

OKLAHOMA CITY, Feb. 14, 2017 /PRNewswire/ -- [Chesapeake Energy Corp.](#) (NYSE:CHK) today announced additional details of its 2017 guidance outlook. Highlights include:

- Projected total capital expenditures guidance of \$1.9 – \$2.5 billion, including capitalized interest
- Projected total company production guidance ranging from a decline of 3% to growth of 2%, adjusted for asset sales
- Exit rate oil production projected to grow by 10% in 2017, while exit rate gas production projected to remain relatively flat, adjusted for asset sales
- Plan to operate an average of approximately 17 drilling rigs, compared to 10 rigs in 2016

Doug Lawler, Chesapeake's Chief Executive Officer, commented, "The execution of our 2017 capital program will position Chesapeake for significant production and earnings growth and cash flow neutrality in 2018. As noted during our October 2016 Analyst Day, our 2017 capital program is driven by improved capital efficiencies and profitability from our significant portfolio of high rate of return drill opportunities. We will maintain our financial and operational flexibility with a relentless focus on driving differential performance. We look forward to building on our progress, both financially and operationally, in 2017 and beyond."

2017 Capital Program and Production Outlook

Chesapeake is budgeting planned total capital expenditures (including capitalized interest) in the range of \$1.9 – \$2.5 billion in 2017, compared to total capital expenditures of approximately \$1.65 – \$1.75 billion in 2016, excluding 2016 proved property acquisitions and the repurchase of volumetric production payment (VPP) transactions. The company is narrowing its range of projected capital as it gains confidence in market conditions supporting a return to projected production growth in the second half of the year. The company is targeting total production of 194 – 205 million barrels of oil equivalent (mmboe) in 2017, or average daily production of 532 – 562 thousand barrels of oil equivalent (mboe), representing a decline of 3% to modest growth of 2% compared to 2016 after adjusting for asset sales. Of the 2017 projected total production, approximately 33 – 35 mmboe is estimated to be crude oil, 18 – 20 mmboe is estimated to be natural gas liquids and 860 – 900 billion cubic feet is estimated to be natural gas.

Chesapeake plans to operate an average of approximately 17 rigs in 2017, an increase from an average of 10 rigs in 2016. The company intends to spud and place on production approximately 400 and 450 gross operated wells in 2017, respectively, compared to 213 and 428 wells in 2016, respectively. A complete summary of the company's guidance for 2017 is attached to this release.

Operations Update

Lawler continued, "We have a number of operational results we are looking forward to in 2017, including our return to the Powder River Basin (PRB) and our first results from the Turner formation in the 2017 second quarter, along with additional results from the Susquehanna and Niobrara and a Mowry test later in the year. In total, we plan to place approximately 30 wells on production in the PRB in 2017. In the Mid-Continent area, we plan to place approximately 100 wells on production during 2017, with roughly 60 of those wells planned from the Oswego formation. The Mid-Continent is expected to provide oil growth in 2017 through development drilling in the Oswego and our exploitation of 'the Wedge play.' Finally, we plan to operate approximately six rigs and place approximately 165 wells on production in the Eagle Ford Shale in South Texas. Several new tests are planned in the Eagle Ford, which include more than 10 extra-long lateral wells reaching approximately 15,000 feet and we also plan to test the Upper Eagle Ford and Austin Chalk formations. Our increased activity in the Eagle Ford, Oklahoma and the PRB is expected to result in oil growth of approximately 10% from year-end 2016 to year-end 2017, with continued growth in our oil volumes projected to be over 20% by year-end 2018.

"In our natural gas plays, our progress in the Haynesville Shale in Louisiana continues to improve with recent wells placed on production reaching approximately 30 – 45 million cubic feet (mmcf) of gas per day. Our plans for 2017 in the Haynesville include utilizing three rigs and placing approximately 35 wells on production. In Northeast Appalachia, our activities in the Marcellus Shale in Pennsylvania and the Utica Shale in Ohio will be more focused on completing inventory wells compared to drilling and completing new wells. We also plan to begin applying more aggressive fracture stimulation procedures to wells in both the Marcellus and our dry gas Utica areas during the year. We are projecting that natural gas production growth will be relatively flat from year-end 2016 to year-end 2017, but expect that our gas volumes will return to growing again from year-end 2017 to year-end 2018. Nonetheless, we are projecting that these world-class gas producing areas will generate significant free cash flow for us compared to the capital invested during both 2017 and 2018."

Doug Lawler will be making a company presentation at the 2017 Credit Suisse Energy Summit on Tuesday, February 14, 2017 at 1:00 PM EST. The event will be available to the public via internet webcast. A link to the webcast will be accessible at www.chk.com/investors on the date of the event.

Headquartered in Oklahoma City, [Chesapeake Energy Corp.](#)'s (NYSE: CHK) operations are focused on discovering and developing a large and geographically diverse resource base of unconventional oil and natural gas assets onshore in the United States. The company also owns oil and natural gas marketing and natural gas gathering and compression businesses.

This news release and the accompanying Outlook include "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Forward-looking statements are statements other than statements of historical fact. They include statements that give our current expectations or forecasts of future events, production and well connection forecasts, estimates of operating costs, anticipated capital and operational efficiencies, planned development drilling

and expected drilling cost reductions, general and administrative expenses, capital expenditures, the timing of anticipated noncore asset sales and proceeds to be received therefrom, projected cash flow and liquidity, our ability to enhance our cash flow and financial flexibility, plans and objectives for future operations (including our ability to optimize base production and execute gas gathering agreements), the ability of our employees, portfolio strength and operational leadership to create long-term value, and the assumptions on which such statements are based. Although we believe the expectations and forecasts reflected in the forward-looking statements are reasonable, we can give no assurance they will prove to have been correct. They can be affected by inaccurate or changed assumptions or by known or unknown risks and uncertainties.

