



Chesapeake Energy Plans to Sell \$5B in Assets

Chesapeake Energy says it could get \$5B from sale of Fayetteville shale stake and other assets

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Chesapeake Energy Corp. said Monday it will sell all of its assets in a massive natural gas field and stakes in two companies as part of a plan to reduce debt and focus on more profitable regions.

Chesapeake says it hopes to bring in more than \$5 billion, before taxes, from the sales. Chesapeake Energy is aiming to reduce its debt by 25 percent by 2012.

The natural gas properties are located in the Fayetteville shale, a natural gas field in central Arkansas. Chesapeake Energy is the second largest producer of natural gas there.

The Oklahoma City company says it will sell its 25.8 percent stake in Frac Tech Holdings LLC and its 20 percent piece of Chaparral Energy Inc.

The move will allow Chesapeake to focus more on higher-margin oil assets as oil prices spike and natural gas prices remain low. The Fayetteville shale is not as profitable as several other major U.S. natural gas fields.

Chesapeake believes the deal will close in the first half of this year, along with the sale of Chesapeake's stake in a drilling project in an emerging oil field in northeast Colorado and southeast Wyoming announced last month.

China's state-owned offshore oil and gas company CNOOC Ltd. agreed to pay \$570 million for a one-third stake in the project. Chesapeake will operate the 800,000-acre project in a pair of basins in a region called the Niobrara shale. CNOOC will pay two-thirds of the project's drilling costs, up to an additional \$697 million.

Over the past several years, drillers like Chesapeake have learned to tap vast amounts of natural gas in shale deposits. More recently they have learned to adapt the new technology to also produce oil. Engineers have learned to drill down and then horizontally into layers of shale. They then pump a slurry of sand, water and chemicals into the well to crack the rock and allow oil and gas to escape.

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