

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) APRIL 3, 2001 (APRIL 2, 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 9. REGULATION FD

On April 2, 2001, Chesapeake Energy Corporation ("Chesapeake") issued a press release announcing updated 2001-2002 forecasts and revised 2001-2002 gas hedging program.

Chesapeake Energy Corporation has adopted a policy of providing investors with guidance on certain factors which affect our future financial performance. As of April 2, 2001, we are using the key operating assumptions in our projections for the first two quarters of 2001 and full years 2001 and 2002. With the filing of this report on Form 8-K, we are posting the same information on our web site at www.chkenergy.com. We caution you that our outlook is given as of April 2, 2001 based on currently available information, and that we are not undertaking any obligation to update our estimates as conditions change or other information becomes available.

ITEM 7. FINANCIAL STATEMENTS AND EXHIBITS

(c) Exhibits. The following exhibit is filed herewith:

99. Press Release issued by the Registrant on April 2, 2001.

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: April 3, 2001

EXHIBIT INDEX

| EXHIBIT NUMBER ----- | DESCRIPTION ----- |
|----------------------------|--|
| 99 | Press Release issued by the Registrant on April 2, 2001. |

[CHESAPEAKE ENERGY CORPORATION LETTERHEAD]

[CHESAPEAKE LOGO]

FOR IMMEDIATE RELEASE
APRIL 2, 2001

CONTACT:

MARC ROWLAND
EXECUTIVE VICE PRESIDENT
AND CHIEF FINANCIAL OFFICER
(405) 879-9232TOM PRICE, JR.
SENIOR VICE PRESIDENT
CORPORATE DEVELOPMENT
(405) 879-9257CHESAPEAKE ENERGY CORPORATION ANNOUNCES UPDATED 2001-2002
FORECASTS AND REVISED 2001-2002 GAS HEDGING PROGRAM

OKLAHOMA CITY, OKLAHOMA, APRIL 2, 2001 - Chesapeake Energy Corporation (NYSE:CHK) today announced that as a result of pricing an \$800 million offering of 8.125% senior notes due 2011 and entering into additional natural gas hedges for 2001 and 2002, the company has updated its forecasts and estimates for both years. The attached three-page exhibit has been filed on Form 8-K with the SEC and has been posted on our website at www.chkenergy.com.

Chesapeake's forecasts and estimates are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Actual results may differ materially due to the risks and uncertainties identified at the end of this release. Furthermore, these projections do not reflect the potential impact of unforeseen events that may occur subsequent to the issuance of this release.

Chesapeake's 2001 guidance is based on currently projected capital expenditures of \$310 million for drilling, leasehold, and seismic expenditures and \$140 million for acquisitions and investments. The company is using mid-point projections for 2001 production estimates of 175 bcfe (90% gas) and per mcfe lease operating expenses of \$0.40, production taxes of \$0.35, interest costs of \$0.58, general and administrative costs of \$0.10 and DD&A of oil and gas properties of \$1.03. In addition, Chesapeake expects its tax rate to average 40%, of which at least 95% should be deferred.

If the forecasted targets described above are achieved and if NYMEX oil and gas prices average \$25.43 per bo and \$5.61 per mcf in 2001 (for a realized per mcfe price of \$4.94 per mcfe), Chesapeake expects to generate ebitda of \$725 million, operating cash flow of \$625 million and recurring net income of \$275 million in 2001. The company's net income

estimate does not include the effect of an estimated \$44 million after-tax charge expected in the second quarter for the early extinguishment of debt.

The company's 2001 gas price projection of \$5.61 per mcf is based on actual NYMEX index prices of \$9.91 for January, \$6.22 for February, \$5.03 for March, and \$5.35 for April, and an average of \$5.09 for the remaining 8 months of 2001. For the next 8 months, Chesapeake has hedged approximately 57% of its projected gas production via swaps at an average price of \$5.20 per mcf and collars at prices ranging from \$4.00 to \$6.26. Chesapeake has also hedged approximately 63% of its expected oil production for the next 8 months at an average NYMEX price of \$29.66. In addition, the company has also protected approximately 39% of its estimated annual 2002 natural gas production via swaps at an average of \$5.09 per mcf and collars at prices ranging from \$4.00 to \$5.75 per mcf.

MANAGEMENT SUMMARY

Aubrey K. McClendon, Chesapeake's Chairman and Chief Executive Officer, stated, "Last week's \$800 million debt offering was a momentous event for our company. Our shareholders will greatly benefit from the offering because resulting interest expense should decline by \$15 million per year and average debt maturities have been extended to almost 10 years. Our proactive and conservative management of our balance sheet and income statement through the debt offering and hedging activities should create substantial shareholder value in the years to come."

