to a Guarantee of the Securities in accordance with Article Ten of this Indenture; and (xi) Indebtedness consisting of any guarantee by the Company or one of its Restricted Subsidiaries of Indebtedness of the Company or a Restricted Subsidiary outstanding on the Issue Date or permitted by this Indenture to be incurred thereafter by the Company or its Restricted Subsidiary.

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

"Permitted Liens" means (i) Liens existing on the Issue Date; (ii) Liens securing Indebtedness under Credit Facilities permitted by this Indenture to be incurred; (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 and that the Indebtedness being refinanced was not incurred under the Credit Facilities; (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 624,037 shares 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 pursuant to the Preferred Stock Offering, all of which shares were redeemed as of May 1, 2001.

"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. The Board of Directors may designate any Unrestricted Subsidiary to be a Restricted Subsidiary; provided, however, that, immediately after giving effect to such designation of any Unrestricted Subsidiary, 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., Mayfield Processing, L.L.C. and MidCon Compression L.P. (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) each of Chesapeake Energy Marketing, Inc., Mayfield Processing, L.L.C. and MidCon Compression L.P. until such time as any such Subsidiary shall be designated as a Restricted Subsidiary, (b) any Subsidiary of an Unrestricted Subsidiary and (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.

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
"Permitted Consideration"	4.11
"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 $200 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.

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(a) 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 cancelation 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. Cancelation. The Company at any time may deliver Securities to the Trustee for cancelation. 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 cancelation 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 cancelation.

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.

Additional Securities may be issued with the same CUSIP number as the Securities issued on the Issue Date if, and only if, the Company shall have provided the Trustee with an opinion of nationally recognized counsel, reasonably satisfactory to the Trustee, to the effect that such Additional Securities will be fungible with the Securities issued on the Issue Date for all United States federal income tax purposes.

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 January 15, 2009. 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 January 15, 2009, 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 September 15 of the years indicated below:

Year	Redemption Price
2009	103.438%
2010	102.292%
2011	101.146%
2012 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 January 15, 2007, the Company may redeem, in its sole discretion, up to 35% 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 106.875% 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 65% 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 January 15, 2009 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. For purposes of determining compliance with this Section 4.09:

(i) in the event that an item of proposed Indebtedness meets the criteria of more than one of the categories of Permitted Indebtedness as of the date of incurrence thereof or is entitled to be incurred pursuant to Section 4.09(a) as of the date of incurrence thereof, the Company shall, in its sole

discretion, classify (or later classify in whole or in part, in its sole discretion) such item of Indebtedness in any manner that complies with this Section 4.09, and

(ii) for purposes of determining compliance with any dollar-denominated restriction on the incurrence of Indebtedness denominated in a foreign currency, the dollar-equivalent principal amount of such Indebtedness incurred pursuant thereto shall be calculated based on the relevant currency.

Accrual of interest or dividends, the accretion of accreted value or liquidation preference and the payment of interest or dividends in the form of additional Indebtedness will not be deemed to be an incurrence of Indebtedness for purposes of this Section 4.09.

(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 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 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); and (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.

(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; (iii) any dividend or other distribution payable from a Restricted Subsidiary to the Company or any other Restricted Subsidiary; (iv) regularly quarterly dividends on the 6.75% Cumulative Convertible Preferred Stock, the 6.00% Cumulative Convertible Preferred Stock or the 5.00% Cumulative Convertible Preferred Stock of the Company outstanding on the Issue Date, provided that no Default or Event of Default shall have occurred and be continuing at the time of or immediately after giving effect to any such Restricted Payment; and (v) other Restricted Payments not in excess of $25,000,000 in the aggregate since the Issue Date, provided that no Default or Event of Default shall have occurred and be continuing at the time of or immediately after giving effect to any such Restricted Payment. Any Restricted Payment described in the preceding clause (iii) shall be excludable in the calculation of the amount of Restricted Payments, and any Restricted payment described in any other clause shall be included in the calculation.

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) (A) the consideration consists of cash, cash equivalents, Permitted Financial Investments or property, equipment, leasehold interests or other assets used in the Oil and Gas Business ("Permitted Consideration") or (B) the portion of the consideration that does not constitute Permitted Consideration, together with all other consideration received for Asset Sales since the Issue Date that does not constitute Permitted Consideration, has a fair market value of no more than 10% of ACNTA; 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 Credit Facilities 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 other 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 Credit Facilities; 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 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 depositary, 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, depositary 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 depositary or Paying Agent, deposit with such depositary 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 depositary, 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. In the event the Company's obligations under this Indenture and the Securities are revived and reinstated pursuant to this Section 8.07, then the obligations of each Subsidiary Guarantor under its Guarantee and this Indenture that were released pursuant to Section 10.04 as a result of the Company's exercise of its rights under this Article Eight shall be revived and reinstated as though such release had not occurred.

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 to 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 hereof.

(b) 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 without any further action by the Trustee, the Company or such Subsidiary Guarantor. Subject to Section 8.07, upon the Company's election, in compliance with the conditions set forth in Article Eight hereof, to exercise its rights pursuant to either Section 8.02 or 8.03 with respect to all outstanding Securities, each Subsidiary Guarantor shall be deemed released from all of its Guarantee and related obligations in this Indenture without any further action by the Trustee, the Company or any Subsidiary Guarantor. The Trustee shall deliver an appropriate instrument evidencing such release upon receipt of a request by the Company accompanied by an Officers' Certificate and, in the case of the release of a Subsidiary Guarantor pursuant to clause (i) of the first sentence of this Section 10.04, 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 Credit Facilities 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:

The Bank of New York
101 Barclay Street
8th Floor
New York, New York 10286

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:

Name: Marcus C. Rowland
Title:Executive Vice President and Chief Financial Office

SUBSIDIARY GUARANTORS:

THE AMES COMPANY, L.L.C.
CARMEN ACQUISITION, L.L.C.
CHESAPEAKE ACQUISITION, L.L.C.
CHESAPEAKE EP CORPORATION
CHESAPEAKE SOUTH TEXAS CORP.
CHESAPEAKE ENERGY LOUISIANA CORPORATION
CHESAPEAKE ENO ACQUISITION, L.L.C.
CHESAPEAKE FOCUS, L.L.C.
CHESAPEAKE KNAN ACQUISITION, L.L.C.
CHESAPEAKE MOUNTAIN FRONT, L.L.C.
CHESAPEAKE OPERATING, INC.
CHESAPEAKE ORC, L.L.C.
CHESAPEAKE ROYALTY, L.L.C.
GOTHIC ENERGY, L.L.C.
GOTHIC PRODUCTION, L.L.C.
NOMAC DRILLING CORPORATION
SAP ACQUISTION, L.L.C.
MC MINERAL COMPANY, L.L.C.
JOHN C. OXLEY, L.L.C.
OXLEY PETROLEUM CO.

By:

Name: Marcus C. Rowland
Title:Vice President

CHESAPEAKE EXPLORATION LIMITED PARTNERSHIP
CHESAPEAKE LOUISIANA, L.P.
CHESAPEAKE PANHANDLE LIMITED PARTNERSHIP
CHESAPEAKE-STAGHORN ACQUISITION L.P.
CHESAPEAKE SIGMA, L.P.
CHESAPEAKE ZAPATA, L.P.
By Chesapeake Operating, Inc., as general partner of each respective entity

By:

Name: Marcus C. Rowland
Title:Executive Vice President and Chief Financial Officer

THE BANK OF NEW YORK, as Trustee

By:

Name:
Title:Authorized Signatory

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 6.875% Senior Notes due 2016 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, collectively, Bank of America Securities LLC, Deutsche Bank Securities Inc., Lehman Brothers Inc., Bear, Stearns & Co. Inc., Credit Suisse First Boston LLC, Morgan Stanley & Co. Incorporated, BNP Paribas Securities Corp., Credit Lyonnais Securities (USA) Inc., SunTrust Capital Markets, Inc., TD Securities (USA) Inc., Comerica Securities Inc. and Wells Fargo Securities, LLC 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) $200 million aggregate principal amount of 6.875% Senior Notes due 2016 issued on the Issue Date and (2) 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 6.875% Senior Notes due 2016 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 November 12, 2003, 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 November 26, 2003, 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 $200 million 6.875% Senior Notes due 2016, (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 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.

