SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

[X] Quarterly Report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the quarterly period ended March 31, 1996

[ ] Transition Report pursuant to Section 13 or 15(d) of the Securities Act of 1934

For the transition period from __________ to __________

COMMISSION FILE NO. 1-13726

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

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

6104 NORTH WESTERN AVENUE OKLAHOMA CITY, OKLAHOMA	73118
(Address of principal executive offices)	(Zip Code)

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

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

YES X NO

At April 30, 1996, there were 19,899,547 shares of the registrant's $.10 par value Common Stock outstanding.

PART I. FINANCIAL INFORMATION

Index to Financial Statements
and
Management's Discussion and Analysis

CHESAPEAKE ENERGY CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(UNAUDITED)

ASSETS	March 31, 1996	June 30, 1995
	($ in thousands)	
CURRENT ASSETS:		
Cash and cash equivalents	$ 25,948	$ 55,535
Accounts receivable:		
Oil and gas sales	12,242	10,644
Gas marketing sales	6,189	--
Joint interest and other, net of allowance for doubtful accounts of $237,000 and $452,000	27,138	26,317
Related parties	1,847	4,386
Inventory	7,066	8,926
Other	1,798	633
Total Current Assets	82,228	106,441
PROPERTY AND EQUIPMENT:		
Oil and gas properties, at cost based on full cost accounting:		
Evaluated oil and gas properties	279,668	165,302
Unevaluated properties	76,265	27,474
Less: accumulated depreciation, depletion and amortization	(77,089)	(41,821)
	278,844	150,955
Service properties, equipment, and other	22,505	16,966
Less: accumulated depreciation and amortization	(5,797)	(4,120)
Total Property and Equipment	295,552	163,801
OTHER ASSETS	6,939	6,451
TOTAL ASSETS	$ 384,719	$ 276,693

LIABILITIES AND STOCKHOLDERS' EQUITY	March 31, 1996	June 30, 1995
CURRENT LIABILITIES:		
Notes payable and current maturities of long-term debt	$ 8,496	$ 9,993
Accounts payable	62,491	33,438
Related party payables	6,000	--
Accrued liabilities and other	8,048	7,572
Revenues and royalties due others	31,977	23,786
Income taxes payable	116	116
Total Current Liabilities	117,128	74,905
LONG-TERM DEBT	184,084	145,754
REVENUES AND ROYALTIES DUE OTHERS	5,465	3,779
DEFERRED INCOME TAXES	13,285	7,280
CONTINGENCIES AND COMMITMENTS		
STOCKHOLDERS' EQUITY:		
Common Stock, $.10 par value, 45,000,000 shares authorized at March 31, 1996; $.0033 par value, 20,000,000 shares authorized at June 30, 1995; 17,843,149 and 17,540,832 shares issued and outstanding at March 31, 1996 and June 30, 1995, respectively	1,784	58
Paid-in capital	32,354	30,295
Accumulated earnings	30,619	14,622
Total Stockholders' Equity	64,757	44,975
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 384,719	$ 276,693

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

CHESAPEAKE ENERGY CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED)

	THREE MONTHS ENDED MARCH 31,		NINE MONTHS ENDED MARCH 31,	
	1996	1995	1996	1995
	($ in thousands, except per share data)		($ in thousands, except per share data)	
REVENUES:				
Oil and gas sales	$30,887	$14,025	$77,237	$36,501
Gas marketing sales	11,558	--	15,345	--
Oil and gas service operations	1,700	1,763	5,317	6,514
Interest and other	250	68	2,041	976
Total Revenues	44,395	15,856	99,940	43,991
COSTS AND EXPENSES:				
Production expenses and taxes	2,136	1,357	5,839	2,648
Gas marketing expenses	10,788	--	14,554	--
Oil and gas service operations	1,244	1,433	4,263	5,325
Oil and gas depreciation, depletion and amortization	13,035	6,653	35,268	15,725
Depreciation and amortization of other assets	766	626	2,151	1,590
General and administrative, net	1,435	722	3,347	2,367
Interest	3,173	1,518	9,717	4,455
Total Costs and Expenses	32,577	12,309	75,139	32,110
INCOME BEFORE INCOME TAXES	11,818	3,547	24,801	11,881
INCOME TAX EXPENSE	4,195	1,242	8,804	3,992
NET INCOME	$ 7,623	$ 2,305	$15,997	$ 7,889
EARNINGS PER COMMON SHARE COMPUTATION:				
NET INCOME AVAILABLE TO COMMON	$ 7,623	$ 2,305	$15,997	$ 7,889
NET INCOME PER COMMON SHARE	$ .39	$ .12	$ .83	$ .43
WEIGHTED AVERAGE COMMON AND COMMON EQUIVALENT SHARES OUTSTANDING	19,490	18,642	19,328	18,443

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

CHESAPEAKE ENERGY CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

	NINE MONTHS ENDED March 31, 1996	NINE MONTHS ENDED March 31, 1995
	($ in thousands)	
CASH FLOWS FROM OPERATING ACTIVITIES:		
NET INCOME	$ 15,997	$ 7,889
ADJUSTMENTS TO RECONCILE NET INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Depreciation, depletion and amortization	36,550	16,942
Deferred taxes	8,804	3,992
Amortization of loan costs	869	373
Amortization of bond discount	421	427
Gain on sale of fixed assets and other	(366)	(164)
Purchases and sales of trading securities, net	(850)	--
Other adjustments	(129)	34
CHANGES IN CURRENT ASSETS AND LIABILITIES	38,819	7,737
Cash provided by operating activities	100,115	37,230
CASH FLOWS FROM INVESTING ACTIVITIES:		
Exploration development and acquisition of oil and gas properties	(171,523)	(81,323)
Proceeds from sale of oil and gas equipment, leasehold and other	8,366	13,505
Proceeds from sale of property, equipment and other	783	835
Investment in gas marketing company, net of cash acquired	(363)	--
Additions to property, equipment and other	(6,334)	(5,859)
Cash used in investing activities	(169,071)	(72,842)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from long-term borrowings	41,650	35,082
Payments on long-term borrowings	(3,267)	(11,740)
Cash received from exercise of stock options	986	737
Cash provided by financing activities	39,369	24,079
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(29,587)	(11,533)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	55,535	16,225
CASH AND CASH EQUIVALENTS, END OF PERIOD	$ 25,948	$ 4,692

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

CHESAPEAKE ENERGY CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31, 1996
(unaudited)

1. Accounting Principles

The accompanying unaudited consolidated financial statements of Chesapeake Energy Corporation and Subsidiaries (the "Company") have been prepared in accordance with the instructions to Form 10-Q as prescribed by the Securities and Exchange Commission. All material adjustments (consisting solely of normal recurring adjustments) which, in the opinion of management, are necessary for a fair presentation of the results for the interim periods have been reflected. The results for the three and nine months ended March 31, 1996, are not necessarily indicative of the results for the full fiscal year.

As used in this Form 10-Q, the terms "Restricted Subsidiaries" and "Subsidiary Guarantors" include Chesapeake Operating, Inc. ("COI"), Lindsay Oil Field Supply, Inc., Sander Trucking Company, Inc., Whitmire Dozer Service, Inc., and Chesapeake Exploration Limited Partnership ("CEX"), and the terms "Unrestricted Subsidiaries" and "Non-Guarantor Subsidiaries" include Chesapeake Gas Development Corporation ("CGDC") and Chesapeake Energy Marketing, Inc. ("CEM"), each of which is a direct or indirect wholly owned subsidiary of the Company.

2. Recent Transactions

On April 9, 1996, the Company issued 1,650,000 shares of Common Stock in a public offering at a price of $53.00 per share, which resulted in net proceeds to the Company of approximately $82.6 million before certain expenses of the offering. On April 9, 1996, the Company also issued $120 million in 9 1/8% Senior Notes due 2006 (the "9 1/8% Notes"), which resulted in net proceeds to the Company of approximately $116.0 million before certain expenses of the offering. The 9 1/8% Notes were issued at 99.931% of par. On April 12, 1996, the underwriters of the Company's Common Stock Offering exercised an over-allotment option to purchase an additional 346,500 shares of Common Stock at a price of $53.00 per share, resulting in additional net proceeds to the Company of approximately $17.3 million, before certain expenses.

On April 30, 1996, the Company purchased interests in certain producing and non-producing oil and gas properties from Amerada Hess Corporation for $35 million, subject to adjustment for activity after the effective date of January 1, 1996. The properties are located in the Knox and Golden Trend fields of southern Oklahoma, most of which are operated by the Company. The Company estimates that it acquired approximately 58 billion cubic feet equivalent ("Bcfe") of proved oil and gas reserves. Additionally, the Company acquired approximately 14,000 net acres of unevaluated leasehold.

CHESAPEAKE ENERGY CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 1996
(unaudited)

3. Senior Notes

12% Notes

The Company has outstanding $47.5 million in aggregate principal amount of 12% Notes which mature in March 2001. The 12% Notes bear interest at an annual rate of 12%, payable semiannually on each March 1 and September 1. The 12% Notes are senior obligations of the Company and are secured by a pledge of all of the issued and outstanding capital stock of, and partnership interests in, the Company's Restricted Subsidiaries. In addition, the 12% Notes are fully and unconditionally guaranteed, jointly and severally, by the Restricted Subsidiaries. The only subsidiary's securities which constitute a substantial portion of the collateral for the 12% Notes are the partnership interests in CEX, a limited partnership which is 10% owned by COI, as the sole general partner, and 90% owned directly by the Company, as the sole limited partner. Separate financial statements of CEX are presented elsewhere in this Form 10-Q.

10 1/2% Notes

The Company has outstanding $90 million in aggregate principal amount of 10 1/2% Notes which mature June 2002. The 10 1/2% Notes bear interest at an annual rate of 10 1/2%, payable semiannually on each June 1 and December 1. The 10 1/2% Notes are senior, unsecured obligations of the Company, and are fully and unconditionally guaranteed, jointly and severally, by the Company's Restricted Subsidiaries.

9 1/8% Notes

On April 9, 1996 the Company issued $120 million in aggregate principal amount of 9 1/8% Senior Notes due 2006 which mature April 15, 2006. The 9 1/8% Notes bear interest at an annual rate of 9 1/8%, payable semiannually on each April 15 and October 15, commencing October 15, 1996. The 9 1/8% Notes are senior, unsecured obligations of the Company, and are fully and unconditionally guaranteed, jointly and severally, by the Company's Restricted Subsidiaries.

Set forth below are condensed consolidating financial statements of CEX, the other Subsidiary Guarantors, all Subsidiary Guarantors combined, the Non-Guarantor Subsidiaries and the Company. The CEX limited partnership condensed financial statements were prepared on a separate entity basis as reflected in the Company's books and records and include all material costs of doing business as if the partnership were on a stand-alone basis except that interest is not charged or allocated on intercompany advances. No provision has been made for income taxes because the partnership is not a tax paying entity.

