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CHESAPEAKE ENERGY CORP
Form SC 13D
February 22, 2006
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 13D*

Under the Securities Exchange Act of 1934

CHESAPEAKE ENERGY CORPORATION

(Name of Issuer)

Common Stock, par value \$.01

(Title of Class of Securities)

165167 10 7

(CUSIP Number)

Shannon Self, Esquire

Commercial Law Group, P.C.

2725 Oklahoma Tower

210 Park Avenue

Oklahoma City, Oklahoma 73102

(405) 232-3001

(Name, Address and Telephone Number of Person

Authorized to Receive Notices and Communications)

February 10, 2006

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(Date of Event Which Requires Filing of this Statement)

If the filing person has previously filed a statement on Schedule 13G to report the acquisition which is the subject of this Schedule 13D, and is filing this schedule because of Rule 13d-1(e), Rule 13d-1(f) or Rule 13d-1(g), check the following box. o

***Note:** Schedules filed in paper format shall include a signed original and five copies of the schedule, including all exhibits. See Rule 13d-7(b) for other parties to whom copies are to be sent.*

* The remainder of this cover page shall be filled out for a reporting person's initial filing on this form with respect to the subject class of securities, and for any subsequent amendment containing information which would alter disclosures provided in a prior cover page.

The information required on the remainder of this cover page shall not be deemed to be "filed" for the purpose of Section 18 of the Securities Exchange Act of 1934 ("Act") or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, see the Notes).

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CUSIP NO. 16517 10 7

- (1) Names of Reporting Persons, I.R.S. Identification Nos. of Above Persons (entities only) Aubrey K. McClendon
- (2) Check the Appropriate Box if a Member of a Group (*See Instructions*) (a) (b)
- (3) SEC Use Only
- (4) Source of Funds (*See Instructions*) PF
- (5) Check if Disclosure of Legal Proceedings is Required Pursuant to Items 2(d) or 2(e)
- (6) Citizenship or Place of Organization USA
- 22,354,354
- Number of Shares (7) Sole Voting Power
- Beneficially Owned (8) Shared Voting Power 13,671
- By Each Reporting (9) Sole Disposition 22,354,354
- Person With: (10) Shared Dispositive Power 13,671
- (11) Aggregate Amount Beneficially Owned by Each Reporting Person 22,368,025

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- (12) Check if the Aggregate Amount in Row (11) Excludes Certain Shares (*See*⁰
Instructions)
- (13) Percent of Class Represented by Amount in Row (11) 5.91%
- (14) Type of Reporting Person (*See Instructions*) IN

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(1)	Names of Reporting Persons, I.R.S. Identification Nos. of Above Persons (entities only)	Chesapeake Investments, an Oklahoma Limited Partnership 73-1132104
(2)	Check the Appropriate Box if a Member of a Group (<i>See Instructions</i>)	(a) <input checked="" type="checkbox"/> (b) <input type="checkbox"/>
(3)	SEC Use Only	
(4)	Source of Funds (<i>See In-structions-</i>)	N/A
(5)	Check if Disclosure of Legal Proceedings is Required Pursuant to Items o 2(d) or 2(e)	
(6)	Citizenship or Place of Organization	Oklahoma
Number of Shares	(7) Sole Voting Power	0
Beneficially Owned	(8) Shared Voting Power	13,671
By Each Reporting	(9) Sole Disposition	0
Person With:	(10) Shared Dispositive Power	13,671
(11)	Aggregate Amount Beneficially Owned by Each Reporting Person	13,671

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- (12) Check if the Aggregate Amount in Row (11) Excludes Certain Shares
(See Instructions)
- (13) Percent of Class Represented by Amount in Row (11) 0.00%
- (14) Type of Reporting Person (See Instructions) PN