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 cancelation or retained and canceled by the Trustee. At any time prior to such cancelation, 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 depositary 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.

6.875% Senior Notes due 2016

Chesapeake Energy Corporation, an Oklahoma corporation, promises to pay to CEDE & CO., or registered assigns, the principal sum of _____ Dollars on January 15, 2016.

Interest Payment Dates: January 15 and July 15 (commencing July 15, 2004/1/)

Record Dates: January 1 and July 1

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

THE BANK 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]

6.875% Senior Note due 2016

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 January 15 and July 15 of each year, commencing July 15, 2004. 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 November 26, 2003. 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 January 1 or July 1 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, The Bank 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 November 26, 2003 ("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-77bbbb) 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 January 15, 2009, 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 January 15 of the years indicated below:

Year	Redemption Price
2009	103.438%
2010	102.292%
2011	101.146%
2012 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 January 15, 2007, the Company may redeem, in its sole discretion, up to 35% 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 106.875% 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 65% 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 January 15, 2009, 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.

_____

Dated:_____ 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

(4) [ ] outside the United States in an offshore transaction within the meaning of Regulation S under the Securities Act in compliance with Rule 904 under the Securities Act of 1933; or

(5) [ ] pursuant to the exemption from registration provided by Rule 144 under the Securities Act of 1933.

Unless one of the boxes is checked, the Trustee will refuse to

register any of the Securities evidenced by this certificate in the name of any person other than the registered holder thereof; provided, however, that if box (4) or (5) is checked, the Trustee shall be entitled to require, prior to registering any such transfer of the Securities, such legal opinions, certifications and other information as the Company has reasonably requested to confirm that such transfer is being made pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act of 1933, such as the exemption provided by Rule 144 under such Act.

Signature

Signature Guarantee:

- ---
Signature must be guaranteed

Signature

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.

TO BE COMPLETED BY PURCHASER IF (3) ABOVE IS CHECKED.

The undersigned represents and warrants that it is purchasing this Security for its own account or an account with respect to which it exercises sole investment discretion and that it and any such account is a "qualified institutional buyer" within the meaning of Rule 144A under the Securities Act of 1933, and is aware that the sale to it is being made in reliance on Rule 144A and acknowledges that it has received such information regarding the Company as the undersigned has requested pursuant to Rule 144A or has determined not to request such information and that it is aware that the transferor is relying upon the undersigned's foregoing representations in order to claim the exemption from registration provided by Rule 144A.

Dated:

NOTICE: To be executed by an executive officer

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: $

Dated: ----------

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]

*/**/

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*/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.

6.875% Senior Notes due 2016

Chesapeake Energy Corporation, an Oklahoma corporation, promises to pay to CEDE & CO., or registered assigns, the principal sum of _____ Dollars on January 15, 2016.

Interest Payment Dates: January 15 and July 15 (commencing July 15, 2004)

Record Dates: January 1 and July 1

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

THE BANK 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]

6.875% Senior Note due 2016

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 January 15 and July 15 of each year, commencing July 15, 2004. 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 November 26, 2003. 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 January 1 or July 1 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

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** 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.

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, The Bank 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 November 26, 2003 ("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-77bbbb) 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 January 15, 2009, 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 September 15 of the years indicated below:

Year	Redemption Price
2009	103.438%
2010	102.292%
2011	101.146%
2012 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 January 15, 2007, the Company may redeem, in its sole discretion, up to 35% 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 106.875% 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 65% 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 January 15, 2009, 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.

_____

Dated:_____ Your Signature:_____

_____

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

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: $

Dated: _____ 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.

EXHIBIT 5.1

[LETTERHEAD OF VINSON & ELKINS]
Vinson & Elkins L.L.P.
2300 First City Tower
1001 Fannin Street
Houston, Texas 77002-6760

November 21, 2003

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

Ladies and Gentlemen:

We have acted as counsel for Chesapeake Energy Corporation, an Oklahoma corporation (the "Company") and certain of its subsidiaries with respect to with the preparation of the Registration Statement on Form S-4 (the "Registration Statement") filed with the Securities and Exchange Commission (the "Commission") in connection with the registration by the Company under the Securities Act of 1933, as amended (the "Securities Act") of (i) the offer and exchange by the Company (the "Exchange Offer") of a maximum of $500,000,000 outstanding aggregate principal amount of its 8.125% Senior Notes due 2011 (the "2011 Notes") for additional senior notes of the same series as its outstanding 7.75% Senior Notes due 2015 ("2015 Notes") or its 6.875% Senior Notes due 2016 ("2016 Notes") and (ii) the guarantees (the "Guarantees") of certain subsidiaries of the Company listed in the Registration Statement as guarantors (the "Subsidiary Guarantors") of the 2015 Notes and the 2016 Notes. The 2015 Notes and the 2016 Notes to be issued as described in the Registration Statement are collectively referred to herein as the "Exchange Notes." The 2015 Notes will be issued under an Indenture dated as of December 20, 2002 among the Company, the Subsidiary Guarantors a party thereto and The Bank of New York, as Trustee ("2015 Indenture"), and the 2016 Exchange Notes will be issued under an Indenture dated as of November 26, 2003 among the Company, the Subsidiary Guarantors a party thereto and The Bank of New York, as Trustee ("2016 Indenture"). The Exchange Offer will be conducted on such terms and conditions as are set forth in the prospectus contained in the Registration Statement to which this opinion is an exhibit.

We have examined originals or copies, certified or otherwise identified to our satisfaction, of (i) the Registration Statement, (ii) the 2015 Indenture, (iii) the 2016 Indenture and (iv) such other certificates, statutes and other instruments and documents as we considered appropriate for purposes of the opinions hereafter expressed. In connection with this opinion, we have assumed that (A) the Registration Statement, and any amendments thereto (including post-effective amendments), will have become effective and the Exchange Notes will be issued, (B) sold in compliance with applicable federal and state securities laws and in the manner described in the Registration Statement, (C) the 2016 Indenture will have been duly authorized, executed and delivered by the parties thereto in substantially the form filed as an exhibit to the Registration Statement, (D) the 2015 Indenture has been duly executed and delivered by the indenture trustee and (E) the 2015 Indenture and 2016 Indenture will have been duly qualified under the Trust Indenture Act of 1939, as amended.

Based on the foregoing, we are of the opinion that when the (A) the Company and the Subsidiary Guarantors have taken all necessary corporate, partnership or other action to approve the issuance and terms of the Exchange Notes and Guarantees and (B) Exchange Notes have been duly executed, authenticated, issued and delivered in accordance with the provisions of the 2015 Indenture and the 2016 Indenture and as described in the Registration Statement, (i) the Exchange Notes will be legally issued and will constitute valid and binding obligations of the Company enforceable against the Company in accordance with their terms, and (ii) the Guarantees of the Subsidiary Guarantors will be valid and binding obligations of such subsidiaries that are, or will be parties, to the 2015 Indenture at the time of such issuance and delivery, enforceable against the Company and each such Subsidiary Guarantor in accordance with their terms, except in each case as such enforcement is subject to any applicable bankruptcy, insolvency, reorganization, fraudulent transfer or other law relating to or affecting creditors' rights generally and general principles of equity.

We express no opinions concerning (a) the validity or enforceability of any provisions contained in the 2015 Indenture or the 2016 Indenture that purport to waive or not give effect to rights to notices, defenses, subrogation or other rights or benefits that cannot be effectively waived under applicable law; or (b) the enforceability of indemnification provisions to the extent they purport to relate to liabilities resulting from or based upon negligence or any violation of federal or state securities or blue sky laws.