Factors that could cause actual results to differ materially from expected results include those described under "Risk Factors" in Item 1A of our annual report on Form 10-K and any updates to those factors set forth in Chesapeake's subsequent quarterly reports on Form 10-Q or current reports on Form 8-K (available at <http://www.chk.com/investors/sec-filings>). These risk factors include the volatility of oil, natural gas and NGL prices; the limitations our level of indebtedness may have on our financial flexibility; our inability to access the capital markets on favorable terms or at all; the availability of cash flows from operations and other funds to finance replacement costs or satisfy our debt obligations; a further downgrade in our credit rating requiring us to post more collateral under certain commercial arrangements; write-downs of our oil and natural gas asset carrying values due to low commodity prices; our ability to replace reserves and sustain production; uncertainties inherent in estimating quantities of oil, natural gas and NGL reserves and projecting future rates of production and the amount and timing of development expenditures; our ability to generate profits or achieve targeted results in drilling and well operations; leasehold terms expiring before production can be established; commodity derivative activities resulting in lower prices realized on oil, natural gas and NGL sales; the need to secure derivative liabilities and the inability of counterparties to satisfy their obligations; adverse developments or losses from pending or future litigation and regulatory proceedings including royalty claims; charges incurred in response to market conditions and in connection with our ongoing actions to reduce financial leverage and complexity; drilling and operating risks and resulting liabilities; effects of environmental protection laws and regulation on our business; legislative and regulatory initiatives further regulating hydraulic fracturing; our need to secure adequate supplies of water for our drilling operations and to dispose of or recycle the water used; impacts of potential legislative and regulatory actions addressing climate change; federal and state tax proposals affecting our industry; potential OTC derivatives regulation limiting our ability to hedge against commodity price fluctuations; competition in the oil and gas exploration and production industry; a deterioration in general economic, business or industry conditions; negative public perceptions of our industry; limited control over properties we do not operate; pipeline and gathering system capacity constraints and transportation interruptions; terrorist activities; cyber-attacks adversely impacting our operations; an interruption in operations at our headquarters due to a catastrophic event; the continuation of suspended dividend payments on our common stock and preferred stock; certain anti-takeover provisions that affect shareholder rights; and our inability to increase or maintain our liquidity through debt repurchases, capital exchanges, asset sales, joint ventures, farmouts or other means.

In addition, disclosures concerning the estimated contribution of derivative contracts to our future results of operations are based upon market information as of a specific date. These market prices are subject to significant volatility. Our production forecasts are also dependent upon many assumptions, including estimates of production decline rates from existing wells and the outcome of future drilling activity. Expected asset sales may not be completed in the time frame anticipated or at all. We caution you not to place undue reliance on our forward-looking statements, which speak only as of the date of this news release, and we undertake no obligation to update any of the information provided in this release or the accompanying Outlook, except as required by applicable law.

CHESAPEAKE ENERGY CORPORATION OUTLOOK FOR 2017

Chesapeake periodically provides guidance on certain factors that affect the company's future financial performance. New information or changes from the company's November 3, 2016 preliminary Outlook are italicized bold below.

Year Ending
12/31/2017

Adjusted Production Growth ^(a)	(3%) to 2%
Absolute Production	
Liquids - mmbbls	51 - 55
Oil - mmbbls	33 - 35
NGL - mmbbls	18 - 20
Natural gas - bcf	860 - 900
Total absolute production - mmboe	194 - 205
Absolute daily rate - mboe	532 - 562
Estimated Realized Hedging Effects^(b) (based on 2/9/17 strip prices):	
Oil - \$/bbl	(\$0.15)
Natural gas - \$/mcf	(\$0.24)
NGL - \$/bbl	\$0.06
Estimated Basis to NYMEX Prices:	
Oil - \$/bbl	\$1.55 - \$1.75
Natural gas - \$/mcf	\$0.35 - \$0.45
NGL - \$/bbl	\$4.00 - \$4.40
Operating Costs per Boe of Projected Production:	
Production expense	\$2.50 - \$2.70
Gathering, processing and transportation expenses	\$7.00 - \$7.50
Oil - \$/bbl	\$4.25 - \$4.45
Natural Gas - \$/mcf	\$1.25 - \$1.35
NGL - \$/bbl	\$8.10 - \$8.50
Production taxes	\$0.40 - \$0.50
General and administrative ^(c)	\$1.20 - \$1.30
Stock-based compensation (noncash)	\$0.10 - \$0.20
DD&A of natural gas and liquids assets	\$4.00 - \$5.00
Depreciation of other assets	\$0.40 - \$0.50
Interest expense ^(d)	\$1.85 - \$1.95
Marketing, gathering and compression net margin ^(e)	(\$80) – (\$60)
Book Tax Rate	0%
Capital Expenditures (\$ in millions) ^(f)	\$1,700 - \$2,300
Capitalized Interest (\$ in millions)	\$200
Total Capital Expenditures (\$ in millions)	\$1,900 - \$2,500

- (a) Based on 2016 production of 547 mboe per day, adjusted for 2016 sales.
- (b) Includes expected settlements for commodity derivatives adjusted for option premiums. For derivatives closed early, settlements are reflected in the period of original contract expiration.
- (c) Excludes expenses associated with stock-based compensation.
- (d) Excludes unrealized gains (losses) on interest rate derivatives.
- (e) Includes revenue and operating expenses. Excludes depreciation and amortization of other assets.
- (f) Includes capital expenditures for drilling and completion, leasehold, geological and geophysical costs, rig termination payments and other property and plant and equipment. Excludes any additional proved property acquisitions.

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