CHESAPEAKE ENERGY CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 1996
(unaudited)

CONDENSED CONSOLIDATING BALANCE SHEET
AS OF MARCH 31, 1996
($ IN THOUSANDS)

	SUBSIDIARY GUARANTORS						
	CEX	ALL OTHERS	COMBINED	NON-GUARANTOR SUBSIDIARIES	COMPANY (PARENT)	ELIMINATIONS	CONSOLIDATED
ASSETS							
CURRENT ASSETS:							
Cash and cash equivalents	$ --	$ 12,292	$ 12,292	$ 1,395	$ 12,261	$ --	$ 25,948
Accounts receivable, net	14,549	27,564	42,113	6,980	--	(1,677)	47,416
Inventory	--	7,032	7,032	34	--	--	7,066
Other	--	569	569	12	1,217	--	1,798
Total Current Assets	14,549	47,457	62,006	8,421	13,478	(1,677)	82,228
PROPERTY AND EQUIPMENT:							
Oil and gas properties	270,952	(15,901)	255,051	24,617	--	--	279,668
Unevaluated leasehold	76,265	--	76,265	--	--	--	76,265
Other property and equipment	--	15,197	15,197	21	7,287	--	22,505
Less: accumulated depreciation, depletion and amortization	(69,752)	(5,408)	(75,160)	(7,349)	(377)	--	(82,886)
Total Property & Equipment	277,465	(6,112)	271,353	17,289	6,910	--	295,552
INVESTMENTS IN SUBSIDIARIES AND INTERCOMPANY ADVANCES	55,344	297,707	353,051	7,325	198,179	(558,555)	--
OTHER ASSETS	675	12	687	946	5,306	--	6,939
TOTAL ASSETS	$ 348,033	$ 339,064	$ 687,097	$ 33,981	$ 223,873	$(560,232)	$ 384,719
LIABILITIES AND STOCKHOLDERS' EQUITY							
CURRENT LIABILITIES:							
Notes payable and current maturities of long-term debt	$ --	$ 5,227	$ 5,227	$ 3,240	$ 29	$ --	$ 8,496
Accounts payable and other	378	101,405	101,783	4,947	3,604	(1,702)	108,632
Total Current Liabilities	378	106,632	107,010	8,187	3,633	(1,702)	117,128
LONG-TERM DEBT	35,000	2,277	37,277	10,560	136,247	--	184,084
REVENUES PAYABLE	--	5,465	5,465	--	--	--	5,465
DEFERRED INCOME TAXES	--	19,235	19,235	962	(6,912)	--	13,285
INTERCOMPANY PAYABLES	238,606	235,269	473,875	8,284	72,601	(554,760)	--
STOCKHOLDERS' EQUITY:							
Common Stock	--	117	117	2	1,667	(2)	1,784
Other	74,049	(29,931)	44,118	5,986	16,637	(3,768)	62,973
Total Stockholders' Equity	74,049	(29,814)	44,235	5,988	18,304	(3,770)	64,757
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 348,033	$ 339,064	$ 687,097	$ 33,981	$ 223,873	$(560,232)	$ 384,719

CHESAPEAKE ENERGY CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31, 1996
(unaudited)

CONDENSED CONSOLIDATING BALANCE SHEET
AS OF JUNE 30, 1995
($ IN THOUSANDS)

	SUBSIDIARY GUARANTORS						
	CEX	ALL OTHERS	COMBINED	NON-GUARANTOR SUBSIDIARIES	COMPANY (PARENT)	ELIMINATIONS	CONSOLIDATED
ASSETS							
CURRENT ASSETS:							
Cash and cash equivalents	$ --	$ 53,227	$ 53,227	$ 5	$ 2,303	$ --	$ 55,535
Accounts receivable, net	9,867	30,693	40,560	777	10	--	41,347
Inventory	--	8,895	8,895	31	--	--	8,926
Other	--	633	633	--	--	--	633
Total Current Assets	9,867	93,448	103,315	813	2,313	--	106,441
PROPERTY AND EQUIPMENT:							
Oil and gas properties	163,521	(16,723)	146,798	18,504	--	--	165,302
Unevaluated leasehold	27,474	--	27,474	--	--	--	27,474
Other property and equipment	--	12,199	12,199	--	4,767	--	16,966
Less: accumulated depreciation, depletion and amortization	(36,959)	(3,847)	(40,806)	(4,861)	(274)	--	(45,941)
Total Property & Equipment	154,036	(8,371)	145,665	13,643	4,493	--	163,801
INVESTMENTS IN SUBSIDIARIES AND INTERCOMPANY ADVANCES	17,559	181,914	199,473	--	176,795	(376,268)	--
OTHER ASSETS	776	41	817	123	5,511	--	6,451
TOTAL ASSETS	$ 182,238	$ 267,032	$ 449,270	$ 14,579	$ 189,112	$(376,268)	$ 276,693
LIABILITIES AND STOCKHOLDERS' EQUITY							
CURRENT LIABILITIES:							
Notes payable and current maturities of long-term debt	$ --	$ 7,757	$ 7,757	$ 2,200	$ 36	$ --	$ 9,993
Accounts payable and other	516	61,777	62,293	--	2,619	--	64,912
Total Current Liabilities	516	69,534	70,050	2,200	2,655	--	74,905
LONG-TERM DEBT	10	1,326	1,336	8,600	135,818	--	145,754
REVENUES PAYABLE	--	3,779	3,779	--	--	--	3,779
DEFERRED INCOME TAXES	--	9,621	9,621	164	(2,505)	--	7,280
INTERCOMPANY PAYABLES	140,236	201,959	342,195	3,307	30,766	(376,268)	--
STOCKHOLDERS' EQUITY:							
Common Stock	--	31	31	1	58	(32)	58
Other	41,476	(19,218)	22,258	307	22,320	32	44,917
Total Stockholders' Equity	41,476	(19,187)	22,289	308	22,378	--	44,975
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 182,238	$ 267,032	$ 449,270	$ 14,579	$ 189,112	$(376,268)	$ 276,693

CHESAPEAKE ENERGY CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31, 1996
(unaudited)

CONDENSED CONSOLIDATING STATEMENTS OF OPERATIONS
($ IN THOUSANDS)

	SUBSIDIARY GUARANTORS						
	CEX	ALL OTHERS	COMBINED	NON-GUARANTOR SUBSIDIARIES	COMPANY (PARENT)	ELIMINATIONS	CONSOLIDATED
FOR THE NINE MONTHS ENDED MARCH 31, 1996:							
REVENUES:							
Oil and gas sales	$ 72,112	$ --	$ 72,112	$ 5,125	$ --	$ --	$ 77,237
Gas marketing sales	--	--	--	17,964	--	(2,619)	15,345
Oil and gas service operations	--	5,317	5,317	--	--	--	5,317
Interest and other	--	1,379	1,379	105	557	--	2,041
Total Revenues	72,112	6,696	78,808	23,194	557	(2,619)	99,940
COSTS AND EXPENSES:							
Production expenses and taxes	4,884	437	5,321	518	--	--	5,839
Gas marketing expenses	--	--	--	17,173	--	(2,619)	14,554
Oil and gas service operations	--	4,263	4,263	--	--	--	4,263
Oil and gas depreciation, depletion and amortization	33,359	--	33,359	1,909	--	--	35,268
Other depreciation and amortization	181	1,176	1,357	44	750	--	2,151
General and administrative, net	807	1,735	2,542	291	514	--	3,347
Interest and other	308	97	405	551	8,761	--	9,717
Total Costs & Expenses	39,539	7,708	47,247	20,486	10,025	(2,619)	75,139
INCOME (LOSS) BEFORE INCOME TAXES	32,573	(1,012)	31,561	2,708	(9,468)	--	24,801
INCOME TAX EXPENSE (BENEFIT)	--	11,275	11,275	962	(3,433)	--	8,804
NET INCOME (LOSS)	$ 32,573	$(12,287)	$ 20,286	$ 1,746	$ (6,035)	$ --	$ 15,997
FOR THE NINE MONTHS ENDED MARCH 31, 1995:							
REVENUES:							
Oil and gas sales	$ 35,764	$ --	$ 35,764	$ 737	$ --	$ --	$ 36,501
Oil and gas service operations	--	6,514	6,514	--	--	--	6,514
Interest and other	--	902	902	--	74	--	976
Total Revenues	35,764	7,416	43,180	737	74	--	43,991
COSTS AND EXPENSES:							
Production expenses and taxes	2,144	391	2,535	113	--	--	2,648
Oil and gas service operations	--	5,325	5,325	--	--	--	5,325
Oil and gas depreciation, depletion and amortization	15,353	--	15,353	372	--	--	15,725
Other depreciation and amortization	97	1,147	1,244	1	345	--	1,590
General and administrative, net	687	1,055	1,742	33	592	--	2,367
Interest and other	122	296	418	96	3,941	--	4,455
Total Costs & Expenses	18,403	8,214	26,617	615	4,878	--	32,110
INCOME (LOSS) BEFORE INCOME TAX	17,361	(798)	16,563	122	(4,804)	--	11,881
INCOME TAX EXPENSE (BENEFIT)	--	3,992	3,992	--	--	--	3,992
NET INCOME (LOSS)	$ 17,361	$ (4,790)	$ 12,571	$ 122	$ (4,804)	$ --	$ 7,889

CHESAPEAKE ENERGY CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31, 1996
(unaudited)

CONDENSED CONSOLIDATING STATEMENTS OF OPERATIONS
($ IN THOUSANDS)

	SUBSIDIARY GUARANTORS						
	CEX	ALL OTHERS	COMBINED	NON-GUARANTOR SUBSIDIARIES	COMPANY (PARENT)	ELIMINATIONS	CONSOLIDATED
FOR THE THREE MONTHS ENDED MARCH 31, 1996:							
REVENUES							
Oil and gas sales	$ 28,579	$ --	$ 28,579	$ 2,308	$ --	$ --	$ 30,887
Gas marketing sales	--	--	--	13,594	--	(2,036)	11,558
Oil and gas service operations	--	1,700	1,700	--	--	--	1,700
Interest and other	--	143	143	99	8	--	250
	28,579	1,843	30,422	16,001	8	(2,036)	44,395
COSTS AND EXPENSES							
Production expenses and taxes	1,785	144	1,929	207	--	--	2,136
Gas marketing expenses	--	--	--	12,824	--	(2,036)	10,788
Oil and gas service operations	--	1,244	1,244	--	--	--	1,244
Oil and gas depreciation	12,300	--	12,300	735	--	--	13,035
Other depreciation & amortization	72	435	507	26	233	--	766
General and administrative, net	280	763	1,043	190	202	--	1,435
Interest and Other	280	44	324	201	2,648	--	3,173
	14,717	2,630	17,347	14,183	3,083	(2,036)	32,577
INCOME (LOSS) BEFORE INCOME TAX	13,862	(787)	13,075	1,818	(3,075)	--	11,818
INCOME TAX EXPENSE (BENEFIT)	--	4,713	4,713	646	(1,164)	--	4,195
NET INCOME (LOSS)	$ 13,862	$ (5,500)	$ 8,362	$ 1,172	$ (1,911)	$ --	$ 7,623
FOR THE THREE MONTHS ENDED MARCH 31, 1995:							
REVENUES							
Oil and gas sales	$ 13,494	$ --	$ 13,494	$ 531	$ --	$ --	$ 14,025
Oil and gas service operations	--	1,763	1,763	--	--	--	1,763
Interest and other	--	30	30	--	38	--	68
	13,494	1,793	15,287	531	38	--	15,856
COSTS AND EXPENSES							
Production expenses and taxes	1,111	163	1,274	83	--	--	1,357
Oil and gas service operations	--	1,433	1,433	--	--	--	1,433
Oil and gas depreciation	6,360	--	6,360	293	--	--	6,653
Other depreciation & amortization	(120)	621	501	1	124	--	626
General and administrative, net	252	283	535	27	160	--	722
Interest and Other	89	595	684	96	738	--	1,518
	7,692	3,095	10,787	500	1,022	--	12,309
INCOME (LOSS) BEFORE INCOME TAX	5,802	(1,302)	4,500	31	(984)	--	3,547
INCOME TAX EXPENSE (BENEFIT)	--	1,242	1,242	--	--	--	1,242
NET INCOME (LOSS)	$ 5,802	$ (2,544)	$ 3,258	$ 31	$ (984)	$ --	$ 2,305