We are members of the bar of the State of Texas. We have relied as to matters of Oklahoma law on the opinion of Commercial Law Group, P.C., which opinion is also filed as an exhibit to the Registration Statement. The opinions expressed herein are limited exclusively to the federal laws of the United States of America, the laws of the State of New York and, in reliance on the opinion of Commercial Law Group, P.C., the laws of the State of Oklahoma, and we are expressing no opinion as to the effect of the laws of any other jurisdiction, domestic or foreign.

We hereby consent to the filing of this opinion as an exhibit to the Registration Statement and to the use of our firm name in the prospectus forming a part of the Registration Statement under the caption “Legal Matters.” By giving this consent, we do not admit that we are within the category of persons whose consent is required under Section 7 of the Securities Act or the rules and regulations of the Commission issued thereunder.

Very truly yours,

/s/ Vinson & Elkins L.L.P.

Exhibit 5.2

Commercial Law Group, P.C.
2725 Oklahoma Tower, 210 Park Avenue
Oklahoma City, Oklahoma 73102-5643

November 21, 2003

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

Ladies and Gentlemen:

We have acted as special Oklahoma counsel for Chesapeake Energy Corporation, an Oklahoma corporation (the "Company") and certain of its subsidiaries with respect to the preparation of the Registration Statement on Form S-4 (the "Registration Statement") filed with the Securities and Exchange Commission (the "Commission") in connection with the registration by the Company under the Securities Act of 1933, as amended (the "Securities Act") of (i) the offer and exchange by the Company (the "Exchange Offer") of up to a maximum of $500,000,000 outstanding aggregate principal amount of its 8.125% Senior Notes due 2011 for additional notes of the same series as its outstanding 7.75% Senior Notes due 2015 ("2015 Notes") or its 6.875% Senior Notes due 2016 (the "2016 Notes") and (ii) the guarantees of certain subsidiaries of the Company listed in the Registration Statement as guarantors (the "Subsidiary Guarantors") of the 2015 Notes and the 2016 Notes. The 2015 Notes were issued under an Indenture dated as of December 20, 2002 among the Company, the Subsidiary Guarantors a party thereto and The Bank of New York, as Trustee ("2015 Indenture"). The Exchange Offer will be conducted on such terms and conditions as are set forth in the prospectus contained in the Registration Statement to which this opinion is an exhibit.

We have examined originals or copies, certified or otherwise identified to our satisfaction, of (i) the Restated Certificate of Incorporation, as amended, and Bylaws of the Company or such documents or similar organizational documents of each of the Subsidiary Guarantors, (ii) the 2015 Indenture and (iii) such other certificates, statutes and other instruments and documents as we considered appropriate for purposes of the opinions hereafter expressed. In connection with this opinion, we have assumed that the Registration Statement, and any amendments thereto (including post-effective amendments), will have become effective and the Exchange Notes will be issued and sold in compliance with applicable federal and state securities laws and in the manner described in the Registration Statement.

Based on the foregoing, we are of the opinion that the Company and the Subsidiary Guarantors a party thereto have duly authorized, executed and delivered the 2015 Indenture (including, with respect to the Subsidiary Guarantors a party thereto, the Guarantees contained therein).

We are members of the bar of the State of Oklahoma. The opinions expressed herein are limited exclusively to the laws of the State of Oklahoma, and we are expressing no opinion as to the effect of the laws of any other jurisdiction, domestic or foreign. We also authorize Vinson & Elkins L.L.P. to rely on this opinion in delivering its opinion filed as Exhibit 5.1 to the Registration Statement.

We hereby consent to the filing of this opinion as an exhibit to the Registration Statement and to the use of our firm name in the prospectus forming a part of the Registration Statement under the caption "Legal Matters." By giving such consent, we do not admit that we are within the category of persons whose consent is required under Section 7 of the Securities Act or the rules and regulations of the Commission issued thereunder.

Very truly yours,

/s/ Commercial Law Group, P.C.

EXHIBIT 23.1

CONSENT OF INDEPENDENT ACCOUNTANTS

We hereby consent to the incorporation by reference in this Registration Statement on Form S-4 of Chesapeake Energy Corporation of our report dated February 24, 2003, except for the information in Note 1 under the caption “Leasehold Costs” and Note 16, as to which the date is as of September 9, 2003, relating to the consolidated financial statements and financial statement schedule, which appears in Chesapeake Energy Corporation’s Form 10-K/A for the year ended December 31, 2002. We also consent to the reference to us under the heading “Experts” in such Registration Statement.

/s/ PricewaterhouseCoopers LLP

Oklahoma City, Oklahoma
November 21, 2003

EXHIBIT 23.2

CONSENT OF WILLIAMSON PETROLEUM CONSULTANTS, INC.

As independent oil and gas consultants, Williamson Petroleum Consultants, Inc. hereby consents to the incorporation by reference in the Registration Statement on Form S-4, to be filed with the Securities and Exchange Commission on or about November 21, 2003, of information from our reserves report dated February 21, 2003, entitled “Evaluation of Oil and Gas Reserves to the Interests of Chesapeake Energy Corporation in certain Major-Value Properties in the United States, Effective December 31, 2002, for Disclosure to the Securities and Exchange Commission, Williamson Project 2.8923”. We also consent to the reference to us under the heading “Experts” in such Registration Statement.

/s/ Williamson Petroleum Consultants, Inc.

Midland, Texas
November 21, 2003

EXHIBIT 23.3

CONSENT OF RYDER SCOTT COMPANY PETROLEUM CONSULTANTS, L.P.

As independent oil and gas consultants, Ryder Scott Company Petroleum Consultants, L.P. hereby consents to the incorporation by reference in the Registration Statement on Form S-4, to be filed with the Securities and Exchange Commission on or about November 21, 2003, of information from our reserves report dated February 25, 2003, entitled “Estimated Future Reserves and Income Attributable to Certain Leasehold Interests (SEC Parameter) as of December 31, 2002”. We also consent to the reference to us under the heading “Experts” in such Registration Statement.

/s/ Ryder Scott Company Petroleum Consultants, L.P.

Houston, Texas
November 21, 2003

EXHIBIT 23.4

CONSENT OF LEE KEELING AND ASSOCIATES, INC.

As independent oil and gas consultants, Lee Keeling and Associates, Inc. hereby consents to the incorporation by reference in the Registration Statement on Form S-4 of Chesapeake Energy Corporation to be filed on or about November 21, 2003, of information from our reserve report with respect to the oil and gas reserves of Chesapeake Energy Corporation dated February 21, 2003, entitled "Appraisal Oil and Gas Properties Interests Owned by Chesapeake Energy Corporation Selected Properties Consent Prices and Expenses Effective Date January 1, 2003." We also consent to the reference to us under the heading "Experts" in such Registration Statement.

LEE KEELING AND ASSOCIATES, INC.

By: /s/ Kenneth Renberg
Name: Kenneth Renberg
Title: Vice President

Tulsa, Oklahoma
November 21, 2003

EXHIBIT 23.5

CONSENT OF INDEPENDENT PETROLEUM ENGINEERS AND GEOLOGISTS

As independent oil and gas consultants, Netherland, Sewell & Associates, Inc. hereby consents to the incorporation by reference in the Registration Statement on Form S-4 of Chesapeake Energy Corporation to be filed on or about November 21, 2003, of information from our reserve report with respect to the oil and gas reserves of Chesapeake Energy Corporation dated March 6, 2003, entitled "Estimate of Reserves and Future Revenue to the Chesapeake Energy Corporation Interest in Certain Oil and Gas Properties located in Oklahoma and Texas as of December 31, 2002, Based on Constant Prices and Costs in accordance with Securities and Exchange Commission Guidelines." We also consent to the reference to us under the heading "Experts" in such Registration Statement.

NETHERLAND, SEWELL & ASSOCIATES, INC.

