

CHESAPEAKE ENERGY CORP
Form 8-K
November 30, 2004

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 OR 15(d)

of the

Securities Exchange Act of 1934

Date of Report (Date of earliest event reported)

November 30, 2004

CHESAPEAKE ENERGY CORPORATION

(Exact name of Registrant as specified in its Charter)

Oklahoma
(State or other jurisdiction
of incorporation)

1-13726
(Commission File No.)

73-1395733
(IRS Employer Identification No.)

6100 North Western Avenue, Oklahoma City, Oklahoma
(Address of principal executive offices)

73118
(Zip Code)

(405) 848-8000

(Registrant's telephone number, including area code)

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Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.1425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Section 8 OTHER EVENTS

ITEM 8.01 OTHER EVENTS

Beginning with the quarter ended September 30, 2004, we changed the manner of disclosure of financial information on our two segments, (1) exploration and production and (2) marketing. Previously, segment information was provided through our disclosure of financial information of our guarantor and non-guarantor subsidiaries, as our marketing operations were the only non-guarantor subsidiaries. On September 18, 2004, the marketing subsidiaries became guarantors of our senior debt, and, as a result, disclosure of financial information of our subsidiaries in the manner provided in previous filings is no longer required. We are filing with this current report audited consolidated financial statements in order to conform the presentation of prior year segment financial information to the presentation of segment financial information in the unaudited consolidated financial statements included in our Form 10-Q for the quarter ended September 30, 2004.

Note 8 of the notes to the audited consolidated financial statements included in exhibit 99 presents the following segment information for each of the three years in the period ended December 31, 2003. Other than the described conforming changes in note 8, the consolidated financial statements included in exhibit 99 are the same as the consolidated financial statements appearing in Item 8 of our Form 10-K for the year ended December 31, 2003.

| | Exploration and Production | Marketing | Consolidated |
|--|---------------------------------------|-------------------|---------------------|
| For the Year Ended December 31, 2003: | | | |
| Revenue | \$ 1,296,822 | \$ 420,610 | \$ 1,717,432 |
| Production expenses and taxes | 215,476 | | 215,476 |
| General and administrative | 26,702 | 3,453 | 30,155 |
| Oil and gas marketing expenses | | 410,288 | 410,288 |
| Depreciation, depletion and amortization | 383,065 | 3,193 | 386,258 |
| Interest and other income | 1,673 | 1,154 | 2,827 |
| Interest expense | 154,345 | 11 | 154,356 |
| Other expenses | 22,774 | | 22,774 |
| INCOME BEFORE INCOME TAXES | 496,133 | 4,819 | 500,952 |
| Income tax expense (benefit) | 188,529 | 1,831 | 190,360 |
| NET INCOME | \$ 307,604 | \$ 2,988 | \$ 310,592 |
| TOTAL ASSETS | \$ 4,376,558 | \$ 195,733 | \$ 4,572,291 |
| CAPITAL EXPENDITURES | \$ 2,086,102 | \$ 27,265 | \$ 2,113,367 |
| For the Year Ended December 31, 2002: | | | |
| Revenue | \$ 568,187 | \$ 170,315 | \$ 738,502 |
| Production expenses and taxes | 128,292 | | 128,292 |
| General and administrative | 15,684 | 1,934 | 17,618 |
| Oil and gas marketing expenses | | 165,736 | 165,736 |
| Depreciation, depletion and amortization | 233,378 | 1,820 | 235,198 |
| Interest and other income | 6,743 | 597 | 7,340 |
| Interest expense | 112,021 | 10 | 112,031 |
| Other expenses | 19,827 | | 19,827 |

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| | | | |
|--|---------------------|-------------------|---------------------|
| INCOME BEFORE INCOME TAXES | 65,728 | 1,412 | 67,140 |
| Income tax expense (benefit) | 26,289 | 565 | 26,854 |
| NET INCOME | \$ 39,439 | \$ 847 | \$ 40,286 |
| TOTAL ASSETS | \$ 2,772,496 | \$ 103,112 | \$ 2,875,608 |
| CAPITAL EXPENDITURES | \$ 826,088 | \$ 7,281 | \$ 833,369 |
| For the Year Ended December 31, 2001: | | | |
| Revenue | \$ 820,318 | \$ 148,733 | \$ 969,051 |
| Production expenses and taxes | 108,384 | | 108,384 |
| General and administrative | 13,138 | 1,311 | 14,449 |
| Oil and gas marketing expenses | | 144,373 | 144,373 |
| Depreciation, depletion and amortization | 181,485 | 80 | 181,565 |
| Interest and other income | 2,404 | 473 | 2,877 |
| Interest expense | 98,319 | 2 | 98,321 |
| Other expenses | 63,138 | | 63,138 |
| INCOME BEFORE INCOME TAXES | 358,258 | 3,440 | 361,698 |
| Income tax expense (benefit) | 142,916 | 1,376 | 144,292 |
| NET INCOME | \$ 215,342 | \$ 2,064 | \$ 217,406 |
| TOTAL ASSETS | \$ 2,232,426 | \$ 54,342 | \$ 2,286,768 |
| CAPITAL EXPENDITURES | \$ 1,031,676 | \$ 291 | \$ 1,031,967 |

Item 9.01. Financial Statements and Exhibits

(c) Exhibits:

23 Consent of PricewaterhouseCoopers LLP

99 Audited consolidated financial statements of Chesapeake Energy Corporation as of December 31, 2003 and 2002 and for the three years ended December 31, 2003

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

By: /s/ AUBREY K. McCLENDON
Aubrey K. McClendon
Chairman of the Board and
Chief Executive Officer

Dated: November 30, 2004