Preliminary Statement

This Schedule 13D is filed by the group consisting of Aubrey K. McClendon (McClendon) and Chesapeake Investments, an Oklahoma Limited Partnership ("CI"). Mr. McClendon and CI are referred to herein as the "Reporting Persons." The Reporting Persons have previously reported their beneficial ownership of Chesapeake Energy Corporation stock through the following Schedule 13D filings: (a) the Schedule 13D dated February 4, 1993; (b) Amendment No. 1 to Schedule 13D filed on March 10, 1997; (c) Amendment No. 2 to Schedule 13D filed on December 17, 1999; and (d) Amendment No. 3 to Schedule 13D filed on June 18, 2003, (collectively, the Prior Schedule 13D). The Prior Schedule 13D was filed by the Reporting Persons jointly with Tom L. Ward and an affiliate of Mr. Ward (the Ward Group). Contemporaneously with this filing, the Reporting Persons and the Ward Group are filing Amendment No. 4 to the Prior Schedule 13D for the purpose

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of disclaiming membership in a group. This Schedule 13D updates the disclosures in the Prior Schedule 13D with respect to the Reporting Persons.

Item 1. Security and Issuer.

This Schedule 13D relates to the common stock, par value \$0.01 per share (the "Common Stock"), of Chesapeake Energy Corporation, an Oklahoma corporation (the "Company") having its principal executive offices at 6100 North Western Avenue, Oklahoma City, Oklahoma 73118.

Item 2. Identity and Background.

(a)-(c)

Aubrey K. McClendon

Mr. McClendon is the Chairman of the Board and Chief Executive Officer of the Company, having a business address of 6200 North Western Avenue, Oklahoma City, Oklahoma 73118. The Company is engaged in oil and gas exploration and development.

Chesapeake Investments

Chesapeake Investments, an Oklahoma Limited Partnership, is an Oklahoma limited partnership, having a business address of 6100 North Western Avenue, Oklahoma City, Oklahoma 73118. Mr. McClendon is the sole general partner of CI. CI is principally engaged in the ownership of working interests in oil and gas wells and leases.

- (d) During the past five (5) years no Reporting Person has been convicted in a criminal proceeding (excluding traffic violations or similar misdemeanors).
- (e) During the past five (5) years, no Reporting Person has been a party to a civil proceeding of a judicial or an administrative body of competent jurisdiction as a result of which a Reporting Person is, or was, subject to a judgment, decree or final order enjoining

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future violations of, or prohibiting or mandating activity subject to, federal or state securities laws or finding any violation with respect to such laws.

- (f) Mr. McClendon is a citizen of the United States. Chesapeake Investments is a limited partnership under the laws of the State of Oklahoma.

Item 3. Source and Amount of Funds or Other Consideration.

The Reporting Persons acquired more than 5% of the outstanding Common Stock of the Company upon the formation and capitalization of the Company effective January 1, 1992. As the primary consideration for such shares, the Reporting Persons conveyed to the Company certain oil and gas properties, stock of various corporations which became wholly-owned subsidiaries of the Company, other real property and personal property. Subsequent

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to the formation of the Company, the Reporting Persons acquired shares of Common Stock through open market transactions, issuances under Company plans (including the Company's employee retirement and stock incentive benefit plans), purchases in public offerings by the Company and the conversion of Company cumulative convertible preferred stock (Preferred Stock) into Common Stock. Each acquisition or disposition of Common Stock and Preferred Stock was reported on Form 4 or 5 in accordance with the rules promulgated by the Securities and Exchange Commission under Section 16 of the Securities Exchange Act of 1934. Mr. McClendon used his personal funds for cash purchases of Common Stock and Preferred Stock.

Item 4. Purpose of Transaction.

The Reporting Persons acquired the shares of Common Stock and Preferred Stock for investment purposes. Mr. McClendon is currently inclined to purchase additional shares depending on a number of factors such as price and industry trends. Thus, in the future the Reporting Persons may purchase additional shares of Common Stock or Preferred Stock, but may also dispose of any or all of the Common Stock or Preferred Stock in any manner permitted by applicable securities laws. Mr. McClendon is a member of the Company's Board of Directors and as such may participate as a director in decisions by the Board of Directors enumerated in paragraphs (a) through (j) of Item 4 of Schedule 13D. Other than Mr. McClendon's participation on the Board of Directors and except as otherwise disclosed in this Item 4, neither of the Reporting Persons has any present plans or intentions relating to the transactions described in paragraphs (a) through (j) of Item 4 of Schedule 13D.

Item 5. Interest in Securities of the Issuer.