By: /s/ Frederick D. Swell
Name: Frederick D. Swell
Title: Chairman and Chief Executive Officer

Dallas, Texas
November 21, 2003

FORM T-1

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

STATEMENT OF ELIGIBILITY
UNDER THE TRUST INDENTURE ACT OF 1939 OF A
CORPORATION DESIGNATED TO ACT AS TRUSTEE

CHECK IF AN APPLICATION TO DETERMINE
ELIGIBILITY OF A TRUSTEE PURSUANT TO
SECTION 305(b)(2)

THE BANK OF NEW YORK
(Exact name of trustee as specified in its charter)

New York (State of incorporation if not a national bank)	13-5160382 (I.R.S. employer identification no.)
One Wall Street, New York, N.Y. (Address of principal executive offices)	10286 (Zip code)

CHESAPEAKE ENERGY CORPORATION

(Exact name of obligor as specified in its charter)

Oklahoma (State or other jurisdiction of incorporation or organization)	73-1395733 (I.R.S. employer identification No.)
6100 North Western Avenue Oklahoma City, Oklahoma (Address of principal executive offices)	73118 (Zip code)

7.75% Senior Notes due 2015
(Title of the indenture securities)

1. General information. Furnish the following information as to the Trustee:

(a) Name and address of each examining or supervising authority to which it is subject.

Name	Address
Superintendent of Banks of the State of New York	2 Rector Street, New York, N.Y. 10006, and Albany, N.Y. 12203
Federal Reserve Bank of New York	33 Liberty Plaza, New York, N.Y. 10045
Federal Deposit Insurance Corporation	Washington, D.C. 20429
New York Clearing House Association	New York, New York 10005

(b) Whether it is authorized to exercise corporate trust powers.

Yes.

2. Affiliations with Obligor.

If the obligor is an affiliate of the trustee, describe each such affiliation.

None.

16. List of Exhibits.

Exhibits identified in parentheses below, on file with the Commission, are incorporated herein by reference as an exhibit hereto, pursuant to Rule 7a-29 under the Trust Indenture Act of 1939 and rule 24 of the Commission's Rules of Practice.

1. A copy of the Organization Certificate of The Bank of New York (formerly Irving Trust Company) as now in effect, which contains the authority to commence business and a grant of powers to exercise corporate trust powers. (Exhibit 1 to Amendment No.1 to Form T-1, filed with Registration Statement No. 33-6215, Exhibits 1a and 1b to Form T-1 filed with Registration Statement No. 33-21672 and Exhibit 1 to Form T-1 filed with Registration Statement No. 33-29637.)

4. A copy of the existing By-laws of the Trustee. (Exhibit 4 to Form T-1 filed with Registration Statement No. 33-31019.)

6. The consent of the Trustee required by Section 321(b) of the Act. (Exhibit 6 to Form T-1 filed with Registration Statement No. 33-44051.)

7. A copy of the latest report of condition of the Trustee published pursuant to law or to the requirements of its supervising or examining authority.

SIGNATURE

Pursuant to the requirements of the Trust Indenture Act of 1939 the Trustee, The Bank of New York, a corporation organized and existing under the laws of the State of New York, has duly caused this statement of eligibility to be signed on its behalf by the undersigned, thereunto duly authorized, all in The City of New York, and State of New York, on the 20th day of November, 2003.

THE BANK OF NEW YORK

By:

Louis P. Young
Vice President

FORM T-1

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

STATEMENT OF ELIGIBILITY
UNDER THE TRUST INDENTURE ACT OF 1939 OF A
CORPORATION DESIGNATED TO ACT AS TRUSTEE

CHECK IF AN APPLICATION TO DETERMINE
ELIGIBILITY OF A TRUSTEE PURSUANT TO
SECTION 305(b)(2)

THE BANK OF NEW YORK
(Exact name of trustee as specified in its charter)

New York (State of incorporation if not a national bank)	13-5160382 (I.R.S. employer identification no.)
One Wall Street, New York, N.Y. (Address of principal executive offices)	10286 (Zip code)

CHESAPEAKE ENERGY CORPORATION

(Exact name of obligor as specified in its charter)

Oklahoma (State or other jurisdiction of incorporation or organization)	73-1395733 (I.R.S. employer identification No.)
6100 North Western Avenue Oklahoma City, Oklahoma (Address of principal executive offices)	73118 (Zip code)

6.875% Senior Notes due 2016
(Title of the indenture securities)

1. General information. Furnish the following information as to the Trustee:

(a) Name and address of each examining or supervising authority to which it is subject.

Name	Address
Superintendent of Banks of the State of New York	2 Rector Street, New York, N.Y. 10006, and Albany, N.Y. 12203
Federal Reserve Bank of New York	33 Liberty Plaza, New York, N.Y. 10045
Federal Deposit Insurance Corporation	Washington, D.C. 20429
New York Clearing House Association	New York, New York 10005

(b) Whether it is authorized to exercise corporate trust powers.

Yes.

2. Affiliations with Obligor.

If the obligor is an affiliate of the trustee, describe each such affiliation.

None.

16. List of Exhibits.

Exhibits identified in parentheses below, on file with the Commission, are incorporated herein by reference as an exhibit hereto, pursuant to Rule 7a-29 under the Trust Indenture Act of 1939 and rule 24 of the Commission's Rules of Practice.

1. A copy of the Organization Certificate of The Bank of New York (formerly Irving Trust Company) as now in effect, which contains the authority to commence business and a grant of powers to exercise corporate trust powers. (Exhibit 1 to Amendment No.1 to Form T-1, filed with Registration Statement No. 33-6215, Exhibits 1a and 1b to Form T-1 filed with Registration Statement No. 33-21672 and Exhibit 1 to Form T-1 filed with Registration Statement No. 33-29637.)

4. A copy of the existing By-laws of the Trustee. (Exhibit 4 to Form T-1 filed with Registration Statement No. 33-31019.)

6. The consent of the Trustee required by Section 321(b) of the Act. (Exhibit 6 to Form T-1 filed with Registration Statement No. 33-44051.)

7. A copy of the latest report of condition of the Trustee published pursuant to law or to the requirements of its supervising or examining authority.

SIGNATURE

Pursuant to the requirements of the Trust Indenture Act of 1939 the Trustee, The Bank of New York, a corporation organized and existing under the laws of the State of New York, has duly caused this statement of eligibility to be signed on its behalf by the undersigned, thereunto duly authorized, all in The City of New York, and State of New York, on the 20th day of November, 2003.

THE BANK OF NEW YORK

By:

Louis P. Young
Vice President

EXHIBIT 7

Consolidated Report of Condition of

THE BANK OF NEW YORK

of One Wall Street, New York, N.Y. 10286
And Foreign and Domestic Subsidiaries,
a member of the Federal Reserve System, at the close of business June 30, 2003, published in accordance with a call made by the Federal Reserve Bank of this District pursuant to the provisions of the Federal Reserve Act.

ASSETS	Dollar Amounts In Thousands
Cash and balances due from depository institutions:	
Noninterest-bearing balances and currency and coin	$ 4,257,371
Interest-bearing balances	6,048,782
Securities:	
Held-to-maturity securities	373,479
Available-for-sale securities	18,918,169
Federal funds sold in domestic offices	6,689,000
Securities purchased under agreements to resell	5,293,789
Loans and lease financing receivables:	
Loans and leases held for sale	616,186
Loans and leases, net of unearned income	38,342,282
LESS: Allowance for loan and lease losses	819,982
Loans and leases, net of unearned income and allowance	37,522,300
Trading Assets	5,741,193
Premises and fixed assets (including capitalized leases)	958,273
Other real estate owned	441
Investments in unconsolidated subsidiaries and associated companies	257,626
Customers' liability to this bank on acceptances outstanding	159,995
Intangible assets	
Goodwill	2,554,921
Other intangible assets	805,938
Other assets	6,285,971
Total assets	$96,483,434

LIABILITIES	
Deposits:	
In domestic offices	$37,264,787
Noninterest-bearing	15,357,289
Interest-bearing	21,907,498
In foreign offices, Edge and Agreement subsidiaries, and IBFs	28,018,241
Noninterest-bearing	1,026,601
Interest-bearing	26,991,640
Federal funds purchased in domestic offices	739,736
Securities sold under agreements to repurchase	465,594
Trading liabilities	2,456,565
Other borrowed money: (includes mortgage indebtedness and obligations under capitalized leases)	8,994,708
Bank's liability on acceptances executed and outstanding	163,277
Subordinated notes and debentures	2,400,000
Other liabilities	7,446,726
Total liabilities	$87,949,634
Minority interest in consolidated subsidiaries	519,472
EQUITY CAPITAL	
Perpetual preferred stock and related surplus	0
Common stock	1,135,284
Surplus	2,056,273
Retained earnings	4,694,161
Accumulated other comprehensive income	128,610
Other equity capital components	0
Total equity capital	8,014,328
Total liabilities minority interest and equity capital	$96,483,434

I, Thomas J. Mastro, Senior Vice President and Comptroller of the above-named bank do hereby declare that this Report of Condition is true and correct to the best of my knowledge and belief.

