

## Chesapeake forms oil-field services unit

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OKLAHOMA CITY – Chesapeake Energy Corp. has formed an oil-field services subsidiary and estimates the business could be worth anywhere from \$7 billion to \$10 billion in 2012.

The company announced that it had formed the new unit on Monday in advance of a possible public offering.

Oil-field veteran Jerry Winchester, 52, will lead Chesapeake's new services arm as CEO. Winchester served as chief executive of Boots & Coots International Well Control Inc. Halliburton Co. acquired Boots & Coots last year.

Chesapeake has been growing its number of drilling rigs and other oil-field assets over the past year, notably including its acquisition of Edmond-based Bronco Drilling Co. in June for \$315 million.

The company's new subsidiary will be called Chesapeake Oilfield Services LLC. The new unit's subsidiaries include Nomac Drilling, the fourth-largest drilling contractor in the country with 114 operated rigs, as well as an assortment of other oil-field service assets.

The company has focused on expanding its oil-field services hold to combat against inflation in the industry and keep its costs competitive, the company said.

Chesapeake has invested about \$1.8 billion into its oil-field services assets over the past 10 years.

"Chesapeake benefits greatly from its vertically integrated business model and believes that owning and operating quality service assets to drill and complete its wells uniquely insulates Chesapeake from inflationary pressures," Chesapeake CEO Aubrey McClendon said in a written statement.

Shares in Chesapeake closed at \$31.06 on the New York Stock Exchange on Monday, down 2.39 percent, or 76 cents.