CHESAPEAKE ENERGY CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31, 1996
(unaudited)

CONDENSED CONSOLIDATING STATEMENTS OF CASH FLOWS
($ IN THOUSANDS)

	SUBSIDIARY GUARANTORS						
	CEX	ALL OTHERS	COMBINED	NON-GUARANTOR SUBSIDIARIES	COMPANY (PARENT)	ELIMINATIONS	CONSOLIDATED
FOR THE NINE MONTHS ENDED MARCH 31, 1996:							
CASH FLOWS FROM OPERATING ACTIVITIES	$ 50,767	$ 53,200	$ 103,967	$ 2,877	$ (6,729)	$ --	$ 100,115
CASH FLOWS FROM INVESTING ACTIVITIES:							
Oil and gas properties	(159,478)	(5,365)	(164,843)	(11,980)	--	5,300	(171,523)
Proceeds from sales	5,300	9,149	14,449	--	--	(5,300)	9,149
Investment in gas marketing company	--	--	--	266	(629)	--	(363)
Other additions	(182)	(3,218)	(3,400)	(40)	(2,894)	--	(6,334)
	(154,360)	566	(153,794)	(11,754)	(3,523)	--	(169,071)
CASH FLOWS FROM FINANCING ACTIVITIES:							
Proceeds from long-term borrowings	30,000	1,350	31,350	10,300	--	--	41,650
Payments on borrowings	--	(753)	(753)	(2,494)	(20)	--	(3,267)
Cash received from exercise of stock options	--	--	--	--	986	--	986
Intercompany advances, net	73,593	(95,298)	(21,705)	2,461	19,244	--	--
	103,593	(94,701)	8,892	10,267	20,210	--	39,369
Net increase (decrease) in cash and cash equivalents	--	(40,935)	(40,935)	1,390	9,958	--	(29,587)
Cash, beginning of period	--	53,227	53,227	5	2,303	--	55,535
Cash, end of period	$ --	$ 12,292	$ 12,292	$ 1,395	$ 12,261	$ --	$ 25,948
FOR THE NINE MONTHS ENDED MARCH 31, 1995:							
CASH FLOWS FROM OPERATING ACTIVITIES	$ 36,643	$ 5,573	$ 42,216	$ 10	$ (4,996)	$ --	$ 37,230
CASH FLOWS FROM INVESTING ACTIVITIES:							
Oil and gas properties	(81,323)	--	(81,323)	(5,500)	--	5,500	(81,323)
Proceeds from sales	8,881	10,959	19,840	--	--	(5,500)	14,340
Other additions	11	(3,640)	(3,629)	(57)	(2,173)	--	(5,859)
	(72,431)	7,319	(65,112)	(5,557)	(2,173)	--	(72,842)
CASH FLOWS FROM FINANCING ACTIVITIES:							
Proceeds from long-term borrowings	28,433	1,149	29,582	5,500	--	--	35,082
Payments on borrowings	(9,933)	(1,881)	(11,814)	(300)	374	--	(11,740)
Cash received from exercise of stock options	--	--	--	--	737	--	737
Intercompany advances, net	17,288	(31,133)	(13,845)	383	13,462	--	--
	35,788	(31,865)	3,923	5,583	14,573	--	24,079
Net increase (decrease)in cash and cash equivalents	--	(18,973)	(18,973)	36	7,404	--	(11,533)
Cash, beginning of period	--	13,946	13,946	--	2,279	--	16,225
Cash, end of period	$ --	$ (5,027)	$ (5,027)	$ 36	$ 9,683	$ --	$ 4,692

PART I. FINANCIAL INFORMATION
ITEM 2.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

RECENT EVENTS

On April 9, 1996 the Company completed a public offering of 1,650,000 shares of Common Stock (the "Common Stock Offering") at a price of $53.00 per share, resulting in net proceeds to the Company of approximately $82.6 million before certain expenses of the offering. On April 12, 1996, the underwriters of the Company's Common Stock Offering exercised an over-allotment option to purchase an additional 346,500 shares of Common Stock at a price of $53.00 per share, resulting in additional net proceeds to the Company of approximately $17.3 million. On April 9, 1996 the Company also concluded the sale of $120 million in 9 1/8% Senior Notes due 2006 (the "9 1/8% Notes"), which offering (the "9 1/8% Notes Offering") resulted in net proceeds to the Company of approximately $116.0 million before certain expenses of the offering. The 9 1/8% Notes were issued at 99.931% of par.

On April 30, 1996, the Company purchased interests in certain producing and non-producing oil and gas properties from Amerada Hess Corporation for $35 million, subject to adjustment for activity after the effective date of January 1, 1996. The properties are located in the Knox and Golden Trend fields of southern Oklahoma, most of which are operated by the Company. The Company estimates that it acquired approximately 58 billion cubic feet equivalent ("Bcfe") of proved oil and gas reserves. Additionally, the Company acquired approximately 14,000 net acres of unevaluated leasehold.

THREE MONTHS ENDED MARCH 31, 1996 VS. MARCH 31, 1995

Net income for the three months ended March 31, 1996 (the "Current Quarter") was $7.6 million, a $5.3 million increase from net income of $2.3 million for the quarter ended March 31, 1995 (the "Prior Quarter"). This increase was caused primarily by the Company's significantly higher oil and gas production.

Revenues from oil and gas sales for the Current Quarter were $30.9 million, an increase of $16.9 million, or 121%, from the Prior Quarter. Gas production increased to 13.5 billion cubic feet ("Bcf"), an increase of 6.7 Bcf, or 100%, compared to the Prior Quarter. Additionally, oil production increased 67 thousand barrels ("MBbls"), or 24%, from 275 MBbls to 342 MBbls. The increase in oil and gas production was accompanied by increases in the average oil and gas prices realized. In the Current Quarter, the Company received an average oil price of $18.44 per barrel, an increase of $0.93 per barrel, or 5%, from the $17.51 per barrel realized in the Prior Quarter. Gas price realizations increased to $1.83 per thousand cubic feet ("Mcf") in the Current Quarter, an increase of 34% from the $1.37 per Mcf realized in the Prior Quarter.

The following table sets forth oil and gas production for the Company's major producing areas during the Current Quarter.

FIELD	PRODUCING WELLS	OIL (MBLS)	GAS (MMCF)	TOTAL (MMCFE)	PERCENT %
Giddings	160	215	11,365	12,657	81%
Southern Oklahoma	215	77	1,334	1,794	12
All Other	88	50	764	1,066	7
TOTAL	463	342	13,463	15,517	100%

Revenues from the Company's gas marketing operations, which commenced in December 1995 with the purchase of Chesapeake Energy Marketing, Inc. ("CEM"), were $11.6 million. Gas marketing expenses were $10.8 million, resulting in a gross profit margin during the Current Quarter of $0.8 million.

Revenues from oil and gas service operations for the Current Quarter were $1.7 million, essentially unchanged from the Prior Quarter. The gross profit margin on service operations in the Current Quarter increased to 27% from 19% in the Prior Quarter as the result of a different mix of operations. Margins vary, depending upon the mix of trucking, construction and roustabout services provided. The Company continues to de-emphasize the use of Company-owned service equipment as a component of its exploration and production strategy. In many of its exploration projects, the Company relies exclusively on third party service contractors. The Company continues to pursue disposition of its service operations by merger or sale.

Production expenses and taxes increased to $2.1 million in the Current Quarter from $1.4 million in the Prior Quarter. This increase was the result of a significant increase in oil and gas production volumes during the Current Quarter. On a gas equivalent production unit ("Mcfe") basis, production expenses and taxes were $0.14 per Mcfe in the Current Quarter compared to $0.16 per Mcfe in the Prior Quarter. Much of the Company's gas production from wells drilled before September 1996 in the downdip Giddings Field, qualifies for exemption from Texas state production taxes for production through August 31, 2001. Additionally, certain oil and gas production from the Company's wells in the Knox and Sholem Alechem fields in Oklahoma qualifies for exemption until well costs are recovered. These exemptions, combined with the fact that many of the Company's wells are high volume gas wells that tend to have lower operating costs per Mcfe than lower volume wells, result in the Company's low production costs per Mcfe.

Depreciation, depletion and amortization ("DD&A") of oil and gas properties for the Current Quarter was $13.0 million, an increase of $6.4 million from the Prior Quarter. The increase in DD&A expense for oil and gas properties between quarters is the result of a 7.1 Bcfe increase in production volumes and an increase in the DD&A rate per Mcfe. The average DD&A rate per Mcfe, a function of capitalized and estimated future development costs and the related proved reserves, was $0.84 for the Current Quarter and $0.79 for the Prior Quarter.

General and administrative expenses increased to $1.4 million during the Current Quarter, a $0.7 million, or 100%, increase from the Prior Quarter. This increase is the result of the continued growth of the Company, including the recent acquisition of the gas marketing operation. During the Current Quarter, the Company capitalized $0.5 million of payroll and other internal costs directly related to oil and gas exploration and developmental activities, net of partner reimbursements. In the Prior Quarter, partner reimbursements exceeded capitalized payroll and other internal costs by $0.1 million.

Interest expense increased significantly to $3.2 million during the Current Quarter, a $1.7 million increase from the Prior Quarter, as a result of substantially higher levels of debt outstanding during the Current Quarter. During the Current Quarter, the Company capitalized $1.6 million of interest costs representing the estimated costs to carry its unevaluated leasehold inventory, compared to $0.4 million in the Prior Quarter. This increase in capitalized interest costs is the result of significantly higher investments made during the Current Quarter in leasehold that has yet to be evaluated.

Income tax expense increased to $4.2 million in the Current Quarter from $1.2 million in the Prior Quarter. The Company's estimated effective income tax rate was 35.5% for the Current Quarter, compared to 35% for the Prior Quarter. The Company estimates its effective rate based on anticipated levels of income for the year and estimated production in excess of that allowed in computing statutory depletion for tax purposes. The provision for income tax expense is deferred because the Company is not currently a cash income taxpayer. The Company has significant tax net operating loss carryovers generated from the intangible drilling cost deduction for income tax purposes associated with the Company's drilling activities which are available to offset regular taxable income in the future.

NINE MONTHS ENDED MARCH 31, 1996 VS. MARCH 31, 1995

Net income for the nine months ended March 31, 1996 (the "Current Period") increased to $16.0 million from $7.9 million for the nine months ended March 31, 1995 (the "Prior Period"). This increase of $8.1 million, or 103%, was caused primarily by the Company's significantly higher oil and gas production and lower costs per production unit.

Revenues from oil and gas sales for the Current Period were $77.2 million, an increase of $40.7 million, or 112%, over the $36.5 million of oil and gas sales revenues in the Prior Period. This increase was caused primarily by a 113% increase in gas equivalent production volumes, from 20.0 Bcfe in the Prior Period to 42.6 Bcfe in the Current Period. The production increase was accompanied by increases in the average prices realized during the Current Period. In the Current Period, the Company realized an average price of $1.62 per Mcf as compared to $1.51 in the Prior Period and average realized oil prices of $17.46 in the Current Period as compared to $17.05 in the Prior Period.

