

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 JANUARY 31, 2001

DATE OF EARLIEST EVENT REPORTED JANUARY 16, 2001

CHESAPEAKE ENERGY CORPORATION

(Exact name of Registrant as specified in its Charter)

OKLAHOMA

1-13726

73-1395733

(State or other jurisdiction
of incorporation)

(Commission File No.)

(IRS Employer Identification No.)

6100 NORTH WESTERN AVENUE, OKLAHOMA CITY, OKLAHOMA 73118

(Address of principal executive offices) (Zip Code)

(405) 848-8000

(Registrant's telephone number, including area code)

INFORMATION TO BE INCLUDED IN THE REPORT

ITEM 2. ACQUISITION OR DISPOSITION OF ASSETS

On January 16, 2001, Chesapeake Energy Corporation ("Chesapeake") completed the acquisition of Gothic Energy Corporation ("Gothic") by merging Chesapeake Merger 2000 Corp. into Gothic pursuant to the Agreement and Plan of Merger among the parties dated September 8, 2000, as amended on October 31, 2000. Chesapeake issued a total of 4.0 million common shares in the merger. Gothic shareholders (other than Chesapeake) received 0.1908 of a share of Chesapeake common stock for each share of Gothic common stock. In addition, outstanding warrants and options to purchase Gothic common stock were converted to the right to purchase Chesapeake common stock based on the 0.1908 exchange ratio. Gothic preferred stock, all of which is owned by Chesapeake, remains outstanding. As part of the merger, the terms of the Gothic preferred stock were amended to eliminate the right to convert the Gothic preferred stock to Gothic common stock. Prior to the merger, Chesapeake purchased substantially all of Gothic's 14.125% senior secured discount notes (total accreted principal amount of \$104 million) and \$31.6 million of \$235 million principal amount of 11.125% senior secured notes issued by Gothic's subsidiary. As part of the merger the \$31.6 million principal amount of 11.125% senior secured notes were retired. The outstanding notes continue to be the obligations of Gothic and its subsidiary.

The issuance of Chesapeake common stock under the merger agreement was registered under the Securities Act of 1933 pursuant to Chesapeake's registration statement on Form S-4 (No. 333-47330). The proxy statement/prospectus included in the registration statement contains additional information about the transaction. The Gothic shareholders approved the merger at a special meeting of shareholders on December 12, 2000.

ITEM 7. FINANCIAL STATEMENTS AND EXHIBITS

(a) Financial statements of businesses acquired:

The financial statements of Gothic Energy Corporation ("Gothic") as of and for the nine months ended September 30, 2000, as filed on Form 10-Q, and for the year ended December 31, 1999, as filed on Form 10-K, are incorporated herein by reference.

(b) Pro forma financial information:

The unaudited pro forma financial information required pursuant to Article 11 of Regulation S-X is filed herewith.

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PRO FORMA COMBINED FINANCIAL DATA

The following unaudited pro forma combined financial statements are derived from the historical financial statements of Chesapeake Energy Corporation and Gothic Energy Corporation. The pro forma combined statements of operations for the nine months ended September 30, 2000 and for the year ended December 31, 1999 reflect the Gothic acquisition, accounted for as a purchase, as if the acquisition occurred on January 1, 1999. The pro forma combined balance sheet at September 30, 2000 reflects the consummation of the Gothic acquisition as if it occurred on September 30, 2000. The unaudited pro forma combined financial data should be read in conjunction with the notes thereto and the historical financial statements of Chesapeake and Gothic, including the notes thereto.

The unaudited pro forma combined financial statements do not purport to be indicative of the results of operations that would actually have occurred if the transaction described had occurred as presented in such statements or that may occur in the future. In addition, future results may vary significantly from the results reflected in such statements due to general economic conditions, oil and gas commodity prices, Chesapeake's ability to successfully integrate the operations of Gothic with its current business and several other factors, many of which are beyond Chesapeake's control.

The Gothic acquisition will be accounted for using the purchase method. The purchase cost will be allocated to the Gothic assets and liabilities based on their respective fair values. The final allocation of the actual purchase price is subject to the final valuation of the acquired assets, but that allocation is not expected to differ materially from the preliminary allocation presented in these pro forma combined financial statements.

