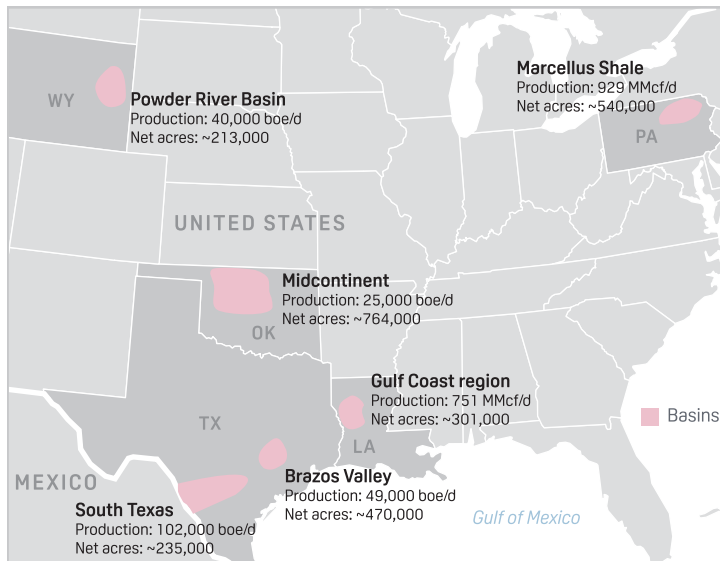


oil window, on production in Q3.

In the Eagle Ford Shale play of South Texas, where it had placed 17 wells on production in 2019's second quarter, the producer plans to increase the pace and place 42 wells on production in Q3 as it completes larger drilling projects in the play.

CHESAPEAKE ENERGY ASSETS



As of Q2-19
Source: Chesapeake Energy

Chesapeake placed 16 wells on production in the 2019 second quarter in the oil-rich Powder River Basin of Wyoming and expects to place 26 wells on production in the play in the 2019 third quarter. The company dropped its only operated rig in its Midcontinent operating area in Oklahoma and expects not to place any wells into production in the play for the rest of the year.

In its financial results for Q2 2019, Chesapeake reported net income of \$98 million and net income available to common stockholders of \$75 million, or 5 cents per diluted share. Adjusting for items typically excluded by securities analysts, the Q2 2019 adjusted net loss attributable to Chesapeake was \$158 million, or 10 cents per share, the company said.

— *Jim Magill*

Colorado's rapid population growth led to stricter drilling laws: Haley

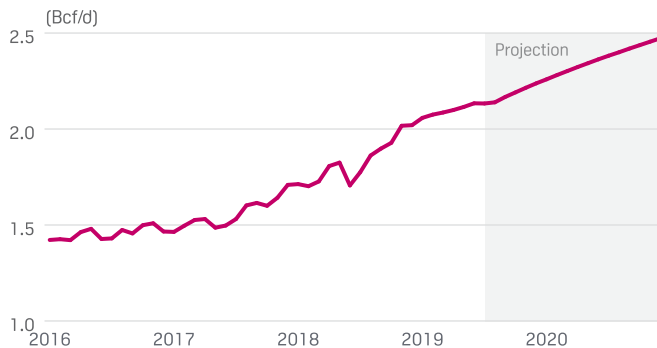
- Operators must engage more with communities to earn trust
- DJ Basin continues to set production records

As Colorado's demographics continue to shift, operators in the state need to engage more with communities in order to continue production gains.

This is the message Dan Haley, CEO of the Colorado Oil and Gas Association, emphasized during a keynote speech at the LDC Gas Rockies and West forum in Los Angeles Tuesday morning.

Haley was primarily referring to the recent passage of Senate Bill

DENVER-JULESBURG PRODUCTION AND PROJECTION



Source: S&P Global Platts Analytics

181, a law giving local government unprecedented authority over the drilling permit process.

"This bill allows for unfettered, unprecedented local control," he said. "It allows for local governments to enact unlimited setbacks. It also changed the makeup of the Colorado Oil and Gas Conservation Commission, removing two of the members with a background in oil and gas, an engineer and a geologist. It's very frustrating."

Rapid population growth over the past decade reshaped the voting base in the state.

"About 10 years ago, our demographics were changing," he said. "We were an evenly divided electorate. About a third of our voters were Republican, a third Democrat and a third were unaffiliated. We were as purple as a purple state can get. It would swing back and forth depending on the election."

"Seven of our fastest-growing cities were located right on top of oil and gas production fields," Haley said. "We had an activists' movement growing. We left a vacuum. Our industry did not do a good job of explaining what we were doing, why it was important and why it was good for communities. When we didn't tell people that, the vacuum became dominated by activists."

As a result, multiple cities and counties across the Front Range enacted bans and moratoriums on hydraulic fracturing. Since Senate Bill 181 became law earlier this year, even more municipalities and counties have enacted drilling moratoriums until the law is finalized.

The state has already seen the number of drilling permits slow to a trickle.

Colorado currently ranks as the sixth leading oil and gas producer in the nation. Dry gas production in the Denver-Julesburg basin now sits at more than 2.1 Bcf/d, according to S&P Global Platts Analytics.

With only 31 active drilling rigs, compared with 77 five years ago, the state continues to set production records. Platts Analytics projects it to hit almost 2.5 Bcf/d by the end of 2020 based on current drilling patterns.

"This is a testament to the efficiency gains made by operators and how technology is changing our industry," Haley said. "We are a high-tech and innovative industry. The technologies coming out of the Denver-Julesburg, the Permian and the Bakken rival anything coming of Silicon Valley. We have to translate that message to communities and our elected leaders. Engage with the media. We can't sit on the sidelines."

— *Brandon Evans*