Thomas J. Mastro,
Senior Vice President and Comptroller

We, the undersigned directors, attest to the correctness of this statement of resources and liabilities. We declare that it has been examined by us, and to the best of our knowledge and belief has been prepared in conformance with the instructions and is true and correct.

Thomas A. Renyi)
Gerald L. Hassell) Directors
Alan R. Griffith)

- ---

A registration statement has been filed with the Securities and Exchange Commission in connection with the Exchange Offer. The completion of the Exchange Offer is dependent upon the registration statement becoming effective.

Chesapeake Energy Corporation

LETTER OF TRANSMITTAL

Offer to Exchange up to $500,000,000 8.125% Senior Notes due 2011

THE EXCHANGE OFFER WILL EXPIRE AT 12:00 MIDNIGHT, NEW YORK CITY TIME, ON , DECEMBER , 2003 UNLESS THE EXCHANGE OFFER IS EXTENDED (THE "EXPIRATION DATE"). IF YOU VALIDLY TENDER YOUR NOTES AT OR PRIOR TO 5:00 P.M., NEW YORK CITY TIME, ON , DECEMBER , 2003, ("THE EARLY PARTICIPATION DATE"), YOU WILL RECEIVE AN EARLY PARTICIPATION PAYMENT IN CASH OF $ FOR EACH $1,000 PRINCIPAL AMOUNT OF NOTES VALIDLY TENDERED AND ACCEPTED FOR EXCHANGE (THE "EARLY PARTICIPATION PAYMENT"). YOU MAY NOT WITHDRAW YOUR TENDER AFTER 5:00 P.M., NEW YORK CITY TIME, ON THE EARLY PARTICIPATION DATE.

The Exchange Agent for this Exchange Offer is:

The Bank of New York

By Facsimile (Eligible Institutions Only):
(212) 298-1915
Attention: Mr. Bernard Arsenec
(provide on fax cover sheet call back telephone number for confirmation)

By telephone:
(212) 815-5098

By Mail or Hand
The Bank of New York
Corporate Trust Operations—Reorganization Unit
101 Barclay Street—7 East
New York, New York, 10286
Attention: Mr. Bernard Arsenec

DELIVERY OF THIS LETTER OF TRANSMITTAL TO AN ADDRESS OTHER THAN AS SET FORTH ABOVE, OR TRANSMISSION OF INSTRUCTIONS VIA A FAX NUMBER OTHER THAN AS SET FORTH ABOVE, WILL NOT CONSTITUTE A VALID TENDER.

The instructions contained herein and in the prospectus dated as of December , 2003 (the "Prospectus") should be read carefully before this Letter of Transmittal is completed. The exchange offer (the "Exchange Offer") by Chesapeake Energy Corporation ("Chesapeake") is conditioned on the satisfaction of certain conditions, more fully described in the Prospectus under the caption "The Exchange Offer—Conditions to this Exchange Offer."

Questions relating to the procedures for tendering your 2011 Notes (as defined below) and requests for assistance may be directed to Banc of America Securities LLC at the address and telephone number on the back cover of this Letter of Transmittal. Requests for additional copies of the Prospectus and this Letter of Transmittal may be directed to the Information Agent at the address and telephone number on the back cover of this Letter of Transmittal.

HOLDERS WHO WISH TO BE ELIGIBLE TO RECEIVE THE EARLY PARTICIPATION PAYMENT, AS SET FORTH ABOVE AND IN THE PROSPECTUS, MUST VALIDLY TENDER, AND NOT WITHDRAW, THEIR 2011 NOTES TO THE EXCHANGE AGENT AT OR PRIOR TO 5:00 P.M. NEW YORK CITY TIME, ON THE EARLY PARTICIPATION DATE. SEE "PROCEDURES FOR TENDERING" IN THE PROSPECTUS. HOLDERS WHO TENDER THEIR 2011 NOTES AFTER 5:00 P.M. NEW YORK CITY TIME, ON THE EARLY PARTICIPATION DATE, BUT AT OR PRIOR TO THE EXPIRATION DATE, WILL NOT RECEIVE THE EARLY PARTICIPATION PAYMENT.

This Letter of Transmittal is to be used by holders of 2011 Notes (each a "Holder" and, collectively, the "Holders") if certificates representing 2011 Notes are to be physically delivered to the Depositary herewith by such Holders.

Holders who are tendering by book-entry transfer to the Exchange Agent's account at The Depository Trust Company ("DTC" or the "Book-Entry Transfer Facility") must tender their 2011 Notes through DTC's Automated Tender Offer Program ("ATOP"), for which the Exchange Offer will be eligible. DTC participants that are accepting the Exchange Offer must transmit their acceptance to DTC, which will verify the acceptance and execute a book-entry delivery to the Exchange Agent's account at DTC. DTC will then send an agent's message to the Exchange Agent for its acceptance. The agent's message shall state that DTC has received an express acknowledgment from the DTC participant tendering 2011 Notes on behalf of the Holder that such DTC participant has received, and agrees to be bound by, the terms and conditions of the Exchange Offer as set forth in the Prospectus and this Letter of Transmittal and that Chesapeake may enforce such agreement against such participant. Delivery of the agent's message by DTC will satisfy the terms of the Exchange Offer in lieu of execution and delivery of a Letter of Transmittal by the DTC participant identified in the agent's message. Accordingly, this Letter of Transmittal need not be completed by a Holder tendering through ATOP.

THE EXCHANGE OFFER IS NOT BEING MADE TO, NOR WILL TENDERS OF 2011 NOTES BE ACCEPTED FROM OR ON BEHALF OF, HOLDERS IN ANY JURISDICTION IN WHICH THE MAKING OR ACCEPTANCE OF THE EXCHANGE WOULD NOT BE IN COMPLIANCE WITH THE LAWS OF SUCH JURISDICTION.

Only holders of 2011 Notes may validly tender 2011 Notes. The undersigned should complete, execute and deliver this Letter of Transmittal to indicate the action the undersigned desires to take with respect to the Exchange Offer. The instructions included with this Letter of Transmittal must be followed.

TENDER OF 2011 NOTES

COMPLETE THE FOLLOWING FOR ALL TENDERED 2011 NOTES BEING DELIVERED BY BOOK-ENTRY TRANSFER MADE TO THE ACCOUNT MAINTAINED BY THE EXCHANGE AGENT WITH DTC:

Name of Tendering Institution: _____

Account Number: _____

Transaction Code Number: _____

Upon the terms and subject to the conditions of the Exchange Offer set forth in this Letter of Transmittal and the accompanying Prospectus, we are offering to exchange up to $500 million aggregate principal amount of our 8.125% Senior Notes due 2011 (the "2011 Notes") for additional notes of the same series as our outstanding 7.75% Senior Notes due 2015 (the "2015 Notes") or for additional notes of the same series as our outstanding 6.875% Senior Notes due 2016 (the "2016 Notes"). You can select the form of consideration in exchange for 2011 Notes from the following two options:

- *The 2015 Note Option.* Under this option, we will exchange $ in principal amount of 7.75% Senior Notes due January 15, 2015, less the Accrued Interest Adjustment (as defined below), for every $1,000 in principal amount of 2011 Notes validly tendered and accepted for exchange.
- *The 2016 Note Option.* Under this option, we will exchange $ in principal amount of 6.875% Senior Notes due 2016, plus the Accrued Interest Adjustment (as defined below), for every $1,000 in principal amount of 2011 Notes validly tendered and accepted for exchange.