CHESAPEAKE ENERGY CORPORATION
 UNAUDITED PRO FORMA COMBINED BALANCE SHEET
 AS OF SEPTEMBER 30, 2000
 (IN THOUSANDS)

	HISTORICAL		PRO FORMA	
	CHESAPEAKE	GOTHIC	ADJUSTMENTS	AS ADJUSTED
ASSETS				
Current assets.....	\$ 117,187	\$ 30,270	\$ (12,453) (b) 974 (j)	\$ 135,978
Property, plant and equipment:				
Proved.....	2,482,001	273,682	95,155 (a)	2,850,838
Unproved.....	30,351	6,233	3,767 (a)	40,351
Accumulated DD&A.....	(1,744,006)	(68,179)	68,179 (a)	(1,744,006)
Net proved and unproved properties.....	768,346	211,736	167,101	1,147,183
Other, net.....	36,107	4,916	--	41,023
Total property, plant and equipment, net.....	804,453	216,652	167,101	1,188,206
Other.....	138,391	9,141	(4,057) (a) (125,521) (a) 12,453 (b) (688) (i) (1,966) (k)	27,753
Total assets.....	\$1,060,031 =====	\$ 256,063 =====	\$ 35,843 =====	\$ 1,351,937 =====
LIABILITIES AND STOCKHOLDERS' EQUITY				
Current liabilities.....	\$ 112,054	\$ 35,212	\$ 10,000 (a) 2,552 (i) (1,966) (k)	\$ 157,852
Long-term debt.....	971,040	318,751	9,211 (a) (112,410) (a)	1,186,592
Deferred income tax liabilities.....	9,068	--	(1,296) (i)	7,772
Other liabilities.....	7,825	3,322	--	11,147
Stockholders' equity:				
Preferred stock.....	31,202	52,666	(52,666) (a)	31,202
Common stock.....	1,567	233	(233) (a) 40 (a)	1,607
Paid-in capital.....	951,077	44,830	(44,830) (a) 1,500 (a) 27,960 (a) 7,191 (j) 974 (j)	988,702
Accumulated earnings (deficit).....	(1,007,126)	(198,951)	198,951 (a) (1,944) (i)	(1,009,070)
Accumulated other comprehensive income (loss).....	(3,922)	--	--	(3,922)
Less treasury stock.....	(12,754)	--	(7,191) (j)	(19,945)
Total stockholders' equity (deficit).....	(39,956)	(101,222)	129,752	(11,426)
Total liabilities and stockholders' equity (deficit).....	\$1,060,031 =====	\$ 256,063 =====	\$ 35,843 =====	\$ 1,351,937 =====

The accompanying notes are an integral part of these pro forma combined financial statements.

CHESAPEAKE ENERGY CORPORATION

UNAUDITED PRO FORMA COMBINED STATEMENT OF OPERATIONS
 NINE MONTHS ENDED SEPTEMBER 30, 2000
 (IN THOUSANDS EXCEPT PER SHARE DATA)

	HISTORICAL		PRO FORMA	
	CHESAPEAKE	GOTHIC	ADJUSTMENTS AS ADJUSTED	
REVENUES:				
Oil and gas sales.....	\$311,485	\$ 53,107	\$ --	\$ 364,592
Oil and gas marketing sales.....	105,821	--	--	105,821
Well operations.....	--	2,016	(2,016) (h)	--
Total revenues.....	417,306	55,123	(2,016)	470,413
OPERATING COSTS:				
Production expenses and taxes.....	53,953	7,830	--	61,783
General and administrative.....	9,597	4,307	(2,016) (h)	12,617
			729 (l)	
Oil and gas marketing expenses.....	102,583	--	--	102,583
Oil and gas depreciation, depletion and amortization.....	74,587	14,993	10,543 (c)	100,123
Depreciation and amortization of other assets.....	5,551	579	--	6,130
Total operating costs.....	246,271	27,709	9,256	283,236
INCOME FROM OPERATIONS.....	171,035	27,414	(11,272)	187,177
OTHER INCOME (EXPENSE):				
Interest and other income.....	3,726	141	--	3,867
Interest expense.....	(64,357)	(29,631)	10,885 (g)	(83,103)
Total other income (expense).....	(60,631)	(29,490)	10,885	(79,236)
INCOME (LOSS) BEFORE INCOME TAXES.....	110,404	(2,076)	(387)	107,941
INCOME TAX EXPENSE.....	2,879	--	(155) (d)	2,724
NET INCOME (LOSS).....	107,525	(2,076)	(232)	105,217
Preferred stock dividends.....	(7,914)	(7,054)	7,054 (f)	(7,914)
Gain (loss) on redemption of preferred stock.....	6,574	--	--	6,574
NET INCOME (LOSS) AVAILABLE TO COMMON SHAREHOLDERS.....	\$106,185	\$ (9,130)	\$ 6,822	\$ 103,877
EARNINGS (LOSS) PER COMMON SHARE:				
Basic.....	\$.88			\$.84
Assuming dilution.....	\$.73			\$.70
WEIGHTED AVERAGE COMMON AND COMMON EQUIVALENT SHARES OUTSTANDING:				
Basic.....	121,089			124,106 (e)
Assuming dilution.....	147,428			150,445 (e)