The information in this release includes certain forward-looking statements that are based on assumptions that in the future may prove not to have been accurate. Those statements, and Chesapeake Energy Corporation's business and prospects, are subject to a number of risks, including production variances from expectations, uncertainties about estimates of reserves, volatility of oil and gas prices, the need to develop and replace reserves, the substantial capital expenditures required to fund operations, environmental risks, drilling and operating risks, risks related to exploratory and developmental drilling, competition, government regulation, and the ability of the company to implement its business strategy. These and other risks are described in the company's documents and reports that are available from the United States Securities and Exchange Commission, including those discussed under Risk Factors in the report filed on Form 10-K for the year ended December 31, 2000.

Chesapeake Energy Corporation is among the 10 largest independent natural gas producers in the U.S. Headquartered in Oklahoma City, the company's operations are focused on exploratory and developmental drilling and producing property acquisitions in the Mid-Continent region of the United States. The company's Internet address is www.chkenergy.com.

CHESAPEAKE ENERGY CORPORATION

OUTLOOK

APRIL 2, 2001

QUARTERS ENDING MARCH 31 AND JUNE 30, 2001; YEARS ENDING DECEMBER 31, 2001 AND 2002.

We have adopted a policy of providing investors with guidance on certain factors that affect our future financial performance. As of April 2, 2001, we are using the following key operating assumptions in our projections for the first two quarters of 2001 and full years 2001 and 2002. The key operating assumptions for 2001 include the completion of the merger with Gothic Energy Corporation which occurred on January 16, 2001.

| | QUARTER ENDING MARCH 31, 2001 | QUARTER ENDING JUNE 30, 2001 | YEAR ENDING DECEMBER 31, 2001 | YEAR ENDING DECEMBER 31, 2002 |
|---|----------------------------------|---------------------------------|----------------------------------|----------------------------------|
| ESTIMATED PRODUCTION | | | | |
| Oil - Mbo | 600 - 675 | 700 - 750 | 2,750 - 3,250 | 3,000 - 3,500 |
| Gas - Bcf | 35 - 36 | 37 - 39 | 154-160 | 162-168 |
| Gas Equivalent-Bcfe | 38.5 - 40 | 41 - 43 | 170 - 180 | 183 - 187 |
| ESTIMATED NYMEX PRICES | | | | |
| Oil - \$/Bo | \$ 28.73 | \$ 25.00 | \$ 25.43 | \$ 23.00 |
| Gas - \$/Mcf | \$ 7.05 | \$ 5.12 | \$ 5.61 | \$ 4.19 |
| ESTIMATED DIFFERENTIALS TO NYMEX PRICES | | | | |
| Oil - \$/Bo | -\$ 0.80 | -\$ 0.80 | -\$ 0.80 | -\$ 0.75 |
| Gas - \$/Mcf | -\$ 0.31 | -\$ 0.34 | -\$ 0.32 | -\$ 0.29 |
| ESTIMATED HEDGING EFFECTS (BASED ON EXPECTED NYMEX PRICES ABOVE) | | | | |
| Oil - \$/Bo | +\$ 0.90 | +\$ 3.24 | +\$ 2.81 | +\$ 0.00 |
| Gas - \$/Mcf | -\$ 0.80 | -\$ 0.23 | -\$ 0.25 | +\$ 0.28 |
| ESTIMATED REALIZED PRICES (INCLUDES HEDGING) | | | | |
| Oil - \$/Bo | \$ 28.91 | \$ 27.44 | \$ 27.29 | \$ 22.25 |
| Gas - \$/Mcf | \$ 5.87 | \$ 4.54 | \$ 4.98 | \$ 4.18 |
| Gas Equivalent - \$/Mcfe | \$ 5.77 | \$ 4.55 | \$ 4.94 | \$ 4.13 |
| OPERATING COSTS PER MCFE | | | | |
| Production expense | \$0.38 - 0.42 | \$0.36 - 0.40 | \$0.36 - 0.40 | \$0.40 - 0.45 |
| Production taxes (6.5% of O&G revenues) | \$0.38 - 0.42 | \$0.28 - 0.32 | \$0.32 - 0.35 | \$0.23 - 0.27 |
| General and administrative | \$0.09 - 0.11 | \$0.09 - 0.11 | \$0.10 - 0.11 | \$0.09 - 0.11 |
| DD&A - oil and gas | \$0.90 - 0.93 | \$0.96 - 0.99 | \$1.00 - 1.06 | \$1.08 - 1.12 |
| Depreciation of other assets | \$0.05 - 0.06 | \$0.05 - 0.06 | \$0.05 - 0.06 | \$0.05 - 0.06 |
| Interest expense | \$0.66 - 0.70 | \$0.68 - 0.72 | \$0.56 - 0.60 | \$0.45 - 0.49 |
| OTHER INCOME AND EXPENSE PER MCFE(2)(3) | | | | |
| Marketing gross profit | \$0.02 - 0.04 | \$0.02 - 0.04 | \$0.02 - 0.04 | \$0.02 - 0.04 |
| Other income | \$0.01 - 0.03 | \$0.01 - 0.03 | \$0.01 - 0.05 | \$0.01 - 0.05 |
| BOOK TAX RATE - PRIMARILY DEFERRED | 35 - 40% | 35 - 40% | 35 - 40% | 35 - 40% |
| EQUIVALENT SHARES OUTSTANDING | | | | |
| Basic | 155,000 m | 159,000 m | 159,000 m | 163,000 m |
| Diluted | 168,000 m | 169,000 m | 169,000 m | 171,000 m |
| CAPITAL EXPENDITURES: | | | | |
| Drilling | \$79,000 m | \$84,000 m | \$ 300,000 - \$ 325,000 m | \$ 315,000 - \$ 345,000 m |
| SENSITIVITY TO PRICE CHANGE - FOR EACH \$1.00/BBL | | | | |
| PV 10% | \$ 15 mm(1) | \$ 15 mm(1) | \$ 15 mm(1) | \$ 15 mm(1) |
| Cash flow from operations | \$ 0.7 mm(1) | \$ 0.7 mm(1) | \$ 2.5 - \$3.0 mm(1) | \$ 2.5 - \$3.0 mm(1) |
| SENSITIVITY TO PRICE CHANGE - FOR EACH \$0.10/MCF | | | | |
| PV 10% | \$ 72 mm | \$ 72 mm | \$ 72 mm | \$ 72 mm |
| Cash flow from operations | \$ 4.0 mm | \$ 4.0 mm | \$ 15 - \$16 mm | \$ 15 - \$ 16 mm |

