

## Oklahoma-Based Chesapeake Price Gives Look At Firm's State, National Gas Business



Price

A senior vice president of Chesapeake Energy Corp. told us Nov. 1 that the company was started by two Oklahomans in 1989, with 10 employees and \$50,000. Tom Price Jr. said the Oklahoma-based company today employs 2,700 "energy professionals," and has an enterprise value of \$20 billion.

Chesapeake is the second largest independent producer of U.S. natural gas, behind Devon, another Oklahoma company, Price said. It is the most active operator in Oklahoma, from 1998 to 2005, and the most active operator in the U.S. from 2003 to 2005. The company has 74 operated rigs and 72 non-operated.

"This is part of the solution to the U.S. energy problem," the oil and gas official said.

Chesapeake is the state's largest private investor, raising over \$10 billion since 1993, through public debt and equity offerings. It has invested over \$6.5 billion in Oklahoma since 1993.

The company is the state's largest natural gas producer, with production of 18 to 20 percent of total Oklahoma gas production and accounts for 25 percent of Oklahoma drilling, with 40 active rigs in the state.

Price showed a map of Chesapeake production in the Anadarko and Arkoma Basins in Oklahoma and Arkansas; the Permian Basin in

west Texas and in New Mexico, the Barnett Shale in Texas, the Texas Gulf Coast, and Arkansas, Louisiana and Texas rigs. The company now is expanding to the Appalachian Basin in Kentucky, South Carolina, Ohio, Pennsylvania and New York.

The firm's business strategy, Price said is growth through acquisitions, which it acquires, exploits, expands and explores; growth "through the drillbit," or onshore domestic drilling; and regional consolidation.

No major companies have active rigs in Oklahoma.

But technology is the key to reducing drilling risk and increasing returns on capital, Price stated.

It was a "difficult time" for Oklahoma when gas was \$2, he noted. However, the gross production tax in the state from 2000 to 2005 was \$617 million, he reported.

Oil and gas profits, on the other hand, were less than 8 percent. His chart showed 7.6 percent, while the U.S. industry average was 7.9 percent.

He had two charts he called the "federal government energy policy Hall of Shame."

The charts showed what Price said were the cost and results of four federal energy acts. They were the Public Utility

Regulatory Policies Act of 1978, the National Energy Policy Conservation Act of 1978, the Crude Oil Windfall Profits Tax of 1980, and the Synthetic Fuels Corporation bill passed established in 1983. The charts showed minimal results and the cost of "billions of dollars." See National Gas Business on page 2

## Rotarian Talks On Hospices

Rotarian Shirley Fleming told us last week about her work at Peachtree Hospice, during National Hospice Month.

Hospices are important to a community. They take medical, social and spiritual care of a dying patient, and his or her family.

But only 20 percent of the people who qualify for hospice care take advantage of the benefits, Shirley said.

There is a "waiting list" for getting into hospices in California. But in 2003, Pittsburg County had 860 deaths and less than 20 percent received hospice care, the speaker reported.

To be a hospice patient, a person must receive a doctor's prog-



Shirley Fleming

nosis that they have six months or less to live. But all costs of the "terminal process" are paid by Medicare, Shirley added. There are no "out-of-pocket expenses" for the family.

The book on "Death and Dying" was published in 1969 and the first national hearing on "death with dignity" was held in 1972.

But former President Clinton's Health Care plan in 1993 ended care in the home for the dying. Care was moved to nursing homes or a specialized inpatient hospice unit.

Hospices ask us to be "present for one another, with heart and mind," the Rotarian said. A hospice "represents the kind of community we are."

Shirley talked about the differences in profit, versus non-profit hospices. Taxes and donations are the main difference, she explained. There are seven "for profit hospices" in this area.

Each hospice has a chaplain and a staff, some of which are volunteers.

# Doctor Talks on Prostate Diseases



Dr. Stanley Gahring

Urologist, Dr. Stanley Gahring talked about prostate diseases at the Oct. 25 club meeting.

Dr. Gahring came here from Shawnee, after having practices in Indiana and Ohio.