The accompanying notes are an integral part of these pro forma combined financial statements.

CHESAPEAKE ENERGY CORPORATION

UNAUDITED PRO FORMA COMBINED STATEMENT OF OPERATIONS
YEAR ENDED DECEMBER 31, 1999
(IN THOUSANDS EXCEPT PER SHARE DATA)

	HISTORICAL		PRO FORMA	
	CHESAPEAKE	GOTHIC	ADJUSTMENTS	AS ADJUSTED
REVENUES:				
Oil and gas sales.....	\$280,445	\$ 52,967	\$ --	\$ 333,412
Oil and gas marketing sales.....	74,501	--	--	74,501
Well operations.....	--	2,657	(2,657) (h)	--
Total revenues.....	354,946	55,624	(2,657)	407,913
OPERATING COSTS:				
Production expenses and taxes.....	59,562	9,605	--	69,167
General and administrative.....	13,477	5,313	(2,657) (h)	18,505
			2,372 (l)	
Oil and gas marketing expenses.....	71,533	--	--	71,533
Oil and gas depreciation, depletion and amortization.....	95,044	20,444	15,869 (c)	131,357
Depreciation and amortization of other assets.....	7,810	525	--	8,335
Total operating costs.....	247,426	35,887	15,584	298,897
INCOME FROM OPERATIONS.....	107,520	19,737	(18,241)	109,016
OTHER INCOME (EXPENSE):				
Interest and other income.....	8,562	942	--	9,504
Interest expense.....	(81,052)	(37,988)	13,665 (g)	(105,375)
Total other income (expense)..	(72,490)	(37,046)	13,665	(95,871)
INCOME (LOSS) BEFORE INCOME TAXES.....	35,030	(17,309)	(4,576)	13,145
INCOME TAX EXPENSE.....	1,764	--	(1,831) (d)	(67)
NET INCOME (LOSS).....	33,266	(17,309)	(2,745)	13,212
Preferred stock dividends.....	(16,711)	(8,667)	8,667 (f)	(16,711)
Gain on redemption of preferred stock.	--	--	--	--
NET INCOME (LOSS) AVAILABLE TO COMMON SHAREHOLDERS.....	\$ 16,555	\$(25,976)	\$ 5,922	\$ (3,499)
EARNINGS (LOSS) PER COMMON SHARE:				
Basic.....	\$ 0.17			\$ (0.03)
Assuming dilution.....	\$ 0.16			\$ (0.03)
WEIGHTED AVERAGE COMMON AND COMMON EQUIVALENT SHARES OUTSTANDING:				
Basic.....	97,077			113,647 (e)
Assuming dilution.....	102,038			118,608 (e)

The accompanying notes are an integral part of these pro forma combined financial statements.

NOTES TO UNAUDITED PRO FORMA COMBINED FINANCIAL DATA

(a) The purchase price reflects the issuance of:

- o 4.0 million shares of Chesapeake common stock in exchange for all outstanding shares of Gothic common stock (other than shares of Gothic common stock held by Chesapeake) and
- o Chesapeake warrants and options to purchase 2.9 million shares of Chesapeake common stock in exchange for all of the outstanding warrants and options to purchase shares of Gothic common stock based on the exchange ratio of 0.1908 of a share of Chesapeake common stock for each share of Gothic common stock.

