

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

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d)

of the

Securities Exchange Act of 1934

Date of Report (Date of earliest event reported)

September 20, 2005 (September 19, 2005)

CHESAPEAKE ENERGY CORPORATION

(Exact name of Registrant as specified in its Charter)

Oklahoma

(State or other jurisdiction of
incorporation)

1-13726

(Commission File No.)

73-1395733

(IRS Employer Identification
No.)

6100 North Western Avenue, Oklahoma City, Oklahoma

(Address of principal executive offices)

73118

(Zip Code)

(405) 848-8000

(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Section 7 – Regulation FD

Item 7.01 Regulation FD Disclosure

On September 19, 2005, Chesapeake Energy Corporation and Gastar Exploration Ltd. issued a press release jointly announcing that they have executed a letter of intent outlining the terms under which Chesapeake proposes to i) acquire new common shares from Gastar equal to 19.9% of Gastar's basic outstanding common shares, ii) acquire a 33% working interest in Gastar's Deep Bossier play in the Hilltop Prospect area of Leon and Robertson Counties of East Texas and iii) form an area of mutual interest to explore 13 counties in East Texas. This press release is attached as Exhibit 99.1.

Section 9 – Financial Statements and Exhibits

Item 9.01 Financial Statements and Exhibits

(c) Exhibits

<u>Exhibit No.</u>	<u>Document Description</u>
99.1	Chesapeake Energy Corporation News Release of September 19, 2005

SIGNATURE

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

CHESAPEAKE ENERGY CORPORATION

By: /s/ Aubrey K. McClendon

Aubrey K. McClendon
Chairman of the Board and
Chief Executive Officer

Date: September 20, 2005

EXHIBIT INDEX

Exhibit No.

Document Description

99.1

Chesapeake Energy Corporation News Release of September 19, 2005



News Release

Chesapeake Energy Corporation

P. O. Box 18496
Oklahoma City, OK 73154

FOR IMMEDIATE RELEASE

SEPTEMBER 19, 2005

INVESTOR CONTACT:

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VICE PRESIDENT-
INVESTOR RELATIONS AND RESEARCH
(405) 767-4763

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SENIOR VICE PRESIDENT -
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**CHESAPEAKE ENERGY CORPORATION AND GASTAR EXPLORATION LTD. ANNOUNCE
LETTER OF INTENT**

***Chesapeake Agrees to Acquire 19.9% of Gastar's Common Stock and a 33% Interest in
Gastar's Hilltop Prospect, Also Forms a 50/50 AMI to Explore 13 Counties in East Texas***

OKLAHOMA CITY, OK and HOUSTON, TX - SEPTEMBER 19, 2005 - Chesapeake Energy Corporation (NYSE: CHK) and Gastar Exploration Ltd. (TSX: YGA; OTHER OTC: GSREF.PK) jointly announced today that they have executed a Letter of Intent ("LOI") outlining the terms under which Chesapeake proposes to i) acquire new common shares from Gastar equal to 19.9% of Gastar's outstanding common shares, ii) acquire a 33% working interest in Gastar's Deep Bossier play in the Hilltop Prospect area of Leon and Robertson Counties of East Texas and iii) form an area of mutual interest ("AMI") to explore 13 counties in East Texas.

Under the terms of the LOI, Chesapeake will acquire for cash newly issued common shares equal to 19.9% of Gastar's basic outstanding shares at a price equal to the lesser of i) \$3.31 per share (or approximately USD \$2.80 per share at current exchange rates) or ii) the average of the closing price of Gastar's stock for the three business days immediately preceding the date of closing (the "Average Price"), with such Average Price not to be less than \$3.15 per share (or approximately USD \$2.66 per share at current exchange rates). Gastar currently has 135.2 million common shares outstanding and will issue to Chesapeake approximately 26.9 million new shares.

From the stock offering, Gastar expects to raise approximately CND \$84 to \$89 million (or approximately USD \$72 to 75 million at current exchange rates) and plans to use the proceeds to accelerate its drilling activities in East Texas, reduce short-term debt, and for general corporate purposes. Chesapeake will be granted registration rights for the shares issued pursuant to this transaction.

