

Chesapeake plots \$3.4B Utica Shale deals

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OKLAHOMA CITY – Chesapeake Energy Corp. is planning two deals worth a combined \$3.4 billion to develop its sizable position in Ohio's Utica Shale.

The company's third-quarter profits were up 65 percent from the same period a year ago, it also announced on Thursday.

Chesapeake has inked a letter of intent with a yet-to-be-named, major international energy company for a joint venture worth about \$2.1 billion, the company announced Thursday. Houston-based EnerVest Ltd. also will participate in the deal. The yet-to-be-named major partner will get a 25-percent stake in 650,000 acres of leasehold in the Utica Shale, mostly owned by Chesapeake.

The company expects the deal to close in December.

Chesapeake also announced that it has completed the sale of \$500 million of preferred shares of a newly formed entity called CHK Utica LLC to EIG Global Energy Partners. Chesapeake plans to sell an additional \$750 million preferred shares in CHK Utica by the end of November, the company disclosed.

Chesapeake announced earnings of \$879 million for the third quarter of the year on Thursday on about \$4 billion in revenue, or \$1.23 per share. The earnings include \$380 million on hedging gains.

Shares in Chesapeake were up as much as 6 percent in after-hours trading on Thursday after news broke of the company's better-than-expected third-quarter earnings and new Utica deals. Chesapeake made the announcement after the markets had closed.

The company's gas production was up 9 percent from the third quarter of 2010. Chesapeake also saw its liquids production soar 91 percent from the same period a year ago.