The Chesapeake common stock issued as merger consideration is valued based on a price per share of \$7.00, which was the closing price of Chesapeake common stock on the day before the merger was announced. The purchase price also reflects: (i) acquisition costs of approximately \$10.0 million (including \$2.1 million for estimated termination costs of Gothic employees); (ii) Chesapeake's investment in Gothic preferred and common stock, which has a carrying value of \$10 million; and (iii) Chesapeake's investment in Gothic senior secured discount notes and senior secured notes. Chesapeake estimates that the fair value of the Gothic senior secured notes equals 106% of their face value. The purchase price also gives effect to the estimated fair value of out-of-the-money Gothic warrants to be assumed by Chesapeake. Below is a summary of the purchase price allocation to the estimated fair value of the assets acquired and liabilities assumed (\$ in 000's):

Issuance of common stock.....	\$ 28,000
Investment in Gothic senior secured discount notes.....	80,761
Investment in Gothic senior secured notes (see Note (b)).....	34,760
Investment in Gothic preferred and common stock.....	10,000
Fair value of Gothic warrants.....	1,500
Other acquisition costs.....	10,000

Purchase price.....	\$ 165,021
	=====

	GOTHIC BOOK VALUE	ESTIMATED FAIR VALUE	PRO FORMA ADJUSTMENT
	-----	-----	-----
Current assets.....	\$ 30,270	\$ 30,270	\$ --
Property and equipment-- proved properties.....	273,682	368,837	95,155
Property and equipment-- unproved properties.....	6,233	10,000	3,767
Accumulated DD&A.....	(68,179)	--	68,179
Other property and equipment.....	4,916	4,916	--
Other assets.....	9,141	5,084	(4,057)
Current liabilities.....	(35,212)	(35,212)	--
Debt, less \$112.4 million of notes held by Chesapeake.....	(206,341)	(215,552)	(9,211)
Other liabilities.....	(3,322)	(3,322)	--
	-----	-----	-----
	\$ 11,188	\$ 165,021	\$ 153,833
	=====	=====	=====

(b) To record Chesapeake's payment of \$12.5 million to acquire \$11.5 million face amount of Gothic's senior secured notes subsequent to September 30, 2000. The \$34.8 million investment in senior secured notes includes a total premium of \$3.1 million.

(c) To record DD&A expense of oil and gas properties using a rate of \$0.82 per mcfe. This combined rate reflects the impact of the allocation of purchase price to Gothic's proved oil and gas properties.

(d) To record the tax effects of the pro forma adjustments at a statutory rate of 40%.

(e) Basic and diluted earnings per share have been calculated assuming the transaction was consummated at the beginning of the period and are calculated as follows (in 000's):

	NINE MONTHS ENDED SEPTEMBER 30, 2000 -----	YEAR ENDED DECEMBER 31, 1999 -----
Chesapeake's basic shares outstanding (as reported)	121,089	97,077
Issuance of common stock to acquire Gothic debt	--	13,553
Issuance of common stock to Gothic-- merger consideration	4,000	4,000
Make-whole adjustments-- acquisition of Gothic debt	(983)	(983)
	-----	-----
Basic shares outstanding-- as adjusted	124,106	113,647
	=====	=====
Chesapeake's diluted shares outstanding (as reported)	147,428	102,038
Issuance of common stock to acquire Gothic debt	--	13,553
Issuance of common stock to Gothic-- merger consideration	4,000	4,000
Make-whole adjustments-- acquisition of Gothic debt	(983)	(983)
	-----	-----
Diluted shares outstanding-- as adjusted	150,445	118,608
	=====	=====

(f) To eliminate dividends on Gothic's preferred stock held by Chesapeake.

(g) To eliminate interest expense and amortization costs related to the senior discount notes and senior secured notes acquired by Chesapeake.

(h) To reclassify overhead reimbursements recognized by Gothic as operator of certain oil and gas properties and reported as well operations revenue. These reimbursements have been reclassified as a reduction to general and administrative expenses to conform with Chesapeake's presentation of similar reimbursements.