Under the terms outlined in the LOI, Chesapeake will also purchase from Gastar for cash and the drilling commitment described below an undivided 33.33% of all of Gastar's leasehold working interest in the Deep Bossier Hilltop Prospect, less and except the 160 acre units surrounding each of Gastar's existing wellbores. In the Hilltop Prospect Gastar currently owns approximately 54,000 gross acres and 38,000 net acres. The acreage purchase price of approximately USD \$8.6 million shall be paid in cash by Chesapeake at closing.

With respect to operations on Gastar's retained 66.67% leasehold working interest in the properties proposed to be assigned to Chesapeake, Chesapeake will pay a disproportionate amount of the drilling costs through casing point on the first six (6) wells drilled by the parties in the Hilltop Prospect to a depth sufficient to test the Deep Bossier Formation (an approximate depth of 19,000'), proportionately reduced to the combined interest of Gastar and Chesapeake in each such well. Under this arrangement, Chesapeake would bear 44.44% of the costs through casing point on an 8/8^{ths} basis for a 33.33% working interest. Gastar will be designated the operator of all wells drilled in the Hilltop Prospect and Chesapeake has agreed to provide 1-2 additional drilling rigs to Gastar in early 2006 if needed to increase its rig count at Hilltop.

Chesapeake and Gastar will also form an AMI covering all of Leon, Robertson, Houston, Cherokee, Madison, Anderson, Angelina, Nacogdoches, Trinity, Polk, Shelby, San Augustine and Sabine Counties, Texas (the "AMI Area"). For a period of three (3) years from the Closing Date, Gastar shall offer Chesapeake the exclusive first right to purchase up to an undivided 50% of any leasehold/working interest rights acquired by Gastar in the AMI Area on pre-determined terms. The AMI will be "one-way", that is Chesapeake will not be obligated to present to Gastar any interests it now owns or acquires in the future in the AMI Area.

The proposed transaction is subject to satisfactory completion of a due diligence investigation by Chesapeake and the negotiation of a mutually agreeable stock purchase agreement, registration rights agreement, lease purchase agreement, lease assignment form and joint operating agreement for the Hilltop Prospect. Gastar expects to execute definitive agreements and issue the stock to Chesapeake by October 31, 2005. Any sale of Gastar's leasehold interest shall be subject to any existing rights of first refusal held by third parties through existing Joint Operating Agreements.

Aubrey K. McClendon, Chesapeake's Chairman and CEO, commented. "We are pleased to announce today's agreements with Gastar. We have known Russ for years and have admired his success in building Gastar and developing the Hilltop Prospect. We believe today's announced transactions will benefit both companies and we look forward to a long and mutually beneficial relationship with Gastar."

Also commenting on the agreement, J. Russell Porter, Gastar's President and CEO stated, "Gastar is very excited to partner with Chesapeake, not only on a working interest basis in our East Texas activities but also corporately through Chesapeake's

equity investment in Gastar. This transaction will result in Gastar's current business plan being fully funded through 2006 to pursue its operating plans in East Texas. We are proud that Chesapeake has decided to assist us in this endeavor."

Chesapeake Energy Corporation is the third largest independent producer of natural gas in the U.S. Headquartered in Oklahoma City, the company's operations are focused on exploratory and developmental drilling and property acquisitions in the Mid-Continent, Permian Basin, South Texas, Texas Gulf Coast, Barnett Shale, and Ark-La-Tex regions of the United States. The company's Internet address is www.chkenergy.com.

Gastar Exploration Ltd. is an exploration and production company focused on finding and developing natural gas assets in North America and Australia. The Company pursues a balanced strategy combining select higher risk, deep natural gas exploration prospects with low-risk coal bed methane (CBM) development. The Company owns and controls exploration and development acreage in the Deep Bossier gas play of East Texas and in the deep Trenton-Black River play in the Appalachian Basin. Gastar's CBM activities are conducted within the Powder River Basin of Wyoming and upon the approximate 3.5 million acres controlled by Gastar and its Joint Development partners in Australia's Gunnedah Basin, PEL 238 and Gastar's Gippsland Basins located in New South Wales and Victoria respectively. The company's internet address is www.gastar.com.