



Pipelines and Compressor Stations: The Facts



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As natural gas drilling in the Barnett Shale continues to increase, it means many great things for the future of North Texas. Producing wells can yield valuable benefits in royalties, tax dollars and local revenue streams. Yet, before wells can produce natural gas, pipelines must be in place to transport the gas to compressor stations and to the market. The building and installation of additional natural gas pipelines is raising many important questions. Why do we need them? How do they work? Are they safe? Chesapeake is here to provide you with the answers to these and other important questions as we work to bring the many advantages of the Barnett Shale to you.

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Pipelines and Compressor Stations: Paving the Way for Natural Gas



Pipelines and compressor stations are an integral part of natural gas drilling and production. Without pipelines, natural gas cannot be transported and sold at market to provide royalty payments, clean energy and the economic benefits to our community. And without compressor stations, natural gas cannot be moved through a pipeline network. Each element works safely in conjunction with others to complete the natural gas process.

Unfortunately, in the Barnett Shale there is a current shortage of pipelines and compressor stations. Due to the recent surge in natural gas drilling, a sufficient system for gathering and transporting the increased supply of natural gas being extracted from the Barnett Shale does not currently exist. Much like a highway in an area of town experiencing unprecedented growth, the

current “roads” – or pipelines – available cannot accommodate the large volume of gas that needs to flow through them – so additional pipelines are needed.

Compressor stations first remove water from the natural gas, then bring the gas to the right pressure for safe and efficient transport through the pipeline network, converting the large amounts of gas derived from the Barnett Shale into a usable content. These stations can be quiet and non-invasive – similar to other public utility stations around town, which most people don’t even notice.

Q: What is being done to make compressor stations urban-friendly?

A: In urban environments, Chesapeake is implementing special sound abatement measures which dramatically decrease sound from compressor stations. Housed in new acoustical control buildings, these urban compressor stations are visually appealing and blend in with surrounding structures and buildings.



A great example of a non-intrusive structure blending in with its urban setting, the compressor station at Northside Drive and I-35 in Fort Worth is quiet, non-intrusive and aesthetically pleasing.

The Pipeline Process: Start to Finish



Pipelines transport the valuable natural gas people need to heat their homes, power their appliances and cook their food. Yet, before the gas can be used in homes and businesses, there are three main steps that must happen to expedite its delivery.

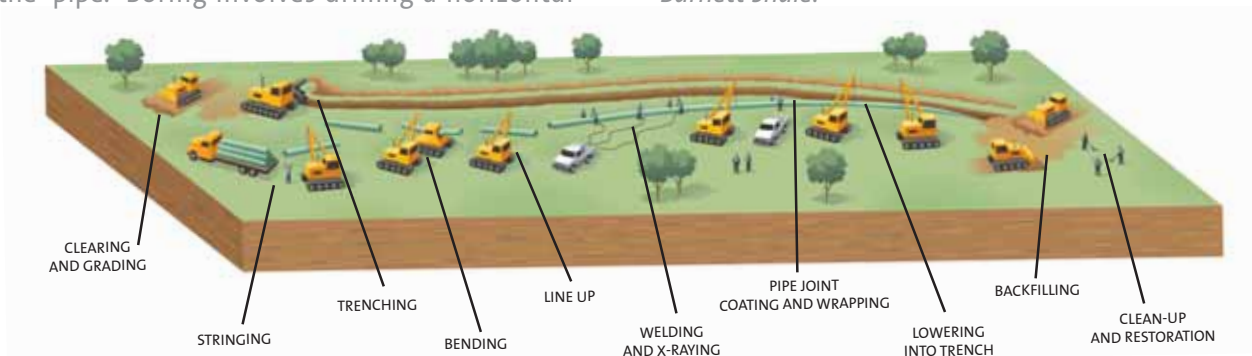
First, pipelines must be installed in the ground via trenching or boring. Trenching involves digging approximately six feet into the ground and laying the pipe. Boring involves drilling a horizontal

hole (from three to 60 feet) underground and feeding the pipe into it. Next, gathering of the natural gas through a series of pipelines begins. Gas is initially transported away from the well in a low-pressure pipe and then pushed to higher-pressure pipelines by a compressor station. Finally, the gas is transported to market for purchase, distribution and use. This process is the safest way to transport natural gas for ultimate use by consumers.

Once the pipelines have been properly installed and the process is complete, the land is reclaimed and restored or landscaped back to its original state. In fact, many of the parks and greenspaces you see every day already have pipelines running underneath them.

Q: Why can't we use existing pipelines?

A: In areas where appropriate pipelines already exist, natural gas companies make every effort to utilize them. Energy companies can share pipelines to transport natural gas if it maximizes value for royalty owners. However, there is currently an insufficient gathering system in place to accommodate the large volumes of gas being extracted from the Barnett Shale.