The aggregate percentage of shares of Common Stock reported as beneficially owned by each Reporting Person was computed based upon 373,530,427 shares of Common Stock outstanding on February 10, 2006.

(a) The following table sets forth the aggregate number of shares and percentage of the Common Stock beneficially owned by each Reporting Person:

<u>Person</u>	<u>Amount</u>	<u>Percent</u>
Aubrey K. McClendon	22,354,354 (1)(2)	5.91%
Chesapeake Investments	13,671 (2)	0.00%

(1) This amount includes: (i) 97,138 shares held on behalf of Mr. McClendon in the Chesapeake Energy Corporation Savings and Incentive Stock Bonus Plan as of December 31, 2005, the latest date such information is available; (ii) 3,765,675 shares which Mr. McClendon has the

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right to acquire within sixty (60) days pursuant to stock options granted by the Company; and (iii) 905,365 shares which Mr. McClendon has the right to acquire upon conversion of Preferred Stock.

(2) This amount includes 13,671 shares owned of record by CI, of which Mr. McClendon is the sole general partner. CI and Mr. McClendon share voting and dispositive power over such shares.

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(b) The following table sets forth the number of shares of Common Stock of the Company for which each Reporting Person has (1) the sole power to vote or direct the voting, (2) shared power to vote or direct the voting, (3) the sole power to dispose or to direct the disposition, or (4) shared power to dispose or to direct the disposition:

<u>Person or Entity</u>	<u>Sole Voting and Power of Disposition</u>	<u>Shared Voting and Power of Disposition</u>
Aubrey K. McClendon	22,354,354 (1)	13,671 (2)
Chesapeake Investments _____	0	13,671 (2)

(1) See footnote (1) under paragraph (a) of this Item 5.

(2) See footnote (2) under paragraph (a) of this Item 5.

(c) During the sixty days prior to the date of this Schedule 13D, the following transactions were effected in the Common Stock by the Reporting Persons:

From December 15, 2005 through January 25, 2006, Mr. McClendon purchased shares of Common Stock on the open market as follows:

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Date	Shares	Price per Share
<u>12/15/05</u>	1,100	\$33.90
<u>12/15/05</u>	200	\$33.91
<u>12/15/05</u>	10,000	\$33.92
<u>12/15/05</u>	29,700	\$33.93
<u>12/15/05</u>	9,000	\$33.94
12/19/05	2,200	\$32.38
12/19/05	52,800	\$32.40
12/19/05	1,900	\$32.43
12/19/05	2,300	\$32.44
12/19/05	600	\$32.45
12/19/05	12,800	\$32.46
12/19/05	600	\$32.47
12/19/05	1,100	\$32.48
12/19/05	25,700	\$32.50
<u>12/20/05</u>	2,200	\$32.18
<u>12/20/05</u>	33,700	\$32.19
<u>12/20/05</u>	14,100	\$32.20
<u>12/20/05</u>	5,000	\$32.38
<u>12/20/05</u>	2,600	\$32.39
<u>12/20/05</u>	18,100	\$32.40
12/21/05	7,700	\$32.85
12/21/05	2,300	\$32.86
12/21/05	2,100	\$32.89
12/21/05	10,000	\$32.91
12/21/05	200	\$32.92
12/21/05	2,000	\$32.93
<u>12/22/05</u>	800	\$32.66
<u>12/22/05</u>	9,400	\$32.67
<u>12/22/05</u>	4,100	\$32.68
12/22/05	7,600	\$32.69
12/22/05	88,100	\$32.70
12/23/05	7,000	\$31.61
12/23/05	5,600	\$31.62
12/23/05	4,900	\$31.63
12/23/05	4,000	\$31.64
12/23/05	25,800	\$31.65
12/23/05	2,200	\$31.66
12/23/05	500	\$31.67
12/27/05	8,700	\$30.77
12/27/05	7,300	\$30.78
12/27/05	1,200	\$30.79
12/27/05	7,800	\$30.80
12/27/05	700	\$30.94
12/27/05	6,000	\$30.95

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12/27/05	17,600	\$30.96
12/27/05	1,300	\$30.97
12/27/05	5,200	\$30.98
12/27/05	8,400	