Revenues from CEM, the Company's gas marketing operation, were $15.3 million for the Current Period. Gas marketing expenses were approximately $14.5 million, resulting in a gross profit margin of approximately $0.8 million.

Revenues from oil and gas service operations were $5.3 million in the Current Period as compared to $6.5 million in the Prior Period. The gross profit margin on service operations in the Current Period increased slightly to 20% from 18% in the Prior Period as a result of a different mix of operations. Margins vary, depending upon the mix of trucking, construction and roustabout services provided. The Company's equipment was substantially fully utilized in both the Current Period and Prior Period. The Company continues to de-emphasize the use of Company-owned service equipment as a component of the Company's exploration and production strategy. In many of its exploration projects, the Company relies exclusively on third party service contractors. The Company continues to pursue disposition of its service operations by merger or sale.

Interest and other revenues were $2.0 million in the Current Period compared to $0.9 million in the Prior Period. This increase was due primarily to significantly higher interest and investment income earned as a result of working capital available to the Company for short-term investment during the Current Period.

Production expenses and taxes increased to $5.8 million in the Current Period from $2.6 million in the Prior Period. This increase was the result of significant increases in oil and gas production volumes during the Current Period and a $594,000 severance tax credit recorded in the Prior Period attributable to production from earlier periods. Without regard to the prior period tax credit, on a gas equivalent basis, production expenses and taxes decreased from $0.16 per Mcfe in the Prior Period to $0.14 per Mcfe in the Current Period. Much of the Company's gas production from wells drilled before September 1996 in the downdip Giddings Field qualifies for exemption from Texas state production taxes for production through August 31, 2001. Additionally, certain oil and gas production from the Company's wells in the Knox and Sholem Alechem fields in Oklahoma qualifies for exemption until well costs are recovered. These exemptions, combined with the fact that many of the Company's wells are high volume gas wells that tend to have lower operating costs per Mcfe than lower volume wells, result in the Company's low production costs per Mcfe.

DD&A of oil and gas properties for the Current Period was $35.3 million, compared to $15.7 million in the Prior Period. This $19.6 million increase, or 124%, was caused primarily by the 113% increase in oil and gas production. The DD&A rate per Mcfe increased from $0.79 in the Prior Period to $0.83 in the Current Period.

Depreciation and amortization of other assets increased from $1.6 million in the Prior Period to $2.2 million in the Current Period. This increase is primarily the result of an increase in non-oil and gas property and equipment from approximately $15.2 million at the end of the Prior Period to $22.5 million at the end of the Current Period.

General and administrative expenses increased to $3.3 million in the Current Period, an increase of $0.9 million, or 41%, over the $2.4 million in the Prior Period. During the Current Period, the Company capitalized $0.9 million of payroll and other internal costs directly related to oil and gas exploration and development activities, net of partner reimbursements, compared to $0.1 million in the Prior Period.

Interest expense increased to $9.7 million in the Current Period from $4.5 million in the Prior Period. This increase was the result of significantly higher average levels of debt outstanding in the Current Period compared to the Prior Period. During the Current Period, the Company capitalized $3.5 million of interest costs attributable to the carrying costs of the Company's unevaluated leasehold inventory positions, compared to $0.9 million of capitalized interest costs in the Prior Period. This increase in capitalized interest costs is the result of significantly higher investments made during the Current Period in leasehold that has yet to be evaluated.

Income tax expense increased to $8.8 million in the Current Period from $4.0 million in the Prior Period. This increase was the result of higher income before income taxes in the Current Period and an increase to 35.5% in the estimated tax rate in the Current Period compared to 33.6% in the Prior Period. The provision for income tax expense is deferred because the Company is not currently a cash income taxpayer. The Company has significant tax net operating loss carryovers generated from the intangible drilling cost deduction for income tax purposes associated with the Company's drilling activities which are available to offset regular taxable income in the future.

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 swap and floor arrangements. The swap arrangements establish an index-related price above which the Company pays the hedging counterparty and below which the Company is paid by the counterparty. The floor arrangements establish an index-related strike price for a put purchased by the Company for a cash premium. If the index price closes below the strike price, the put seller pays the Company the difference between the strike price and the closing index price.

The Company has the following oil swap arrangements for periods after the Current Period:

Month (1996)	Volume(1)	NYMEX-Index Strike Price
April	60,000	$18.17/Bbl
May	62,000	$18.04/Bbl
June	60,000	$17.95/Bbl
July	62,000	$17.88/Bbl
August	62,000	$17.82/bbl

(1) Volume in barrels. Volume to be reduced by one-half if index price closes below strike price.

The Company has the following gas swap arrangements for periods after the Current Period:

Months (1996)	Volume (1)	NYMEX-Index Strike Price
April-October	1,200,000	$1.830/Mmbtu
April-October	1,500,000	$1.805/Mmbtu
April-October	600,000	$1.780/Mmbtu

(1) Million btu's per month ("Mmbtu").
(2) Volume is reduced by one-half if index price closes below strike price.

The Company has the following gas floor arrangements for periods after the Current Period:

Months	Volume(1)	Houston Ship Channel Index Strike Price
August 1996- February 1997	620,000	$2.230/Mmbtu
July-October 1996	620,000	$2.125/Mmbtu
July-October 1996	620,000	$2.132/Mmbtu

(1) Mmbtu's per month

Additionally, the Company has entered into additional basis swaps which convert a portion of the NYMEX-based natural gas swap prices from a Henry Hub Index delivery basis into a Houston Ship Channel Index delivery basis, less an average of $0.085/Mmbtu for May through October 1996, and certain other exchanges designed to minimize basis risk and provide for upside in the event natural gas prices rise. The Company experienced a short-term basis differential of approximately $0.50/mmbtu between the NYMEX-based Henry Hub index prices used to determine the swap settlement and the Houston Ship Channel prices realized on hedged natural gas volumes during April 1996 that will result in reduced natural gas price realizations for April. The Company estimates that as a result it will realize an average gas sales price of $1.45 per Mcf for April. The Company does not anticipate significant basis differentials for hedged volumes from May 1996 forward, based on actual May index settlements and basis swaps established by the Company.

Gains or losses on the crude oil and natural gas swaps are recognized as price adjustments in the month of related production. The Company estimates that had all of the crude oil and natural gas swap agreements in effect for production periods beginning May 1, 1996 terminated on May 10, 1996, based on the closing prices for NYMEX futures contracts as of that date, the Company would have paid the counterparty approximately $9.1 million, which would have represented the "fair value" at that date. These agreements were not terminated.

CAPITAL RESOURCES AND LIQUIDITY

The Company had a working capital deficit of approximately $34.9 million as of March 31, 1996, compared to working capital of $31.5 million at June 30, 1995. This decrease in working capital was the result of significant capital expenditures for exploration and development of the Company's oil and gas properties, acquisition of undeveloped leasehold inventory, and to a lesser extent acquisition of other assets. To a large extent these expenditures were financed with working capital, cash flow from operations, and supplementally with borrowings under the Company's Revolving and Term Credit Facilities.

The Company's $35 million Revolving Credit Facility with Union Bank matures in November 2000, and provides for interest at the option of the Company equal to (i) Union Bank's reference rate (8.25% at March 31, 1996) or (ii) the Eurodollar Rate plus from 1.375% to 1.875%, depending on the ratio of the amount outstanding to the commitment amount. The borrowing base and the amount outstanding at March 31, 1996 was $35.0 million. The borrowing base will reduce to zero thirty days prior to any scheduled principal payment under the Company's 12% Notes, 10 1/2% Notes and 9 1/8% Notes (collectively, the "Senior Notes"). The respective indentures governing the Company's Senior Notes limit the incurrence of indebtedness. Without regard to the incurrence limitations, the Company may incur secured bank indebtedness up to the greater of $15 million or 15% of the Company's adjusted consolidated net tangible assets ("ACNTA"). The Company paid all amounts outstanding under the Revolving Credit Facility on April 9, 1996, upon the closing of the 9 1/8% Note Offering. As a result of the 9 1/8% Notes Offering and Common Stock Offering, the Company estimates that the ACNTA limitation described above would currently allow the Company to incur, as permitted indebtedness, approximately $75 million in secured bank indebtedness. At March 31, 1996, on a pro forma basis, after giving effect to the completion of the Common Stock Offering and the 9 1/8% Notes Offering, and the application of the net proceeds therefrom, the Company had $277 million of indebtedness, including current maturities of long-term indebtedness, stockholders' equity of $164 million, and working capital of $146 million.

The Company's wholly-owned subsidiary, Chesapeake Gas Development Corporation ("CGDC"), has a Term Credit Facility with Union Bank with an outstanding balance of $13.8 million at March 31, 1996. Collateral for the Term Credit Facility is limited to CGDC's producing oil and gas properties, all of which are located in the Knox and Golden Trend areas of southern Oklahoma. The Term Credit Facility has not been guaranteed by the Company or any of its other subsidiaries and has recourse only to the assets of CGDC. CGDC acquired producing oil and gas properties from CEX in December 1994, June 1995, and December 1995 in exchange for $5.5 million, $6.0 million and $5.3 million in cash, respectively, using proceeds borrowed under the Term Facility. CGDC has not guaranteed the payment of the Company's Senior Notes. The Term Credit Facility prohibits the payment of dividends by CGDC. The Company anticipates additional amounts of credit will be available under the Term Credit Facility as properties are developed in southern Oklahoma.

The Company's cash provided by operating activities increased to $100.1 million during the Current Period, compared to $37.2 million during the Prior Period. The increase of $62.9 million is the result of increases in net income, adjusted for non-cash charges (such as DD&A and deferred income taxes), and cash provided by changes in current assets and current liabilities between the two periods.

Net cash used in investing activities increased to $169.1 million in the Current Period, up from $72.8 million in the Prior Period. The $96.3 million increase is a result of the Company's increased drilling activity and increased investment in leasehold during the Current Period.

The Company anticipates capital expenditures for fiscal 1996 of approximately $240 million, of which $70 million will be for leasehold, primarily in Louisiana. Through March 31, 1996, approximately $163.2 million had been expended for exploration and development of the Company's oil and gas properties net of proceeds from sale of equipment and leasehold, including approximately $48.8 million for unevaluated leasehold, primarily in the Austin Chalk Trend of Louisiana. Based on internal estimates as of March 31, 1996, the Company believes that as a result of its successful exploration and development efforts, proved oil and gas reserves have increased to approximately 355 Bcfe, of which approximately 151 Bcfe (43%) are proved developed. Production in the Current Period was 42.6 Bcfe, resulting in a reserve to production replacement ratio of approximately 3.5:1.

The Company's expected cash flow from operations is subject to a number of factors, many of which are beyond the Company's control, including the level of production and oil and gas prices. In the event the Company experiences unforeseen changes in its working capital position or capital resources, management will revise its capital expenditure program accordingly.

Consolidated cash provided by financing activities was $39.4 million during the Current Period, as compared to consolidated cash provided by financing activities of $24.1 million during the Prior Period. The increase resulted primarily from additional borrowings under the Revolving and Term Credit Facilities during the Current Period.