You do not have to choose the same option for all the 2011 Notes you tender. If you wish to receive 2015 Notes for some of your 2011 Notes and 2016 Notes for some of your 2011 Notes, you must make two separate tenders. You do not have to tender all of your notes.

An aggregate of $728,255,000 principal amount of the 2011 Notes was outstanding as of November 21, 2003. If 2011 Notes having an aggregate principal amount in excess of $500 million are validly tendered and not validly withdrawn, we will accept for exchange $500,000,000 in aggregate principal amount of 2011 Notes on a pro rata basis based on the proportion of the 2011 Notes you validly tendered to all 2011 Notes validly tendered as of the expiration date.

The 2015 Notes and 2016 Notes will be issued in exchange for the 2011 Notes in the exchange offer, if consummated, on the settlement date, which we expect to be the second business day following the expiration date of the exchange offer. We will accept 2011 Notes for exchange, and make any pro rationing necessary, on the acceptance date, which we expect to be the next business day after the expiration date. Interest on the 2015 Notes will accrue from July 15, 2003, and interest on the 2016 Notes will accrue from the date of original issuance of the 2016 Notes, which is November 26, 2003.

We are not settling accrued interest on the 2011 Notes tendered, or the 2015 Notes and 2016 Notes to be issued in the exchange offer in cash. Instead, we are adjusting the exchange ratios under the 2015 Note Option and the 2016 Note Option for the value of net accrued interest owed to, or due from, holders tendering in the exchange. We refer to these adjustments as the "Accrued Interest Adjustment." The actual Accrued Interest Adjustment for the 2015 Note Option and the 2016 Note Option will depend on the settlement date.

Assuming a December , 2003 settlement date, the 2011 Notes will have $ of interest accrued on each $1,000 principal amount. The 2015 Notes and 2016 Notes issued in the exchange offer will be issued with accrued interest which, as of December , 2003, will be $ for each $1,000 of principal of the 2015 Notes, and $ for each $1,000 of principal of the 2016 Notes.

To adjust for the settlement of accrued interest on tendered 2011 Notes and 2015 Notes and 2016 Notes received in the exchange offer, assuming a December , 2003 settlement date:

- the exchange ratio under the 2015 Note Option will be adjusted by reducing the amount of principal of 2015 Notes issued for each $1,000 of principal of 2011 Notes tendered by $, so that you will receive $ principal amount of 2015 Notes for each $1,000 principal amount of 2011 Notes validly tendered and accepted for payment; and
- the exchange ratio under the 2016 Note Option will be adjusted by increasing the amount of principal of 2016 Notes issued for each $1,000 of principal of 2011 Notes tendered by $, so that you will receive $ principal amount of 2016 Notes for each $1,000 principal amount of 2011 Notes validly tendered and accepted for payment.

Holders who validly tender 2011 Notes at or prior to 5:00 p.m., New York City time, on , December , 2003, the Early Participation Date, will receive the Early Participation Payment in cash of $ for each $1,000 principal amount of notes validly tendered and accepted for payment. The Early Participation Payment will be paid in cash on the settlement date.

List below the 2011 Notes to which this Letter of Transmittal relates. If the space provided is inadequate, list the principal amounts and your account number on a separately executed schedule and affix the schedule to this Letter of Transmittal.

DESCRIPTION OF 2011 NOTES

Item 1. Name of DTC participant and DTC participant's account number in which your 2011 Notes are held. (Please fill in blank)

	Principal Amount Tendered(1)	Account Number(2)
Total principal of 2011 Notes tendered	$	

(1) A tendering holder of 2011 Notes may tender all or some of the 2011 Notes held by such holder.
(2) DTC account number.

ELECTION AS TO FORM OF EXCHANGE OFFER CONSIDERATION

Item 2. Special Issuance/Special Delivery Instructions.

☐ Mark this box if, in the event that your 2011 Notes are not accepted for exchange, they should be returned to an account other than the account from which they were tendered. (Complete Box A—"Special Issuance/Delivery Instructions" below.)

☐ Mark this box if you want to provide special delivery instructions for the exchange consideration to which you may be entitled. (Complete Box B —"Special Issuance/Delivery Instructions" below.)

Item 3. Election as to Form of Consideration.

If you are accepting this Exchange Offer, you may elect to receive either (a) $ in principal amount of 7.75% Senior Notes due 2015 (the "2015 Notes"), less an adjustment for accrued interest, for every $1,000 in principal amount of 2011 Notes validly tendered and accepted for exchange or (b) $ in principal amount of 6.875% Senior Notes due 2016 (the "2016 Notes"), plus an adjustment for accrued interest, for every $1,000 in principal amount of 2011 Notes validly tendered and accepted for exchange. You do not have to choose the same option for all the 2011 Notes that you tender. If you wish to receive 2015 Notes for some of your 2011 Notes and 2016 Notes for some of your 2011 Notes, you must make two separate tenders. You do not have to tender all of your 2011 Notes to participate in this exchange offer.

☐ Check this box if you want to tender your 2011 Notes in exchange for $ in principal amount of 2015 Notes, less the Accrued Interest Adjustment, for each $1,000 in principal amount of 2011 Notes tendered by you.

☐ Check this box if you want to tender your 2011 Notes in exchange for $ in principal amount of 2016 Notes, plus the Accrued Interest Adjustment, for each $1,000 in principal amount of 2011 Notes tendered by you.

NOTE: SIGNATURES MUST BE PROVIDED BELOW.
PLEASE READ THE ACCOMPANYING INSTRUCTIONS CAREFULLY

Ladies and Gentlemen:

By execution hereof, the undersigned hereby acknowledges receipt of the Prospectus dated December , 2003 of Chesapeake Energy Corporation ("Chesapeake") and this Letter of Transmittal and Instructions hereto. Upon the terms and subject to the conditions of this Exchange Offer, the undersigned hereby tenders to Chesapeake the aggregate principal amount of the 2011 Notes indicated above. Subject to, and effective upon, the acceptance for exchange of the principal amount of the 2011 Notes tendered hereby, the undersigned hereby assigns and transfers to, or upon the order of, Chesapeake, all right, title and interest in and to such 2011 Notes as are being tendered hereby.

The undersigned hereby irrevocably constitutes and appoints the Exchange Agent the true and lawful agent and attorney-in-fact of the undersigned with respect to such tendered 2011 Notes, with full powers of substitution, among other things, to cause the 2011 Notes being tendered to be assigned, transferred and exchanged. The undersigned hereby represents and warrants that the undersigned has full power and authority to tender, sell, assign and transfer the 2011 Notes being tendered, and to acquire the 2015 Notes or the 2016 Notes, as the case may be, issuable upon the exchange of such tendered 2011 Notes, and that, when the same are accepted for exchange, Chesapeake will acquire good and unencumbered title thereto, free and clear of all liens, restrictions, charges and encumbrances and not subject to any adverse claim when the same are accepted by Chesapeake.

The undersigned will, upon request, execute and deliver any additional documents deemed by Chesapeake to be necessary or desirable to complete the sale, assignment and transfer of the 2011 Notes tendered hereby. All authority conferred or agreed to be conferred in this Letter of Transmittal and every obligation of the undersigned hereunder shall be binding upon the successors, assigns, heirs, executors, administrators, trustees in bankruptcy and legal representatives of the undersigned and shall not be affected by, and shall survive the death or incapacity of the undersigned.

You may withdraw the tender of your 2011 Notes at any time prior to 5:00 p.m., New York City time, on the Early Participation Date, which we refer to as the withdrawal deadline, but the exchange consideration shall not be payable in respect of 2011 Notes that are withdrawn. Withdrawn 2011 Notes may be re-tendered by again following one of the appropriate procedures described in the Prospectus at any time prior to the expiration of the Exchange Offer. However, if you do not validly tender, and not validly withdraw, your 2011 Notes prior to 5:00 p.m., New York City time, on the Early Participation Date, you will not be eligible to receive the Early Participation Payment.