Right-of-Way Agents: Working For You



Pipeline installation begins with a Right-of-Way Agent, who works with surface property owners and city planners to negotiate the planning, permitting, construction and completion.

First, the agent collaborates with energy companies to find the best place for the pipeline to be constructed. Then, the agent contacts the property owner to obtain permission to lay the pipe in the least intrusive areas possible.

Once the proper easements and permits have been obtained, pipeline systems are constructed. The process is then completed as the pipeline installed from the well joins other gathering pipelines moving toward the compressor station.

Q: If a pipeline is installed on or near my property, does that mean that I can never use that land again?

A: No. Surface amenities, including sidewalks, driveways, parking lots and shallow-root landscaping can still be constructed above pipelines. Though deep-root landscaping and permanent structures are not permitted on pipeline easements (to maintain the integrity of the pipeline and allow for safety inspection access), pipelines take up a relatively small amount of space. And, companies work to honor property owners' wishes by laying the pipes in the least intrusive areas. We also work to reduce the impact on landscaping when installing pipeline networks.



Pipeline systems currently run under thousands of neighborhoods throughout North Texas. They are heavily regulated to meet the highest safety standards.

Pipelines: A Mineral Owner's Best Friend



Pipelines are the only feasible way to move natural gas. Without proper pipelines, natural gas cannot be transported. Royalties cannot be paid since gas cannot be produced without pipelines to move it on to the market to be sold. This is extremely important since natural gas drilling has generated hundreds of millions of dollars in revenue and taxable income for North Texas.

And, like most facets associated with natural gas drilling, pipeline construction benefits the North Texas economy. Pipeline operations are directly employing thousands in Tarrant, Johnson and Dallas counties, and the new infrastructure serves to fuel local businesses in many ways. But these benefits reach far beyond fueling the economy.

Pipelines facilitate a vital public need by helping to transport natural gas to end users: heating homes, fueling electric generation plants, powering automobiles and increasing U.S. energy security.



Natural gas pipelines deliver this clean-burning resource to end users to power businesses, fuel buses and provide essential energy for cooking, heating and living.

Q: I want to know more about pipelines and compressor stations. What can I do?

A: Please refer to page 13 for additional resources for information on pipelines and compressor stations.

Safety Matters



To ensure maximum safety, natural gas pipelines are highly regulated at both federal and state levels. Pipelines are governed by the Federal Energy Regulatory Commission (FERC), the U.S. Department of Transportation (USDOT) and the Railroad Commission of Texas (RRC). In fact, gathering lines are more highly regulated in Texas than any other state in the union. It is also worth noting that Chesapeake Energy goes beyond basic pipeline regulations to deliver the most reliable pipelines in the industry – we design our pipelines to even higher standards than required by the federal government.

Additionally, great precaution and public awareness initiatives are taken to identify areas with pipelines to ensure that third-party digging never compromises the integrity of the pipe. Before any construction

begins anywhere in the Barnett Shale, state law requires that anyone planning to dig deeper than 16 inches with machine-powered equipment must call DIG TESS (Texas Excavation Safety System) at 1-800-344-8377 at least two days in advance to ensure that current pipeline locations will not be disturbed. To learn more about DIG TESS, please visit www.digtess.org.



Pipeline Inspection Gauges, known as PIGs, are one of the final safety procedures used to ensure secure pipelines.

Q: I've heard concerns about pipelines running underneath neighborhoods. Are they safe?

A: Most people do not realize that thousands of pipeline networks already exist and have been safely transporting public utilities underneath communities for years. Pipelines are essential to warm your water, heat your home and cook your food. Natural gas pipelines are simply delivering another product that is integral to your daily life.

Safety Note



Regulatory agencies throughout the industry and the Barnett Shale are working together to guarantee that natural gas pipelines and communities continue to live in harmony. In the grand scheme of things, natural gas pipelines pose no more danger to citizens than any other public utility.

Want to Dig Deeper?

Thorough information about procedures involved in the regulation of natural gas pipelines and compressor stations in Texas can be obtained by contacting the following organizations:

Railroad Commission of Texas
www.rrc.state.tx.us / 877-228-5740

Federal Energy Regulatory Commission
www.ferc.gov / 866-208-3372

U.S. Department of Transportation
www.dot.gov / 800-877-8339

U.S. Department of Energy
www.eia.doe.gov

Environmental Protection Agency
www.epa.gov

The Interstate Natural Gas Association of America
www.ingaa.org

Natural Gas Regulations
www.naturalgas.org

Code of Federal Regulations
ecfr.gpoaccess.gov

Chesapeake Energy
www.AskChesapeake.com
www.chk.com
817-870-1250

DIG TESS
www.digtess.org / 800-344-8377