FORWARD LOOKING STATEMENTS

When used in this document, the words "anticipate", "estimate", "believe" and similar expressions are intended to identify forward looking statements. Such statements are subject to certain risks, uncertainties and assumptions. Should one or more of these risks or uncertainties occur, or should underlying assumptions prove incorrect, actual results may vary materially from those anticipated, estimated or projected.

Among the key factors that have a direct bearing on the Company's ability to attain its goals are oil and gas prices, the ability to develop reserves and replace production at levels and costs estimated by the Company, the ability to fund the significant capital expenditures anticipated, environmental risks, drilling and operating risks, competition, government regulation, and the ability of the Company to manage significant anticipated growth and implement its overall business strategy.

CHESAPEAKE EXPLORATION LIMITED PARTNERSHIP
(A WHOLLY-OWNED PARTNERSHIP OF CHESAPEAKE ENERGY CORPORATION)
BALANCE SHEETS
(UNAUDITED)

ASSETS

	March 31, 1996	June 30, 1995
	($ in thousands)	
CURRENT ASSETS:		
Accounts receivable	$ 14,549	$ 9,867
Total Current Assets	14,549	9,867
PROPERTY AND EQUIPMENT:		
Oil and gas properties, at cost based on full cost accounting:		
Evaluated oil and gas properties	270,952	163,521
Unevaluated properties	76,265	27,474
Less: accumulated depreciation, depletion and amortization	(69,752)	(36,959)
Total Property and Equipment	277,465	154,036
INTERCOMPANY RECEIVABLES:		
Chesapeake Energy Corporation	46,373	14,682
Chesapeake Gas Development Corporation	8,590	2,877
Other	381	--
	55,344	17,559
OTHER ASSETS	675	776
TOTAL ASSETS	$ 348,033	$ 182,238

LIABILITIES AND PARTNERS' CAPITAL

	March 31, 1996	June 30, 1995
CURRENT LIABILITIES:		
Accrued Expenses	$ 378	$ 516
Total Current Liabilities	378	516
LONG-TERM DEBT	35,000	10
INTERCOMPANY PAYABLES:		
Chesapeake Operating, Inc.	236,416	138,046
Lindsay Oil Field Supply, Inc.	2,190	2,190
	238,606	140,236
CONTINGENCIES AND COMMITMENTS		
PARTNERS' CAPITAL:		
Contributions	424	424
Accumulated Earnings	73,625	41,052
Total Partners' Capital	74,049	41,476
TOTAL LIABILITIES & PARTNERS' CAPITAL	$ 348,033	$ 182,238

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

CHESAPEAKE EXPLORATION LIMITED PARTNERSHIP
(A WHOLLY-OWNED PARTNERSHIP OF CHESAPEAKE ENERGY CORPORATION)
STATEMENTS OF OPERATIONS
(UNAUDITED)

	THREE MONTHS ENDED MARCH 31,		NINE MONTHS ENDED MARCH 31,	
	1996	1995	1996	1995
	($ in thousands)		($ in thousands)	
REVENUES:				
Oil and gas sales	$ 28,579	$ 13,494	$ 72,112	$ 35,764
Total revenues	28,579	13,494	72,112	35,764
COSTS AND EXPENSES:				
Production expenses and taxes	1,785	1,111	4,884	2,144
Oil and gas depreciation, depletion and amortization	12,300	6,360	33,359	15,353
Amortization	72	(120)	181	97
General and administrative	280	252	807	687
Interest	280	89	308	122
Total costs and expenses	14,717	7,692	39,539	18,403
NET INCOME	$ 13,862	$ 5,802	$ 32,573	$ 17,361

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

CHESAPEAKE EXPLORATION LIMITED PARTNERSHIP
(A WHOLLY-OWNED PARTNERSHIP OF CHESAPEAKE ENERGY CORPORATION)
STATEMENTS OF CASH FLOWS
(UNAUDITED)

	NINE MONTHS ENDED MARCH 31, 1996	NINE MONTHS ENDED MARCH 31, 1995
	($ in thousands)	
CASH FLOWS FROM OPERATING ACTIVITIES:		
NET INCOME	$ 32,573	$ 17,361
ADJUSTMENTS TO RECONCILE NET INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Oil and gas depreciation	33,359	15,353
Amortization	181	97
CHANGES IN CURRENT ASSETS AND LIABILITIES	(15,346)	3,832
Cash provided by operating activities	50,767	36,643
CASH FLOWS FROM INVESTING ACTIVITIES:		
Development and acquisition of oil and gas properties	(159,478)	(81,323)
Proceeds from sales of fixed assets and other	--	3,381
Sale of properties to CGDC	5,300	5,500
Other additions	(182)	11
Cash used in investing activities	(154,360)	(72,431)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from long term borrowings	30,000	28,433
Payments on long-term borrowings -	--	(9,933)
Financial resources and proceeds on intercompany transactions	220,513	128,064
Financial resources and payments applied to intercompany transactions	(146,920)	(110,776)
Cash provided by financing activities	103,593	35,788
NET INCREASE (DECREASE) IN CASH	--	--
CASH & CASH EQUIVALENTS, BEGINNING OF PERIOD	--	--
CASH & CASH EQUIVALENTS, END OF PERIOD	$ --	$ --

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

CHESAPEAKE EXPLORATION LIMITED PARTNERSHIP
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 1996
(UNAUDITED)

1. Accounting Principles

The accompanying unaudited financial statements of Chesapeake Exploration Limited Partnership ("CEX") have been prepared in accordance with the instructions to Form 10-Q as prescribed by the Securities and Exchange Commission. All material adjustments (consisting solely of normal recurring adjustments) which, in the opinion of management, are necessary for a fair presentation of the results for the interim periods have been reflected. The results for the nine months ended March 31, 1996, are not necessarily indicative of the results to be expected for the full fiscal year.

The CEX financial statements were prepared on a separate entity basis as reflected in the Company's books and records and include all material costs of doing business as if the partnership were on a stand-alone basis, except that interest is not charged on intercompany accounts, or allocated.

These financial statements should be read in conjunction with the March 31, 1996 consolidated financial statements and related notes of Chesapeake Energy Corporation and Subsidiaries (the "Company") included in this Form 10-Q and the Company's annual report on Form 10-K for the year ended June 30, 1995.

PART I. FINANCIAL INFORMATION
ITEM 2.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS
THREE MONTHS AND NINE MONTHS ENDED
MARCH 31, 1996 VS. MARCH 31, 1995

CEX represents substantially all of the Company's oil and gas operations. Therefore, the discussion in Management's Discussion and Analysis of Financial Condition and Results of Operations, included elsewhere in this report, for the Company relate primarily to CEX.

CEX is a member of the consolidated group of companies of which Chesapeake Energy Corporation is the parent company. Although CEX has separate financing capabilities, CEX is largely dependent on the Company and the Company is dependent on the operations of CEX. Accordingly, capital resources and liquidity issues for CEX are not typical of an entity that operates on a stand alone basis and therefore should be considered only in conjunction with the discussion of the Company's capital resources and liquidity included elsewhere in this report.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

- - Not applicable.

ITEM 2. CHANGES IN SECURITIES

- - Not applicable.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

- - Not applicable

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

- - Not applicable

ITEM 5. OTHER INFORMATION

- - Not applicable

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits

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

Exhibit No.	
4.1	Agreement dated as of March 7, 1996, Agreement dated as of March 8, 1996, Agreement dated as of March 27, 1996 and Fourth Amendment to Amended and Restated Credit Agreement dated as of April 2, 1996, among Chesapeake Energy Corporation, Chesapeake Exploration Limited Partnership, an Oklahoma Limited Partnership and Union Bank.
11	Statement regarding computation of earnings per common share
27	Financial Data Schedule

(b) Form 8-K

No reports on Form 8-K were filed during the three months ended March 31, 1996.

SIGNATURES

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

CHESAPEAKE ENERGY CORPORATION
(Registrant)

May 15, 1996 /s/ Aubrey K. McClendon

Date

Aubrey K. McClendon
Chairman and
Chief Executive Officer

May 15, 1996 /s/ Marcus C. Rowland

Date

Marcus C. Rowland
Vice President and
Chief Financial Officer

Index to Exhibits

AGREEMENT

March 7, 1996

Chesapeake Exploration Limited Partnership,
an Oklahoma limited partnership
Chesapeake Energy Corporation
6104 N. Western
Oklahoma City, OK 73118

Re: Amended and Restated Credit Agreement dated as of March 22, 1994, as amended by the First Amendment to Amended and Restated Credit Agreement dated as of December 27, 1994, the Second Amendment to Amended and Restated Credit Agreement dated as of May 25, 1995 and the Third Amendment to Amended and Restated Credit Agreement dated as of February 5, 1996 (as so amended, the "Credit Agreement") among Chesapeake Exploration Limited Partnership, an Oklahoma limited partnership ("Borrower"), Chesapeake Energy Corporation ("CEC") and Union Bank ("Lender")

Gentlemen:

You have requested, and Lender has agreed, to amend the definition of "Companies" in the Credit Agreement to exclude Chesapeake Energy Marketing, Inc. In consideration of the mutual covenants and agreements contained herein and in the Credit Agreement and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Lender, Borrower and CEC agree as follows:

1. The definition of "Companies" in Section 1.01 of the Credit Agreement is hereby amended in its entirety to read as follows:

"'Companies' means any of Borrower, CEC and any subsidiary of CEC (except, however, Chesapeake Gas Development Corporation and Chesapeake Energy Marketing, Inc.)."

2. The Credit Agreement as hereby amended is hereby ratified and confirmed in all respects. Any reference to the Credit Agreement in any Loan Document shall be deemed to refer to this Agreement also. The execution, delivery and effectiveness of this Agreement shall not, except as expressly provided herein operate as a waiver of any right, power or remedy of Lender under the Credit Agreement or any other Loan Document nor constitute a waiver of any provision of the Credit Agreement or any other Loan Documents.

3. This Agreement is a Loan Document and all provisions in the Credit Agreement pertaining to Loan Documents apply hereto. Any capitalized terms used herein have the meanings given them in the Credit Agreement.

4. This Agreement may be separately executed in counterparts and by the different parties hereto in separate counterparts, each of which when so executed shall be deemed to constitute one and the same Agreement.

Please indicate your agreement to the foregoing by signing where indicated below.

Yours very truly,

UNION BANK

By: /s/ RANDALL L. OSTERBERG

Randall L. Osterberg
Vice President

AGREED TO AS OF THE DATE FIRST
WRITTEN ABOVE

CHESAPEAKE EXPLORATION LIMITED
PARTNERSHIP

By: CHESAPEAKE OPERATING, INC.,
its general partner

By: /s/ AUBREY K. MCCLENDON

Aubrey K. McClendon,
President

CHESAPEAKE ENERGY CORPORATION

By: /s/ AUBREY K. MCCLENDON

Aubrey K. McClendon
Chief Executive Officer

CONSENT AND AGREEMENT

Chesapeake Energy Corporation ("CEC") hereby consents to the provisions of this Agreement and the transactions contemplated herein, and hereby ratifies and confirms its Amended and Restated Guaranty Agreement dated as of December 27, 1994 made by CEC for the benefit of Lender, and agrees that CEC's obligations and covenants thereunder are unimpaired hereby and shall remain in full force and effect.