(i) To record the initial financing fees (net of income tax) incurred by Chesapeake to establish a standby credit facility to fund purchases of Gothic senior secured notes tendered after the merger pursuant to a change-of-control offer to purchase the notes at 101% principal amount. Chesapeake believes the standby credit facility will not be utilized, and therefore the associated fees will be expensed when the holders' change-of-control put options expire. Chesapeake incurred \$688 thousand in such costs prior to September 30, 2000 and \$2.6 million subsequent thereto. If, however, the standby credit facility is utilized, Chesapeake will incur an additional \$2.75 million in financing costs and the total financing costs of \$6 million will be deferred and amortized over the twenty-six month term of the facility. Assuming the standby credit facility is utilized to (a) purchase the outstanding Gothic senior secured notes and (b) replace Chesapeake's current line of credit, the pro forma results of operations would reflect an increase in interest expense of approximately \$1.7 million and \$2.7 million for the nine months ended September 30, 2000 and the year ended December 31, 1999, respectively.

(j) To record the effects of certain make-whole provisions associated with Chesapeake's investment in Gothic's 14.125% senior discount notes and 11.125% senior secured notes. At the time of the acquisition of the notes, Chesapeake issued 13.6 million shares of Chesapeake common stock and paid \$23.3 million in cash to acquire the notes. Subsequent to September 30, 2000, Chesapeake received \$974 thousand in cash and 982,588 shares of Chesapeake common stock based upon the make-whole provisions contained in the purchase agreements.

(k) To adjust the purchase price allocation and accrued merger-related costs for amounts incurred through September 30, 2000.

(l) To record payments that will be made to Gothic's CEO and CFO following the merger pursuant to two-year non-compete agreements.

(m) Estimated total pro forma proved reserves at September 30, 2000 were as follows (in MMcf):

Chesapeake	1,322,192
Gothic	310,032

As adjusted

1,632,224
=====

(c) Exhibits

Exhibit -----	Description -----
2.1	Agreement and Plan of Merger dated September 8, 2000 and Amendment No. 1 thereto dated October 31, 2000 among Chesapeake Energy Corporation, Chesapeake Merger 2000 Corp. and Gothic Energy Corporation. Incorporated herein by reference to Annex A to the proxy statement/prospectus in Part I of Amendment No. 1 to Chesapeake's registration statement on Form S-4 (No. 333-47330).
23.1	Consent of PricewaterhouseCoopers LLP.
99.1	Financial statements of Gothic Energy Corporation. Incorporated herein by reference to Gothic's annual report on Form 10-K for the year ended December 31, 1999 and to its quarterly report on Form 10-Q for the quarter ended September 30, 2000.

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, thereunto duly authorized.

CHESAPEAKE ENERGY CORPORATION

BY: /s/ AUBREY K. MCCLENDON

AUBREY K. MCCLENDON
Chairman of the Board and
Chief Executive Officer

Dated: January 31, 2001

INDEX TO EXHIBITS

EXHIBIT NUMBER -----	DESCRIPTION -----
2.1	Agreement and Plan of Merger dated September 8, 2000 and Amendment No. 1 thereto dated October 31, 2000 among Chesapeake Energy Corporation, Chesapeake Merger 2000 Corp. and Gothic Energy Corporation. Incorporated herein by reference to Annex A to the proxy statement/prospectus in Part I of Amendment No. 1 to Chesapeake's registration statement on Form S-4 (No. 333-47330).
23.1	Consent of PricewaterhouseCoopers LLP.
99.1	Financial statements of Gothic Energy Corporation. Incorporated herein by reference to Gothic's annual report on Form 10-K for the year ended December 31, 1999 and to its quarterly report on Form 10-Q for the quarter ended September 30, 2000.

CONSENT OF INDEPENDENT ACCOUNTANTS

We hereby consent to the incorporation by reference in the Registration Statements on Form S-8 (Nos. 33-84256, 33-84258, 33-89282, 33-88196, 333-27525, 333-30478, 333-07255, 333-30324, 333-52666, 333-52668, 333-46129) of Chesapeake Energy Corporation, of our report dated February 21, 2000 relating to the consolidated financial statements of Gothic Energy Corporation, which appears in the Annual Report on Form 10-K for the year ended December 31, 1999, which is incorporated in this Current Report on Form 8-K.

PricewaterhouseCoopers LLP

Tulsa, Oklahoma
January 30, 2001