The undersigned understands that tenders of 2011 Notes pursuant to any of the procedures described in the Prospectus and in the Instructions hereto and acceptance of such 2011 Notes by Chesapeake will constitute a binding agreement between the undersigned and Chesapeake upon the terms and subject to the conditions of the Exchange Offer. For purposes of the Exchange Offer, the undersigned understands that validly tendered 2011 Notes (or defectively tendered 2011 Notes with respect to which Chesapeake has waived such defect) will be deemed to have been accepted by Chesapeake if, as and when Chesapeake gives oral or written notice thereof to the Exchange Agent.

The undersigned hereby represents and warrants that the undersigned is relying on the information contained in the accompanying Prospectus in making its investment decision with respect to the Exchange Offer. The undersigned further acknowledges that neither Chesapeake nor any person representing Chesapeake has made any representation to it with respect to Chesapeake, the Exchange Offer or the issuance of the 2015 Notes and the 2016 Notes, other than the information contained in the accompanying Prospectus.

The undersigned understands that the delivery and surrender of any 2011 Notes are not effective, and the risk of loss of the 2011 Notes does not pass to the Exchange Agent, until receipt by the Exchange Agent of this Letter of Transmittal (or a copy thereof), properly completed and duly executed, together with all accompanying evidences of authority and any other required documents in form satisfactory to Chesapeake. All questions as to the form of all documents and the validity (including time of receipt) and acceptance of tenders of 2011 Notes will be determined by Chesapeake, which determination shall be final and binding.

Unless otherwise indicated herein under "A. Special Issuance/Delivery Instructions," the undersigned hereby request(s) that any 2011 Notes representing principal amounts that are not accepted for exchange be returned by book-entry transfer by credit to the account of DTC for which such 2011 Notes were tendered. Unless otherwise indicated herein under "B. Special Issuance/Delivery Instructions," the undersigned hereby request(s) that the exchange consideration in respect of tendered 2011 Notes accepted for exchange be tendered by book-entry transfer by credit to the account of DTC for which such 2011 Notes were tendered.

In the event that the "A. Special Issuance/Delivery Instructions" box is completed, the undersigned hereby request(s) that any 2011 Notes representing principal amounts not accepted for exchange be issued in the name(s) of, and be delivered by book-entry transfer by credit to the account of, DTC therein indicated. The undersigned recognizes that Chesapeake has no obligation pursuant to the "A. Special Issuance/Delivery Instructions" box to transfer any 2011 Notes from the names of the tendering holder(s) of 2011 Notes thereof if Chesapeake does not accept for exchange any of the principal amount of such 2011 Notes so tendered. In the event that the "B. Special Issuance/Delivery Instructions" box is completed, the undersigned hereby request(s) that the exchange consideration issued in exchange for tendered 2011 Notes accepted for exchange be issued in the name(s) of, and be delivered by book-entry transfer by credit to the account of, DTC therein indicated.

A. SPECIAL ISSUANCE DELIVERY INSTRUCTIONS
(See Instructions)

To be completed ONLY if 2011 Notes not accepted for exchange are to be issued by credit to an account maintained at DTC other than the account for which the tender was made.

Name: _____
(Please Print)

Address: _____

_____
(Zip Code)

_____
(Taxpayer Identification or Social Security Number)
(See Form W-9 herein)

B. SPECIAL ISSUANCE DELIVERY INSTRUCTIONS
(See Instructions)

To be completed ONLY if the exchange consideration for 2011 Notes accepted for exchange is to be issued by credit to an account maintained at DTC other than the account for which the tender was made.

Name: _____
(Please Print)

Address: _____

_____
(Zip Code)

_____
(Taxpayer Identification or Social Security Number)
(See Form W-9 herein)

PLEASE SIGN HERE
(TO BE COMPLETED BY ALL TENDERING HOLDERS OF 2011 NOTES)

By completing, executing and delivering this Letter of Transmittal, the undersigned hereby tenders the principal amount of the 2011 Notes listed in the box above labeled "Description of 2011 Notes" under the column heading "Principal Amount Tendered."

This Letter of Transmittal must be signed by the holder(s) of 2011 Notes exactly as such participant's name appears on a security position listing such participant as the owner of the 2011 Notes with DTC. If signature is by trustees, executors, administrators, guardians, attorneys-in-fact, officers of corporations or others acting in a fiduciary or representative capacity, please set forth full title and see Instruction 5.

_____

_____

Signature(s) of Holder(s) of 2011 Notes or Authorized Signatory
(See guarantee requirement below)

Dated _____

Names(s) _____

Firm _____
(Please Print)

Capacity _____

Address(es) _____
(Including Zip Code)

Area Code and Telephone Number _____

Area Code and Fax Number _____

Tax Identification or Social Security Number _____

(COMPLETE ACCOMPANYING FORM W-9 OR FORM W-8)

Medallion Signature Guarantee
(If Required—See Instructions 1 and 4)

Authorized Signature _____

Name of Firm _____

INSTRUCTIONS

FORMING PART OF THE TERMS AND CONDITIONS OF THE EXCHANGE OFFER

1. *Signature Guarantees.* Signatures on this Letter of Transmittal must be guaranteed by a Medallion Signature Guarantor, unless the 2011 Notes are tendered by a participant in DTC whose name appears on a security position listing as the owner of such 2011 Notes that has not completed any of the boxes entitled "Special Issuance/Delivery Instructions" on this Letter of Transmittal. If the 2011 Notes are registered in the name of a person other than the signer of this Letter of Transmittal, the signatures on this Letter of Transmittal accompanying the tendered 2011 Notes must be guaranteed by a Medallion Signature Guarantor as described above. See Instruction 5.

2. *Delivery of Letter of Transmittal and 2011 Notes.* This Letter of Transmittal is to be completed by holders of 2011 Notes if tender of 2011 Notes is to be made by book-entry transfer to the Exchange Agent's account at DTC pursuant to the procedures set forth under the caption "The Exchange Offer—Procedures for Exchanging Notes" in the Prospectus and instructions are not being transmitted through ATOP. Holders of 2011 Notes must deliver a confirmation of a book-entry transfer into the Exchange Agent's account at DTC of all 2011 Notes delivered electronically, as well as a properly completed and duly executed Letter of Transmittal (or a copy thereof), to the Exchange Agent at its address set forth herein on or prior to the Expiration Date. Delivery of documents to DTC does not constitute delivery to the Exchange Agent.

The method of delivery of this Letter of Transmittal and the 2011 Notes, including delivery through DTC and any acceptance of the Agent's Message delivered through ATOP, is at the option and risk of the tendering holder of 2011 Notes. If delivery is by mail, registered mail with return receipt requested, properly insured, is recommended. In all cases, sufficient time should be allowed for such documents to reach the Exchange Agent.

No alternative, conditional or contingent tenders will be accepted. All tendering holders of 2011 Notes, by execution of this Letter of Transmittal (or a copy thereof), waive any right to receive any notice of the acceptance of their 2011 Notes for payment.

3. *Withdrawal of Tenders.* Tenders of 2011 Notes may be withdrawn at any time before 5:00 p.m., New York City time, on the Early Participation Date. For a withdrawal of a tender of 2011 Notes to be effective, a written notice of withdrawal must be received by the Exchange Agent on or prior to the Early Participation Date at its address set forth on the back cover of the Prospectus.

4. *Inadequate Space*. If the space provided herein is inadequate, the principal amount represented by 2011 Notes should be listed on a separate signed schedule attached hereto.

5. *Signature on Letter of Transmittal, Instruments of Transfer and Endorsements.* If this Letter of Transmittal is signed by a participant in DTC whose name is shown as the owner of the 2011 Notes tendered hereby, the signature must correspond with the name shown on the security position listing such participant as the owner of the 2011 Notes.

If any 2011 Notes tendered hereby are registered in the names of different holders, it will be necessary to complete, sign and submit as many separate Letters of Transmittal, and any necessary accompanying documents, as there are different registrations of such 2011 Notes.