CHESAPEAKE ENERGY CORPORATION

By: /s/ AUBREY K. MCCLENDON

Aubrey K. McClendon,
Chief Executive Officer

CONSENT AND AGREEMENT

The undersigned hereby consent to the provisions of this Agreement and the transactions contemplated herein, and hereby ratify and confirm the Intercompany Subordination Agreement dated as of March 22, 1994 made for the benefit of Lender, and agree that the undersigned's obligations and covenants thereunder are unimpaired hereby and shall remain in full force and effect.

CHESAPEAKE EXPLORATION LIMITED PARTNERSHIP, as successor of Chesapeake Exploration Company

By: CHESAPEAKE OPERATING, INC., its general partner

By: /s/ AUBREY K. MCCLENDON

Aubrey K. McClendon, President

CHESAPEAKE ENERGY CORPORATION

By: /s/ AUBREY K. MCCLENDON

Name:
Title:

CHESAPEAKE OPERATING, INC.

By: /s/ AUBREY K. MCCLENDON

Name:
Title:

SANDER TRUCKING COMPANY, INC.

By: /s/ AUBREY K. MCCLENDON

Name:
Title:

WHITMIRE DOZER SERVICE, INC.

By: /s/ AUBREY K. MCCLENDON

Name:
Title:

LINDSAY OIL FIELD SUPPLY, INC.

By: /s/ AUBREY K. MCCLENDON

Name:
Title:

CONSENT AND AGREEMENT

The undersigned hereby consents to the provisions of this Agreement and the transactions contemplated herein, and hereby ratifies and confirms the Intercompany Subordination Agreement dated as of December 27, 1994 made for the benefit of Lender, and agrees that the undersigned's obligations and covenants thereunder are unimpaired hereby and shall remain in full force and effect.

CHESAPEAKE GAS DEVELOPMENT CORPORATION

By: /s/ AUBREY K. MCCLENDON

Name:
Title:

AGREEMENT

March 8, 1996

Chesapeake Exploration Limited Partnership,
an Oklahoma limited partnership
Chesapeake Energy Corporation
6104 N. Western
Oklahoma City, OK 73118

Re: Amended and Restated Credit Agreement dated as of March 22, 1994, as amended by the First Amendment to Amended and Restated Credit Agreement dated as of December 27, 1994, the Second Amendment to Amended and Restated Credit Agreement dated as of May 25, 1995, the Third Amendment to Amended and Restated Credit Agreement dated as of February 5, 1996, and the Agreement dated as of March 7, 1996 (as so amended, the "Credit Agreement") among Chesapeake Exploration Limited Partnership, an Oklahoma limited partnership ("Borrower"), Chesapeake Energy Corporation ("CEC") and Union Bank ("Lender")

Gentlemen:

You have requested, and Lender has agreed, to increase the Borrowing Base. In consideration of the mutual covenants and agreements contained herein and in the Credit Agreement and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Lender, Borrower and CEC agree as follows:

1. The first sentence of Section 3.06(a) of the Credit Agreement is hereby amended in its entirety to read as follows:

   "At any time during the period from March 1, 1996 until the first Redetermination Date occurring thereafter, the amount of the Borrowing Base shall be an amount equal to $35,000,000 minus the sum of all Reductions to such date."

2. The Credit Agreement as hereby amended is hereby ratified and confirmed in all respects. Any reference to the Credit Agreement in any Loan Document shall be deemed to refer to this Agreement also. The execution, delivery and effectiveness of this Agreement shall not, except as expressly provided herein operate as a waiver of any right, power or remedy of Lender under the Credit Agreement or any other Loan Document nor constitute a waiver of any provision of the Credit Agreement or any other Loan Documents.

3. This Agreement is a Loan Document and all provisions in the Credit Agreement pertaining to Loan Documents apply hereto. Any capitalized terms used herein have the meanings given them in the Credit Agreement.

4. This Agreement may be separately executed in counterparts and by the different parties hereto in separate counterparts, each of which when so executed shall be deemed to constitute one and the same Agreement.

5. This Agreement shall become effective when (i) Lender shall have received a counterpart of this Agreement executed by Borrower and CEC and (ii) Borrower has paid to Lender a facility fee of $37,500 (.375% of the increase in the Borrowing Base).

Please indicate your agreement to the foregoing by signing where indicated below.

Yours very truly,

UNION BANK

By: /s/ RANDALL L. OSTERBERG

Randall L. Osterberg
Vice President

AGREED TO AS OF THE DATE FIRST
WRITTEN ABOVE

CHESAPEAKE EXPLORATION LIMITED
PARTNERSHIP

By: CHESAPEAKE OPERATING, INC.,
its general partner

By: /s/ AUBREY K. McCLENDON

Aubrey K. McClendon,
President

CHESAPEAKE ENERGY CORPORATION

By: /s/ AUBREY K. McCLENDON

Aubrey K. McClendon
Chief Executive Officer

CONSENT AND AGREEMENT

Chesapeake Energy Corporation ("CEC") hereby consents to the provisions of this Agreement and the transactions contemplated herein, and hereby ratifies and confirms its Amended and Restated Guaranty Agreement dated as of December 27, 1994 made by CEC for the benefit of Lender, and agrees that CEC's obligations and covenants thereunder are unimpaired hereby and shall remain in full force and effect.

CHESAPEAKE ENERGY CORPORATION

By: /s/ AUBREY K. McCLENDON

Aubrey K. McClendon,
Chief Executive Officer

CONSENT AND AGREEMENT

The undersigned hereby consent to the provisions of this Agreement and the transactions contemplated herein, and hereby ratify and confirm the Intercompany Subordination Agreement dated as of March 22, 1994 made for the benefit of Lender, and agree that the undersigned's obligations and covenants thereunder are unimpaired hereby and shall remain in full force and effect.

CHESAPEAKE EXPLORATION LIMITED
PARTNERSHIP, as successor of
Chesapeake Exploration Company

By: CHESAPEAKE OPERATING, INC., its
general partner

By: /s/ Aubrey K. McClendon

Aubrey K. McClendon,
President

CHESAPEAKE ENERGY CORPORATION

By: /s/ Aubrey K. McClendon

Name:
Title:

CHESAPEAKE OPERATING, INC.

By: /s/ Aubrey K. McClendon

Name:
Title:

SANDER TRUCKING COMPANY, INC.

By: /s/ Aubrey K. McClendon

Name:
Title:

WHITMIRE DOZER SERVICE, INC.

By: /s/ Aubrey K. McClendon

Name:
Title:

LINDSAY OIL FIELD SUPPLY, INC.

By: /s/ Aubrey K. McClendon

Name:
Title:

CONSENT AND AGREEMENT

The undersigned hereby consents to the provisions of this Agreement and the transactions contemplated herein, and hereby ratifies and confirms the Intercompany Subordination Agreement dated as of December 27, 1994 made for the benefit of Lender, and agrees that the undersigned's obligations and covenants thereunder are unimpaired hereby and shall remain in full force and effect.

CHESAPEAKE GAS DEVELOPMENT CORPORATION

By: /s/ Aubrey K. McClendon

Name:
Title:

AGREEMENT

March 27, 1996

Chesapeake Exploration Limited Partnership,
an Oklahoma limited partnership
Chesapeake Energy Corporation
6104 N. Western
Oklahoma City, OK 73118

Re: Amended and Restated Credit Agreement dated as of March 22, 1994, as amended by the First Amendment to Amended and Restated Credit Agreement dated as of December 27, 1994, the Second Amendment to Amended and Restated Credit Agreement dated as of May 25, 1995, the Third Amendment to Amended and Restated Credit Agreement dated as of February 5, 1996, and the Agreement dated as of March 7, 1996 (as so amended, the "Credit Agreement") among Chesapeake Exploration Limited Partnership, an Oklahoma limited partnership ("Borrower"), Chesapeake Energy Corporation ("CEC") and Union Bank ("Lender")

Gentlemen:

You have requested, and Lender has agreed, to provide a $10,000,000 line of credit. In consideration of the mutual covenants and agreements contained herein and in the Credit Agreement and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Lender, Borrower and CEC agree as follows:

1. Definitions. The definition of "Loans" in Section 1.01 of the Original Agreement is hereby amended in its entirety to read as follows:

> "'Loans' means the Revolving Loans, the Term Loan and the Line of Credit, and each, individually, a Loan."

The definition of "Notes" in Section 1.01 of the Original Agreement is hereby amended in its entirety to read as follows:

> "'Notes' means the Revolving Note, the Term Note, the Line of Credit Note and all renewals and extensions thereof and/or replacements or substitutions therefor."

The first sentence of the definition of "Revolving Commitment" in Section 1.01 of the Original Agreement is hereby amended in its entirety to read as follows:

> "'Revolving Commitment', at any time, means $35,000,000, less the sum of all reductions pursuant to Section 2.04."

2. Line of Credit. The following Article Three-A is hereby added to the Credit Agreement immediately following Article Three:

ARTICLE THREE-A

LINE OF CREDIT

3A.01. Line of Credit. Subject to the terms and conditions of this Agreement, the Lender agrees to lend to the Borrower, on a revolving basis in one or more Advances (the "Line of Credit") during the period beginning on March 27, 1996 and ending on April 29, 1996, the amounts requested by Borrower in writing to Lender, so long as the aggregate principal amount of Advances outstanding at any time under the Line of Credit does not exceed $10,000,000 (the "Line of Credit Commitment").

The Borrower must give at least one Business Day's prior written notice of any requested Advance under the Line of Credit. Upon fulfillment of all applicable conditions with respect to an Advance under the Line of Credit, the Lender shall pay or deliver federal or other immediately available funds to the order of the Borrower at the Borrower's operating account at the principal office of the Lender in the amount of the requested Advance.

3A.02. Line of Credit Commitment Fee. The Borrower agrees to pay to the Lender in arrears on April 30, 1996 (the "Line of Credit Maturity Date") a commitment fee computed at a rate per annum (calculated and computed on the basis of the actual days elapsed) equal to three-eighths of one percent (0.375%) on the average daily unborrowed amount of the Line of Credit Commitment.

3A.03. Use of Proceeds. The proceeds of the Line of Credit shall be used to support CEC's cash collateral obligations under that certain Commodity Hedge Agreement between Banque Paribas and CEC, as in effect on March 26, 1996.

3A.04. Line of Credit Note. The Advances made under Section 3A.01 shall be evidenced by a promissory note of the Borrower (the "Line of Credit Note") in the form of Exhibit "3A-1", which note shall (i) be dated March 27, 1996, (ii) be in the principal amount of the Line of Credit Commitment, (iii) bear interest in accordance with Section 3A.05 and (iv) be payable to the order of Lender at its principal office or at such other place as the Lender shall designate.

3A.05. Interest Rate. Borrower may from time to time designate all or any portion of the outstanding Line of Credit as a Fixed Rate Portion; provided that without the consent of Lender Borrower may make no such election during the continuance of a Default. Each election by Borrower of a Fixed Rate Portion shall be made in accordance with and subject to the provisions of Section 3.03 hereof. The Base Rate Portion of the Line of Credit outstanding from day to day shall bear interest at the rate per annum from day to day equal to the lesser of (i) the Adjusted Base Rate, or (ii) the Maximum Rate. Each Fixed Rate Portion of the Line of Credit outstanding from day to day shall bear interest on each day during the related Interest Period at the related Line of Credit Fixed Rate (as defined below) in effect as of such day for such Fixed Rate Portion. After maturity, which shall include, without limitation, the maturity stated or by acceleration, the principal of and overdue interest on the Line of Credit Note and all other obligations shall bear interest, to the extent permitted by law, from such maturity until the date paid at a rate per annum from day to day equal to the Default Rate.

