

## Chesapeake still has energy; campus expansion continues

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Ongoing construction on the campus of Chesapeake Energy near NW 63 and Classen Friday, Jan. 9, 2009. BY JIM BECKEL,

Its fortunes on [Wall Street](#) might rise or fall, the price for its product, natural gas, whipped by global economics and geopolitics, but one thing has remained steady for [Chesapeake Energy Corp.](#)

[Chesapeake](#) closed troubled 2008 by starting two more office buildings for another combined 176,300 square feet of office space. The distinctive Georgian-styled campus at Classen Boulevard and NW 63 in [north Oklahoma City](#) is still growing.

Each, one at 6215 Classen and one at 900 NW 63, both by Smith & Pickel Construction, is estimated to cost \$20 million.

For Chesapeake, an \$8 billion company, it's physical evidence for anyone who mistakes the company's recent woes for long-term misfortune.

### 'Still growing'

The recession and low natural gas prices caused Chesapeake to reduce capital budgets

for this year and next, but, "We are still a growing company," said [Martha A. Burger](#), senior vice president of corporate and human resources.

Gas production increases of 20 percent to 30 percent per year are over for now, she said, but even with reduced budgets Chesapeake expects increases of 5 percent to 10 percent this year and 10 percent to 15 percent in 2010.

## Last year's challenges

Changes at Chesapeake sent shockwaves through Oklahoma City last fall.

Plummeting natural gas prices left it cash-strapped, causing it to curtail operations, start selling assets and cut contract drillers and land men in the field. [Chief Executive Officer Aubrey McClendon](#), caught by margin calls, had to sell most of his shares in the company.

On Dec. 31, Chesapeake sold some of its assets in the Anadarko and Arkoma basins to a [Tulsa](#)-based private equity fund to raise \$412 million cash, part of a two-year plan to increase cash reserves.

## Campus catching up

Chesapeake's physical presence should reassure anyone who questions the company's long-term stability and its jobs, said Ford Price, co-founder and co-managing partner of Oklahoma City's largest commercial real estate firm sales, management and development firm.

"The company has great management and great natural gas assets, as evidenced by the recently announced transactions," Price said.

"Therefore, as natural gas expands as one of the country's primary clean energy sources, Chesapeake is well positioned to take advantage of that growth.

"The development of their campus has always been slower than their growth as a company, so the current environment allows them to catch up and achieve equilibrium."

## Making room to grow

Chesapeake has 7,600 employees, 3,000 of them in Oklahoma City. Burger said the company expects to add staff to its midstream transportation and storage business and drilling services division this year.

Even with 33 buildings and 1.15 million square feet of office space — plus a newly expanded 72,000-square-foot fitness center — Chesapeake is bulging at the seams. The company continues to lease space, 58,000 square feet in all.

"Once this current phase of construction is completed, Chesapeake will have 1.33 million square feet of office space on its new and expanded campus footprint, Burger said.

### Far from '80s origins

Burger said it will be "a far cry from two portions of separate 6,000-square-foot buildings" occupied almost 20 years ago by Chesapeake co-founders McClendon and [Tom Ward](#), now chairman and chief executive officer of SandRidge Energy. Chesapeake continues to evaluate whether to build or buy more space and intends to keep improving what it already has, she said.

"We pay the same attention to detail in our office building planning, design and construction that we take in any other aspect of our business," she said.

"In fact, we believe the meticulous detail, attractiveness and quality of our campus is a physical manifestation of the way we find and produce natural gas.

"We strive to be the best in everything we do."