If this Letter of Transmittal or any 2011 Note is signed by a trustee, executor, administrator, guardian, attorney-in-fact, agent, officer of a corporation or other person acting in a fiduciary or representative capacity, such person should so indicate when signing, and proper evidence satisfactory to Chesapeake of such person's authority to so act must be submitted.

When this Letter of Transmittal is signed by the registered holders of the 2011 Notes listed and transmitted hereby, no endorsements of the 2011 Notes or separate instruments of transfer are required unless the 2011 Notes tendered and not accepted for exchange are to be issued to a person other than the registered holder of the 2011 Notes, in which case signatures on such 2011 Notes or instruments of transfer must be guaranteed by a Medallion Signature Guarantor. If this

Letter of Transmittal is signed other than by the registered holder of the 2011 Notes listed, the 2011 Notes must be endorsed or accompanied by appropriate instruments of transfer signed exactly as the name or names of the registered holder(s) appear on the 2011 Notes, and signatures on such 2011 Notes or instruments of transfer must be guaranteed by a Medallion Signature Guarantor, unless the signature is that of an "eligible institution."

6. *Special Issuance and Delivery Instructions.* If 2011 Notes are to be returned to someone other than the signer of this Letter of Transmittal, the appropriate "A. Special Issuance/Delivery Instructions" box on this Letter of Transmittal should be completed. Furthermore, if the exchange consideration exchanged for 2011 Notes is to be issued in the name of a person other than the signer of this Letter of Transmittal and/or is to be sent to someone other than the signer of this Letter of Transmittal, the appropriate "B. Special Issuance/Delivery Instructions" boxes on this Letter of Transmittal should be completed. Otherwise, all 2011 Notes tendered by book-entry transfer and not accepted for exchange will be returned, and all exchange consideration delivered, by crediting the account at DTC designated above as the account for which such 2011 Notes were delivered.

7. *Transfer Taxes.* Except as set forth in this Instruction 7, owners who tender their 2011 Notes for exchange will not be obligated to pay any transfer taxes. If, however, 2015 Notes or 2016 Notes are to be delivered to, or issued in the name of, any person other than the registered owner of the 2011 Notes; or 2011 Notes are registered in the name of any person other than the person signing the letter of transmittal; or a transfer tax is imposed for any reason other than the exchange of 2015 Notes or 2016 Notes for 2011 Notes in connection with the exchange offer; then the amount of any transfer taxes, whether imposed on the registered owner or any other persons, will be payable by the tendering holder. If satisfactory evidence of payment of such taxes or exemption from them is not submitted with the letter of transmittal, the amount of such transfer taxes will be billed directly to the tendering holder.

8. *Waiver of Conditions.* The conditions of the Exchange Offer may be amended or waived by the Company, in whole or in part, at any time and from time to time, in the case of any 2011 Notes tendered.

9. *Form W-9.* Unless an exemption from backup withholding tax and information reporting requirements is otherwise established with the Exchange Agent, each tendering United States holder of 2011 Notes (or other payee) must provide the Exchange Agent with a completed Form W-9. The information required on a Form W-9 includes a United States taxpayer identification number ("TIN"), generally the holder's United States Social Security or federal employer identification number. For a description of other information that must be included on Form W-9, see "Important Tax Information" below. If a holder fails to provide a completed and valid Form W-9, that holder (or other payee) may be subject to a $50 penalty imposed by the United States Internal Revenue Service and 31% backup withholding tax. If the tendering holder (or other payee) has not been issued a TIN and has applied for a TIN or intends to apply for a TIN in the near future, such tendering holder should write "Applied For" in Part I of the Form W-9. If "Applied For" is written in Part I, and the Exchange Agent is not provided with a TIN, the Exchange Agent will withhold any amounts required to be withheld. See the enclosed Form W-9 specific instructions for additional instructions. Any non-United States holder should not complete a Form W-9, but must instead complete either a Form W-8BEN, W-8ECI or W-8INY, as discussed in "Important Tax Information" below.

10. *Requests for Assistance or Additional Copies.* Any questions or requests for assistance or additional copies of the Prospectus or this Letter of Transmittal may be directed to the Exchange Agent at its telephone number and location listed below. A holder of 2011 Notes may also contact Banc of America Securities LLC, Deutsche Bank Securities Inc. or Lehman Brothers Inc. at the respective telephone numbers and locations listed below, or such holder's broker, dealer, commercial bank or trust company or nominee for assistance concerning the Exchange Offer.

11. *Conflicts.* In the event of any conflict between the terms of the Prospectus and the terms of the Letter of Transmittal, the terms of the Prospectus will control.

IMPORTANT TAX INFORMATION

Every holder of the 2011 Notes whose tendered 2011 Notes are accepted for exchange must complete either a Form W-9 or one of the Forms W-8.

Under United States federal income tax law, a holder of 2011 Notes whose tendered 2011 Notes are accepted for exchange generally is required to provide the Exchange Agent with such holder's current TIN on Form W-9. If such holder of 2011 Notes is an individual, the TIN is generally his or her Social Security number. If the Exchange Agent is not provided with the correct TIN, the holder of 2011 Notes or other payee may be subject to a $50 penalty imposed by the United States Internal Revenue Service. In addition, such holder of 2011 Notes, or other payee with respect to 2011 Notes exchanged pursuant to the Exchange Offer, may be subject to 28% backup withholding tax.

Backup withholding tax is not an additional tax. Rather, the United States federal income tax liability of persons subject to backup withholding tax will be reduced by the amount of tax withheld. If withholding results in an overpayment of taxes, a refund may be obtained provided that the required information is furnished to the United States Internal Revenue Service.

Certain holders of 2011 Notes (including, among others, all corporations and certain foreign individuals) are not subject to these backup withholding tax and information reporting requirements. If you can establish your status as a non-United States holder, any interest paid to you will not be subject to backup withholding tax and information reporting requirements. You can do so by submitting to the Exchange Agent a properly completed Form W-8 signed under penalties of perjury and attesting to your exempt status as a non-United States holder.

Purpose of Substitute Form W-9

To prevent backup withholding tax, the holder of 2011 Notes is required to notify the Exchange Agent of the holder's current TIN (or the TIN of any other payee) by completing a W-9, certifying that the TIN provided on Form W-9 is correct (or that such holder of 2011 Notes is awaiting a TIN), and that (1) the holder of 2011 Notes has not been notified by the United States Internal Revenue Service that the holder of 2011 Notes is subject to backup withholding tax as a result of failure to report all interest or dividends, or (2) the United States Internal Revenue Service has notified the holder of 2011 Notes that the holder of 2011 Notes is no longer subject to backup withholding tax.

The Exchange Agent for the Exchange Offer is:

Bank of New York

Corporate Trust Operations
Reorganization Unit
101 Barclay Street—Floor 7E
New York, NY 10286
By Facsimile (for Eligible Institutions Only): (212) 298-1915
For Information or Confirmation by Telephone: (212) 815-5098
Attention: Mr. Bernard Arsenec

Any questions or requests for assistance or for additional copies of the Prospectus or the Letter of Transmittal may be directed to the Exchange Agent. A holder of 2011 Notes may also contact D.F. King & Co., Inc. or one of the joint lead dealer managers at their respective telephone numbers set forth below, or such holder's broker, dealer, commercial bank, trust company or other nominee, for assistance concerning the Exchange Offer.

The information agent for the exchange offer is:

D.F. King & Co., Inc.

48 Wall Street, 22nd Floor
New York, New York 10005
Banks and Brokerage Firms, Please Call: (212) 269-5550
All others Call Toll-free: (800) 431-9633

The joint lead dealer managers for the exchange offer are:

Banc of America Securities LLC

214 North Tryon Street, 17th Floor
Charlotte, North Carolina 28255
Attention: High Yield Special Products
(888) 292-0070 (U.S. toll-free)
(704) 388-4813 (collect)

Deutsche Bank Securities

60 Wall Street
New York, New York 10005
Attention: High Yield
Capital Markets
(212) 250-7466 (collect)

Lehman Brothers

745 Seventh Avenue
New York, New York 10019
(800) 438-3242 (U.S. toll-free)
(212) 528-7581 (collect)