For purposes of this Section 3A.05 the term "Line of Credit Fixed Rate" means, with respect to each particular Fixed Rate Portion and the associated Eurodollar Rate and Reserve Percentage, the rate per annum calculated by Lender (rounded upwards, if necessary, to the next higher 0.01%) determined on a daily basis pursuant to the following formula:

$$\text{Fixed Rate} = \frac{\text{Eurodollar Rate}}{100.0\% - \text{Reserve Percentage}} + A$$

where A shall mean 1.875%.

3A.06. Principal Payments. The unpaid principal balance, together with accrued and unpaid interest thereon, of the Line of Credit Note shall be due and payable on the Line of Credit Maturity Date. If at any time Banque Paribas releases cash collateral under the Commodity Hedge Agreement, Borrower shall promptly thereafter make a prepayment of the Line of Credit Note in an amount equal to such released cash collateral.

3. Conditions Precedent. This Agreement shall become effective as of the date first above written when, and only when, Borrower shall have paid to Lender a facility fee of $37,500, and Lender shall have received, at Lender's office:

(i) a counterpart of this Agreement executed and delivered by Borrower and CEC, along with the Line of Credit Note,

(ii) Lender shall received a certificate of the general partner of Borrower dated the date of this Agreement certifying that attached thereto is a true and complete copy of a certificate of authority adopted by the general partner of Borrower authorizing the execution, delivery and performance of this Agreement and the Line of Credit Note and certifying the true signatures of the officer of

Borrower authorized to sign this Agreement and the Line of Credit Note, and

(iii) an opinion of legal counsel for the Borrower, addressed to Lender, to the effect that this Agreement and the Line of Credit Note have been duly authorized, executed and delivered by Borrower and that the Credit Agreement and the Line of Credit Note constitute the legal, valid and binding obligations of Borrower, enforceable in accordance with their terms (subject, as to enforcement of remedies, to applicable bankruptcy, reorganization, insolvency and similar laws and to moratorium laws and other laws affecting creditors, rights generally from time to time in effect).

4. Ratification. The Credit Agreement as hereby amended is hereby ratified and confirmed in all respects. Any reference to the Credit Agreement in any Loan Document shall be deemed to refer to this Agreement also. The execution, delivery and effectiveness of this Agreement shall not, except as expressly provided herein operate as a waiver of any right, power or remedy of Lender under the Credit Agreement or any other Loan Document nor constitute a waiver of any provision of the Credit Agreement or any other Loan Documents.

5. Loan Document. This Agreement and the Line of Credit Note are each a Loan Document and all provisions in the Credit Agreement pertaining to Loan Documents apply hereto and thereto. Any capitalized terms used herein have the meanings given them in the Credit Agreement.

6. Counterparts. This Agreement may be separately executed in counterparts and by the different parties hereto in separate counterparts, each of which when so executed shall be deemed to constitute one and the same Agreement.

Please indicate your agreement to the foregoing by signing where indicated below.

Yours very truly,

UNION BANK

By: /s/ RANDALL L. OSTERBERG

Randall L. Osterberg
Vice President

By: /s/ AUBREY K. McCLENDON

Name: Aubrey K. McClendon
Title:

AGREED TO AS OF THE DATE FIRST
WRITTEN ABOVE

CHESAPEAKE EXPLORATION LIMITED
PARTNERSHIP

By: CHESAPEAKE OPERATING, INC.,
its general partner

By: /s/ AUBREY K. McCLENDON

Aubrey K. McClendon,
President

CHESAPEAKE ENERGY CORPORATION

By: /s/ AUBREY K. McCLENDON

Aubrey K. McClendon
Chief Executive Officer

CONSENT AND AGREEMENT

Chesapeake Energy Corporation ("CEC") hereby consents to the provisions of this Agreement and the transactions contemplated herein, and hereby ratifies and confirms its Amended and Restated Guaranty Agreement dated as of December 27, 1994 ("Guaranty Agreement") made by CEC for the benefit of Lender, and agrees that CEC's obligations and covenants thereunder are unimpaired hereby and shall remain in full force and effect. CEC hereby further acknowledges and agrees that the Line of Credit Note is a "Note" for purposes of the definition of "Guaranteed Debt" in the Guaranty Agreement.

CHESAPEAKE ENERGY CORPORATION

By: /s/ AUBREY K. McCLENDON

Aubrey K. McClendon,
Chief Executive Officer

CONSENT AND AGREEMENT

The undersigned hereby consent to the provisions of this Agreement and the transactions contemplated herein, and hereby ratify and confirm the Intercompany Subordination Agreement dated as of March 22, 1994 made for the benefit of Lender, and agree that the undersigned's obligations and covenants thereunder are unimpaired hereby and shall remain in full force and effect.

CHESAPEAKE EXPLORATION LIMITED
PARTNERSHIP, as successor of
Chesapeake Exploration Company

By: CHESAPEAKE OPERATING, INC., its
general partner

By: /s/ AUBREY K. McCLENDON

Aubrey K. McClendon,
President

CHESAPEAKE ENERGY CORPORATION

By: /s/ AUBREY K. McCLENDON

Name:
Title:

CHESAPEAKE OPERATING, INC.

By: /s/ AUBREY K. McCLENDON

Name:
Title:

SANDER TRUCKING COMPANY, INC.

By: /s/ AUBREY K. McCLENDON

Name:
Title:

WHITMIRE DOZER SERVICE, INC.

By: /s/ AUBREY K. McCLENDON

Name:
Title:

LINDSAY OIL FIELD SUPPLY, INC.

By: /s/ AUBREY K. McCLENDON

Name:
Title:

CONSENT AND AGREEMENT

The undersigned hereby consents to the provisions of this Agreement and the transactions contemplated herein, and hereby ratifies and confirms the Intercompany Subordination Agreement dated as of December 27, 1994 made for the benefit of Lender, and agrees that the undersigned's obligations and covenants thereunder are unimpaired hereby and shall remain in full force and effect.

CHESAPEAKE GAS DEVELOPMENT CORPORATION

By: /s/ AUBREY K. McCLENDON

Name: Aubrey K. McClendon
Title:

CONSENT AND AGREEMENT

The undersigned hereby consents to the provisions of this Agreement and the transactions contemplated herein, and hereby ratifies and confirms the Intercompany Subordination Agreement dated as of February 5, 1996 made for the benefit of Lender, and agrees that the undersigned's obligations and covenants thereunder are unimpaired hereby and shall remain in full force and effect.

CHESAPEAKE ENERGY MARKETING, INC.

By: /s/ AUBREY K. McCLENDON

Name: Aubrey K. McClendon
Title:

FOURTH AMENDMENT TO AMENDED AND RESTATED CREDIT AGREEMENT

THIS FOURTH AMENDMENT TO AMENDED AND RESTATED CREDIT AGREEMENT (herein called this "Amendment") is made as of the 2nd day of April, 1996 by and among Chesapeake Exploration Limited Partnership, an Oklahoma limited partnership, ("Borrower"), Chesapeake Energy Corporation, a Delaware corporation ("CEC") and Union Bank ("Lender").

W I T N E S S E T H:

WHEREAS, Borrower (as successor of Chesapeake Exploration Company, an Oklahoma general partnership), CEC as guarantor and Lender entered into that certain Amended and Restated Credit Agreement dated as of March 22, 1994, as amended by that certain First Amendment to Amended and Restated Credit Agreement dated as of December 27, 1994, that certain Second Amendment to Amended and Restated Credit Agreement dated as of May 25, 1995, that certain Third Amendment to Amended and Restated Credit Agreement dated as of February 5, 1996 that certain Agreement dated as of March 7, 1996, that certain Agreement dated as of March 8, 1996, and that certain Agreement dated as of March 27, 1996 (as so amended, the "Original Agreement") for the purposes and consideration therein expressed, pursuant to which Lender became obligated to make loans to Borrower as therein provided; and

WHEREAS, Borrower, CEC and Lender desire to amend the Original Agreement as expressly set forth herein;

NOW, THEREFORE, in consideration of the premises and the mutual covenants and agreements contained herein and in the Original Agreement, in consideration of the loans which may hereafter be made by Lender to Borrower, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto do hereby agree as follows:

ARTICLE I.

DEFINITIONS AND REFERENCES

Section 1.1 Terms Defined in the Original Agreement. Unless the context otherwise requires or unless otherwise expressly defined herein, the terms defined in the Original Agreement shall have the same meanings whenever used in this Amendment.

Section 1.2. Other Defined Terms. Unless the context otherwise requires, the following terms when used in this Amendment shall have the meanings assigned to them in this Section 1.2.

"Amendment" means this Fourth Amendment to Amended and Restated Credit Agreement.

"Credit Agreement" means the Original Agreement as amended hereby.

ARTICLE II.

AMENDMENTS TO ORIGINAL AGREEMENT

Section 2.1. Amendments to Definitions.

(a) The definitions of "Indenture" and "Indenture Documents" in Section 1.01 of the Original Agreement are hereby amended in their entirety to read as follows:

"'Indenture' means any of (i) that certain Indenture entered into among CEC, the Subsidiary Guarantors (as defined therein) and the Trustee, setting forth the terms and conditions of the FORTY-SEVEN MILLION FIVE HUNDRED THOUSAND DOLLARS ($47,500,000.00) of First Indenture Notes issued by CEC and the guaranties thereof by the Subsidiary Guarantors; (ii) that certain Indenture entered into among CEC, the Subsidiary Guarantors (as defined therein) and the Trustee, setting forth the terms and conditions of the NINETY MILLION DOLLARS ($90,000,000.00) of Second Indenture Notes issued by CEC and the guaranties thereof by the Subsidiary Guarantors; or (iii) that certain Indenture entered into among CEC, the Subsidiary Guarantors (as defined therein) and the Trustee, setting forth the terms and conditions of Third Indenture Notes in an amount of up to ONE HUNDRED TWENTY FIVE MILLION DOLLARS ($125,000,000.00) issued by CEC and the guaranties thereof by the Subsidiary Guarantors."

"'Indenture Documents' means one or more of the Indenture, the Indenture Notes, the Offering Memoranda, the warrant agreements and the purchase agreement or agreements with the purchasers pursuant to the Offering Memoranda, each of the foregoing in the form of the drafts attached hereto with such changes thereto as the Lender, the Trustee and CEC reasonably agree, and any and all other agreements or documents (and any amendments or supplements thereto or modifications or restatements thereof) executed or delivered pursuant to the terms of any Indenture or in connection therewith."

(b) The definitions of "Indenture Notes" and "Offering Memorandum" in the Original Agreement are deleted and the following definitions of "Indenture Notes", "Offering Memoranda", and "Third Indenture Notes" are hereby added to Section 1.01 of the Original Agreement:

"'Indenture Notes' means the First Indenture Notes, the Second Indenture Notes and the Third Indenture Notes."

"'Offering Memoranda' means (i) the final offering memorandum dated March 31, 1994 with respect to the First Indenture Notes and warrants to be issued in connection with the First Indenture Notes; (ii) the final offering memorandum dated May 18, 1995 with respect to the Second

Indenture Notes; and (iii) the prospectus dated April 3, 1996 with respect to the Third Indenture Notes."