- 1) Current reserves inclusive of Gothic reserves.
- 2) Does not include non-recurring charges of an estimated \$3.4 million (pre-tax) related to the Gothic acquisition in quarter ended 3/31/01.
- 3) Does not include an anticipated extraordinary charge of \$44 mm (after-tax) related to early debt extinguishment in quarter ended 6/30/01.

COMMODITY HEDGING ACTIVITIES

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

- (i) swap arrangements that establish an index-related price above which the Company pays the counterparty and below which the Company is paid by the counterparty,
- (ii) the purchase of index-related puts that provide for a "floor" price below which the counterparty pays the Company the amount by which the price of the commodity is below the contracted floor,
- (iii) the sale of index-related calls that provide for a "ceiling" price above which the Company pays the counterparty the amount by which the price of the commodity is above the contracted ceiling,
- (iv) basis protection swaps, which are arrangements that guarantee the price differential of oil or gas from a specified delivery point or points, and
- (v) collar arrangements that establish an index-related price below which the counterparty pays the Company and a separate index-related price above which the Company pays the counterparty.

Commodity markets are volatile, and as a result, Chesapeake's hedging activity is dynamic. As market conditions warrant, the Company may elect to settle a hedging transaction prior to its scheduled maturity date and, as a result, realize a gain or loss on the transaction.

Results from commodity hedging transactions are reflected in oil and gas sales to the extent related to the Company's oil and gas production. The Company only enters into commodity hedging transactions related to the Company's oil and gas production volumes or CEMI's physical purchase or sale commitments. Gains or losses on crude oil and natural gas hedging transactions are recognized as price adjustments in the months of related production.

The Company has entered into the following "no-cost" natural gas collar transactions:

| | Monthly Volume (mmbtu) | Estimated % of Production | NYMEX-Index Floor Price (per mmbtu) | NYMEX-Index Ceiling Price (per mmbtu) |
|-----------------|---------------------------|---------------------------------|---|---|
| | ----- | ----- | ----- | ----- |
| 2001 | | | | |
| April | 1,800,000 | 14% | \$4.00 | \$6.08 |
| May | 1,860,000 | 14% | 4.00 | 6.08 |
| June | 2,400,000 | 19% | 4.25 | 6.26 |
| July | 2,480,000 | 19% | 4.25 | 6.26 |
| August | 2,480,000 | 19% | 4.25 | 6.26 |
| September | 2,400,000 | 18% | 4.25 | 6.26 |
| October | 1,860,000 | 13% | 4.00 | 6.08 |
| November | 1,800,000 | 13% | 4.00 | 6.08 |
| December | 1,860,000 | 13% | 4.00 | 6.08 |
| | ----- | --- | ---- | ---- |
| Totals/Averages | 18,940,000 | 16% | \$4.13 | \$6.17 |
| | ===== | === | ===== | ===== |
| 2002 | | | | |
| January | 620,000 | 5% | \$4.00 | \$5.75 |
| February | 560,000 | 5% | 4.00 | 5.75 |
| March | 620,000 | 4% | 4.00 | 5.75 |
| April | 1,200,000 | 9% | 4.00 | 5.38 |
| May | 1,240,000 | 9% | 4.00 | 5.38 |
| June | 1,200,000 | 9% | 4.00 | 5.38 |
| July | 1,240,000 | 9% | 4.00 | 5.38 |
| August | 1,240,000 | 9% | 4.00 | 5.38 |
| September | 1,200,000 | 9% | 4.00 | 5.38 |
| October | 1,240,000 | 9% | 4.00 | 5.38 |
| November | 600,000 | 5% | 4.00 | 5.75 |
| December | 620,000 | 4% | 4.00 | 5.75 |
| | ----- | -- | ---- | ---- |
| Totals/Averages | 11,580,000 | 7% | \$4.00 | \$5.47 |
| | ===== | == | ===== | ===== |

The Company has entered into the following natural gas swap arrangements:

| MONTHS | Monthly Volume (MMBtu) | Estimated % of Production | NYMEX-Index Strike Price (per MMBtu) |
|--|------------------------------|---------------------------------|--|
| | ----- | ----- | ----- |
| January 2001..... | 4,960,000 | 40% | \$6.03 |
| February 2001..... | 5,320,000 | 49% | 6.12 |
| March 2001..... | 4,650,000 | 36% | 5.11 |
| April 2001..... | 5,400,000 | 43% | 4.84 |
| May 2001..... | 8,060,000 | 61% | 4.97 |
| June 2001..... | 6,600,000 | 52% | 5.04 |
| July 2001..... | 6,820,000 | 51% | 5.05 |
| August 2001..... | 6,820,000 | 51% | 5.05 |
| September 2001..... | 6,600,000 | 50% | 5.02 |
| October 2001..... | 3,720,000 | 26% | 4.76 |
| November 2001..... | 2,400,000 | 17% | 6.00 |
| December 2001..... | 2,480,000 | 17% | 6.10 |
| January 2002 (1) | 2,790,000 | 20% | 6.03 |
| February 2002 (1) | 2,520,000 | 20% | 5.82 |
| March 2002 (1) | 2,790,000 | 20% | 5.48 |
| April 2002 (1) | 5,700,000 | 42% | 4.85 |
| May 2002 (1) | 5,890,000 | 42% | 4.81 |
| June 2002 (1) | 5,700,000 | 42% | 4.80 |
| July 2002 (1) | 5,890,000 | 42% | 4.81 |
| August 2002 (1) | 5,890,000 | 42% | 4.81 |
| September 2002 (1) | 5,700,000 | 42% | 4.81 |
| October 2002 (1) | 5,890,000 | 42% | 4.80 |
| November 2002 (1) | 2,100,000 | 16% | 4.97 |
| December 2002 (1) | 2,170,000 | 15% | 5.06 |
| | ----- | --- | --- |
| Totals/Averages (2001 & 2002 combined) | 116,860,000 | 36% | 5.21 |
| | ===== | === | ==== |

(1) Cap swap - limits payment by counter party to \$1.00-\$1.50/mmbtu.

The Company has entered into crude oil swap arrangements designed to hedge 5,000 barrels per day at a NYMEX Index strike price of \$29.76 per barrel in January through December 2001, and 10,000 barrels per month at an average price of \$29.12 per barrel.

The information in this release includes certain forward-looking statements that are based on assumptions that in the future may prove not to have been accurate. Those statements, and Chesapeake Energy Corporation's business and prospects, are subject to a number of risks, including production variances from expectations, uncertainties about estimates of reserves, volatility of oil and gas prices, the need to develop and replace reserves, the substantial capital expenditures required to fund operations, environmental risks, drilling and operating risks, risks related to exploratory and developmental drilling, competition, government regulation, and the ability of the company to implement its business strategy. These and other risks are described in the company's documents and reports that are available from the United States Securities and Exchange Commission, including those discussed under Risk Factors in the report filed on Form 10-K for the year ended December 31, 2000.

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