All men are affected by prostate diseases at some age, he said. Kidney, prostate or urinary problems may result,

There are no symptoms of cancer of the prostate, he said. But it can be detected by a blood test, on a PSA, by urinalysis, or a prostate check. High frequency sound waves and X-rays also are now used. But medicines are the first line of treatment, he said.

The prostate can be removed. There were 160,000 such operations last year, the doctor said.

There were 30,000 to 40,000 deaths this year from prostate diseases, although they are usually not life threatening.

Dr. Gahring recommended a yearly exam for men at age 50. And if your father or grandfather had prostate cancer, start annual exams at age 45, he said.

Better education and better treatment are promising, and there is a new vaccine. Asked about Green Tea, the doctor said it "doesn't seem to do much."

He also mentioned a tomato extract and Palmetto Extract.

he added.

By age 50, most men have an enlarged prostate, he said. "By 75, most do."

This may cause a man to urinate more frequently and more slowly, because the bladder does not usually empty.

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lars" for each.

The windfall profits tax resulted in the loss of "thousands of Oklahoma jobs (and) millions" of dollars to Oklahomans.

The Chesapeake official said oil and natural gas are increasingly difficult and expensive to find, "and we are consuming 31 billion barrels per year" in the U.S. The average U.S. oil consumption per capita is 25.3 barrels per year. In Japan, the oil consumption per capita is 15.6 barrels per year and in Korea it is 17.7 barrels a year.

China's average oil consumption per capita is only 1.8 barrels per year and India's is .9 barrels per year. (All figures were 2003.)

However the main future population growth and industrialization will be outside the U.S. And when urbanized Chinese and Indians reach the same per capita consumption as the Japanese and Koreans, the world will consume 42 percent more oil.

Iraq will see a "huge increase in demand" if democratization is successful there, Price added. How quickly will China and India develop? he asked. "And where will the 35 million new barrels per day come from?"

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Chesapeake is "building a better Oklahoma" with 1,605 Oklahoma operated wells drilled from 1998 to 2005; property acquisitions, drilling capital expenses, royalty payments to 50,000 owners, leasehold acquisition, state severance taxes, state sales taxes, and employee state income taxes.

Another chart showed the Oklahoma academic and community improvement efforts supported by Chesapeake.

The company also is "hiring our best" young people and "keeping our best at home," he pointed out.

Many leaders think that the best potential for the oil and gas business is "drilling deep," he said in answer to one question.

Price said his drive to McAlester reminded him that he used to drive to the courthouse here, "over 100 times." This part of the state is "incredibly beautiful," he said

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## District 6110 Dates

February 16-23, 2006 . International Assembly, San Diego, California, USA  
March 6, 2006 . . . . . RYLA Applications Due  
March 17-18, 2006 . . . . . Presidents-Elect Training Seminar (P.E.T.S.), Peabody Hotel, Little Rock, AR  
March 30-April 2, 2006 The 16th annual RYLA camp

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# November Good Citizens From MHS

Club guests who are "Good Citizens" for the month of November from McAlester High School are Kacyn Cumbie and Billy Knighton.

Kacyn is a senior and is the daughter of Jackie and Cindy Cumbie. Her school schedule includes "Pom," TV Productions, English IV, AP, Algebra III, and Biology II, AP. Her hobbies include church activities, dance and Pom. After graduation she plans to go to college and major in public relations.

Billy also is a senior. His parents are Bill and Jena Knighton. His school schedule includes Biology, Psychology, Math Finance, Computers, Choctaw, English and Football. His hobbies include playing basketball and football and running in track. After graduation, he plans to go to TCU to play football and run in track.

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# Attendance Visitors, and Handshakers

Last week there were 57 persons present Assistant District Governor Tom Cobb was present, and so were the McAlester High School Good Citizens.

On Nov. 1, 55 attended. Lavon Williams of Poteau was a visiting Rotarian. Rachael England and Cory Richards were visitors.

There were 47 persons at the Oct. 25 meeting. The MHS Good Citizens and Exchange Student Gustavo Borges were present.

HANDSHAKERS-The bankers are starting to launder the Rotary commemorative coins now. Roi Nelson gave a coin to Shayne Javersak last week. Carl Filskow gave it to Jim Pratt on Nov. 1, and Tim Whipps laundered the coin to Gary Boyd on Oct. 25.