"'Third Indenture Notes' means all of the Senior Notes due 2006 in the aggregate principal amount of up to ONE HUNDRED TWENTY FIVE MILLION DOLLARS ($125,000,000.00) to be issued by CEC pursuant to the April 1, 1996 Indenture.

Section 2.2. Amendment to Negative Covenants.

Section 7.11 of the Original Agreement is hereby amended to read as follows:

"7.11. Indenture Notes. No Company will directly or indirectly, (i) amend or modify any terms of any of the Indenture Documents (other than amendments or modifications of the type permitted under Article Nine of any Indenture which would not otherwise be a Default or Event of Default hereunder), (ii) repurchase, redeem, prepay, whether optional or, subject to clause (iii) hereof, mandatory, or defease any of the Indenture Notes (other than scheduled payments of accrued interest) or (iii) take any action or fail to take any action which would obligate CEC or any Company to repurchase, redeem or prepay any of the Indenture Notes other than scheduled payments of accrued interest and the scheduled mandatory redemption of 25% of the original principal amount of the First Indenture Notes on March 1 of 1998, 1999, 2000 and 2001."

Section 2.3. Amendments to Events of Default.

Section 8.01 (k) of the Original Agreement is hereby amended in its entirety to read as follows:

"(k) Either (i) any principal amount of any of the Indenture Notes shall be subject to a required repurchase, redemption or prepayment (including without limitation under or pursuant to Article Three, Article Four or Article Eight of any Indenture) other than the scheduled mandatory redemption of 25% of the original payment amount of the First Indenture Notes on March 1 of 1998, 1999, 2000 and 2001 or (ii) an Event of Default (as defined in any Indenture) shall occur under any Indenture."

ARTICLE III.

CONDITIONS OF EFFECTIVENESS

Section 3.1 Effective Date. This Amendment shall become effective as of the date first above written when, and only when, (i) Lender shall have received, at Lender's office, a counterpart of this Amendment executed and delivered by Borrower and (ii) Lender shall have received a certificate of the general partner of Borrower dated the date of this Amendment certifying that attached thereto is a true and complete copy of a certificate of authority adopted by the general partner of Borrower authorizing the execution, delivery and performance of this Amendment and certifying the names and true signatures of the officers of Borrower authorized to sign this Amendment, along with such supporting documents as Lender may reasonably request.

ARTICLE IV.

REPRESENTATIONS AND WARRANTIES

4.1. Representations and Warranties of Borrower and CEC. In order to induce Lender to enter into this Amendment, Borrower and CEC represent and warrant to Lender that:

(a) The representations and warranties contained in Article V, subsections 5.01 to 5.21, inclusive, of the Original Agreement are true and correct at and as of the time of the effectiveness hereof.

(b) Borrower and CEC are duly authorized to execute and deliver this Amendment and are and will continue to be duly authorized to borrow monies and to perform their obligations under the Credit Agreement. Borrower and CEC have duly taken all partnership and corporate action necessary to authorize the execution and delivery of this Amendment and to authorize the performance of the obligations of Borrower and CEC hereunder.

(c) The execution and delivery by Borrower and CEC of this Amendment, the performance by Borrower and CEC of their obligations hereunder and the consummation of the transactions contemplated hereby do not and will not conflict with any provision of law, statute, rule or regulation or of the partnership agreement of Borrower or the articles of incorporation and bylaws of CEC, or of any material agreement, judgment, license, order or permit applicable to or binding upon Borrower and CEC, or result in the creation of any lien, charge or encumbrance upon any assets or properties of Borrower and CEC. Except for those which have been obtained, no consent, approval, authorization or order of any court or governmental authority or third party is required in connection with the execution and delivery by Borrower and CEC of this Amendment or to consummate the transactions contemplated hereby.

(d) When duly executed and delivered, this Amendment and the Credit Agreement will each be a legal and binding obligation of Borrower and CEC, enforceable in accordance with its terms, except as limited by bankruptcy, insolvency or similar laws of general application relating to the enforcement of creditors, rights and by equitable principles of general application.

(e) The audited annual Consolidated financial statements of CEC dated as of June 30, 1995, and the unaudited quarterly Consolidated financial statements of CEC dated as of December 31, 1995 fairly present CEC's Consolidated financial position at such dates and the Consolidated results of CEC's operations and changes in CEC's Consolidated cash flow for the respective periods thereof. Copies of such financial statements have heretofore been delivered to Lender. Since December 31, 1995, no material adverse change has occurred in the financial condition or businesses of Borrower or in the Consolidated financial condition or businesses of CEC.

ARTICLE V.

MISCELLANEOUS

Section 5.1. Ratification of Agreements. The Original Agreement as hereby amended and each other Loan Document affected hereby are ratified and confirmed in all respects. Any reference to the Credit Agreement in any Loan Document shall be deemed to be a reference to the Original Agreement as hereby amended. The execution, delivery and effectiveness of this Amendment shall not, except as expressly provided herein or therein, operate as a waiver of any right, power or remedy of Lender under the Credit Agreement or any other Loan Document nor constitute a waiver of any provision of the Credit Agreement or any other Loan Document.

Section 5.2. Survival of Agreements. All representations, warranties, covenants and agreements of Borrower and CEC herein shall survive the execution and delivery of this Amendment and the performance hereof, including without limitation the making or granting of the Loan, and shall further survive until all of the Obligations are paid in full. All statements and agreements contained in any certificate or instrument delivered by Borrower or CEC or any Company hereunder or under the Credit Agreement to Lender shall be deemed to constitute representations and warranties by, and/or agreements and covenants of, Borrower and CEC under this Amendment and under the Credit Agreement.

Section 5.3. Loan Documents. This Amendment is a Loan Document, and all provisions in the Credit Agreement pertaining to Loan Documents apply hereto.

Section 5.4. Governing Law. This Amendment shall be governed by and construed in accordance the laws of the State of Texas and any applicable laws of the United States of America in all respects, including construction, validity and performance.

Section 5.5. Counterparts. This Amendment may be separately executed in counterparts and by the different parties hereto in separate counterparts, each of which when so executed shall be deemed to constitute one and the same Amendment.

THIS AMENDMENT AND THE OTHER LOAN DOCUMENTS REPRESENT THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES.

THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be executed as of the date first written above by their duly authorized officers.

BORROWER:

CHESAPEAKE EXPLORATION LIMITED PARTNERSHIP

By: CHESAPEAKE OPERATING, INC.,
its general partner

By: /s/ AUBREY K. McCLENDON

Aubrey K. McClendon, President

LENDER:

UNION BANK

By: /s/ RANDALL L. OSTERBERG

Randall L. Osterberg,
Vice President

By: /s/ AUBREY K. McCLENDON

By: Aubrey K. Mcclendon
Title:

CONSENT AND AGREEMENT

Chesapeake Energy Corporation ("CEC") hereby consents to the provisions of this Amendment and the transactions contemplated herein, and hereby ratifies and confirms its Amended and Restated Guaranty Agreement dated as of December 27, 1994 made by CEC for the benefit of Lender, and agrees that CEC's obligations and covenants thereunder are unimpaired hereby and shall remain in full force and effect.

IN WITNESS WHEREOF, this Consent and Agreement is executed this 2nd day of April, 1996.

CHESAPEAKE ENERGY CORPORATION

By: /s/ AUBREY K. McCLENDON

Aubrey K. McClendon,
Chief Executive Officer

CONSENT AND AGREEMENT

The undersigned hereby consent to the provisions of this Amendment and the transactions contemplated herein, and hereby ratify and confirm the Intercompany Subordination Agreement dated as of March 22, 1994 made for the benefit of Lender, and agree that the undersigned's obligations and covenants thereunder are unimpaired hereby and shall remain in full force and effect.

IN WITNESS WHEREOF, this Consent and Agreement is executed this 2nd day of April, 1996.

CHESAPEAKE EXPLORATION LIMITED
PARTNERSHIP, as successor of
Chesapeake Exploration Company

By: CHESAPEAKE OPERATING, INC., its
general partner

By: /s/ AUBREY K. McCLENDON

Aubrey K. McClendon, President

CHESAPEAKE ENERGY CORPORATION

By: /s/ AUBREY K. McCLENDON

Name: Aubrey K. McClendon
Title:

CHESAPEAKE OPERATING, INC.

By: /s/ AUBREY K. McCLENDON

Name: Aubrey K. McClendon
Title:

SANDER TRUCKING COMPANY, INC.

By: /s/ AUBREY K. McCLENDON

Name: Aubrey K. McClendon
Title:

WHITMIRE DOZER SERVICE, INC.

By: /s/ AUBREY K. McCLENDON

Name:
Title:

LINDSAY OIL FIELD SUPPLY, INC.

By: /s/ AUBREY K. McCLENDON

Name:
Title:

CONSENT AND AGREEMENT

The undersigned hereby consents to the provisions of this Amendment and the transactions contemplated herein, and hereby ratifies and confirms the Intercompany Subordination Agreement dated as of December 27, 1994 made for the benefit of Lender, and agrees that the undersigned's obligations and covenants thereunder are unimpaired hereby and shall remain in full force and effect.

IN WITNESS WHEREOF, this Consent and Agreement is executed this 2nd day of April, 1996.

CHESAPEAKE GAS DEVELOPMENT CORPORATION

By: /s/ AUBREY K. McCLENDON

Name:
Title:

EXHIBIT 11

CHESAPEAKE ENERGY CORPORATION AND SUBSIDIARIES

STATEMENT OF NET INCOME PER SHARE
($ in thousands, except per share)
(Unaudited)

	THREE MONTHS ENDED MARCH 31,		NINE MONTHS ENDED MARCH 31,	
	1996	1995	1996	1995
PRIMARY INCOME PER SHARE				
Computation for statement of operations				
Net income per statement of operations	$ 7,623	$ 2,305	$15,997	$ 7,889
Common shares outstanding	17,843	17,493	17,843	17,493
Adjustment to weighted average common shares outstanding:				
Add dilutive effect of: Employee Options	1,647	1,149	1,485	950
Weighted average common shares and common equivalent shares outstanding, as adjusted	19,490	18,642	19,328	18,443
Net income per common share, as adjusted	$ .39	$ .12	$ .83	$ .43
FULLY DILUTED INCOME PER SHARE				
Net income applicable to common stock as shown in primary computation above	$ 7,623	$ 2,305	$15,997	$ 7,889
Common shares outstanding	17,843	17,493	17,843	17,493
Adjustment to weighted average common shares outstanding:				
Add fully dilutive effect of: Employee Options	1,704	1,353	1,721	1,236
Weighted average common shares and common equivalent shares outstanding, as adjusted	19,547	18,846	19,564	18,729
Fully diluted net income per common share	$ .39	$ .12	$ .82	$ .42

(A) The calculations for the Nine Months Ended March 31, 1996 and 1995, are submitted in accordance with Regulation S-K Item 601(b)(11).

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM BALANCE SHEET AS OF MARCH 31, 1996 AND STATEMENT OF OPERATIONS FOR NINE MONTHS ENDED MARCH 31, 1996 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FORM 10-Q, MARCH 31, 1996.

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9-MOS
JUN-30-1996
JUL-01-1995
MAR-31-1996
25,948
0
47,653
237
7,066
82,228
378,438
82,886
384,719
117,128
184,084
1,784
0
0
62,973
384,719
97,899
99,940
24,656
65,422
0
0
9,717
24,801
8,804
15,997
0
0
0
15,997
.83
.82