

If you own or have owned royalty interest(s) in wells located in Kansas that produce or have produced gas and/or gas constituents from January 1, 1998, to the present, and if you have been paid for such royalty interest(s) by Chesapeake Operating, Inc. (“Chesapeake”), you are a

member of the Class unless expressly excluded. This Notice is to advise you of the pendency and nature of the Action and your rights in connection with it. This Notice is not an expression of opinion by the Court as to the merits of any of the claims or defenses asserted by any of the parties to the Action or the ultimate outcome of the Action.

For purposes of the class definition, the term “royalty” does not include interests derived from assignments or reservations out of a lessee’s interest in an oil and gas lease (commonly referred to as “overriding royalty” interests). To the extent that a member of the Class receives revenues from oil production or from an overriding royalty interest, such revenues are not affected by this Action.

BACKGROUND OF THE ACTION

1. The Action was originally filed in Seward County, Kansas on November 5, 2009. Chesapeake removed the Action to the United States District Court for the District of Kansas on December 11, 2009.

2. Arkalon Grazing Association (“Arkalon”) is a Kansas corporation that owns royalty interest in a well located in Seward County, Kansas, for which Chesapeake pays Arkalon royalties. Arkalon has been appointed by the Court as Class Representative. Arkalon contends that Kansas law requires Chesapeake to bear all costs necessary to produce marketable products, and then pay royalties based on the commercial price for marketable products. Arkalon for itself and the Class sues Chesapeake for: (1) breach of leases, (2) unjust enrichment, and (3) for an accounting. It seeks remedies of monetary and compensatory damages, an accounting for all underpayments, an injunction, and attorneys’ fees and expenses from the recovery, and costs.

3. In support of its various claims noted above, Arkalon asserts that Chesapeake has underpaid royalties in various respects including: (1) improperly deducting from royalty owners the costs of placing the gas stream and all constituent products into marketable condition such as by deducting or contracting to have deducted the costs of gathering, compression, dehydration, treatment, processing, and other gas conditioning costs; (2) paying royalty based on a starting price that was below what Chesapeake received in arm’s-length sales transactions; (3) failing to pay royalty on gas and its constituents that is lost, unaccounted for, or used by Chesapeake or others off the leased premises; (4) failing to pay royalties on condensate, nitrogen, helium and other gas constituents; (5) deducting Conservation Fee and Severance Tax on Helium which are not owed by royalty owners; (6) calculating royalty solely according to Chesapeake’s internal accounting, royalty payment formulas, and record-keeping operations which are not known to royalty owner class members; and (7) paying royalty based on false and misleading representations on Chesapeake’s check stub forms. Arkalon also contends Chesapeake owes interest on all underpaid amounts. Chesapeake has denied any liability and asserts various defenses.

4. Chesapeake maintains that it pays royalties based upon 100% of the amount that it receives when it sells the gas. Only certain class members have borne any deductions taken for costs incurred, and those costs are third party costs that are included by the purchaser in the calculating the sales proceeds Chesapeake receives. Chesapeake maintains that it fully complies with all its obligations to pay royalty as stated or implied in the leases, and fully complies with

the obligations with respect to how it handles taxes. Chesapeake also maintains that the claims are barred in part by the statute of limitations. The Court has not determined the merits of any claim or defense being asserted.

5. On November 4, 2010, the Court issued an Order denying Chesapeake's motion to dismiss Arkalon's claims outside the statute of limitations based on the allegations made in Arkalon's Amended Complaint. The Court has not made a determination of the merits of any claim or defense asserted by any party.

6. On March 31, 2011, the Court certified the Action as a class action, appointed Arkalon Grazing Association as Class Representative, and appointed attorneys with the firm of Gunderson, Sharp & Walke, L.L.P. as Class Counsel, that is, as the lawyers to represent the Class. This Court's Order that did so may be found in the public records of this case and can be accessed over the internet via PACER as described elsewhere below in this Notice.

7. The parties will be engaging in discovery on the merits of the claims, which will include, without limitation, the review and analysis of documents, the taking of depositions, and the exchange of expert reports. Like other cases, this case is subject to pre-trial proceedings and developments which may alter, limit or adjudicate claims or defenses being asserted.

YOUR CHOICES

8. This Notice is given to you in the belief that you may be a member of the Class whose rights may be affected by this Action. This Notice is intended merely to advise you of the pendency of this Action and of your rights with respect to the Action, including the right to remain a Class Member or to exclude yourself from the Class. **YOU DO NOT HAVE TO DO ANYTHING TO REMAIN A CLASS MEMBER.**

9. If you remain a class member, you will be bound by any judgment in this Action, whether it is favorable or unfavorable. If there is a recovery, you may be entitled to share in the proceeds, less such costs, expenses, and attorneys' fees as the Court may allow out of such recovery. If you remain a member of the Class and Chesapeake prevails in the Action, you may not pursue your own lawsuit on any of the issues decided in this Action.

10. IF YOU WISH TO EXCLUDE YOURSELF FROM THE CLASS, YOU MUST MAKE A REQUEST IN WRITING. To be a valid written request for exclusion, you must: (a) state the name and address of the person or entity requesting the exclusion; (b) state your Chesapeake Owner Number; or identify the well or wells in which you hold a royalty; (c) sign the request for exclusion as an individual or an officer or agent of the entity requesting exclusion; (d) mail the request to the Notice Administrator, at the address below. The request must be postmarked no later than November 15, 2011. Do not request exclusion if you wish to participate in this Action as a Class Member.

11. If you exclude yourself from the Class, you will not be bound by any judgment in this Action, nor will you be entitled to share in any recovery in this Action, but you may individually pursue any legal rights you may have against Chesapeake at your own expense.

12. If you do not request exclusion from the Class by November 15, 2011, you will be considered a Class Member, and you will be bound by any final judgment in this Action.

13. If you do not exclude yourself from the Class in the manner set forth above, you may enter an appearance in the Action personally or through your own counsel at your own expense. As a member of the Class, you will be represented by Class Counsel, Gunderson, Sharp & Walke, LLP, 5301 West 75th Street, Prairie Village, Kansas 66208, on a contingent fee basis.

14. If you remain a Class Member, you will not be responsible for advancing any Class Counsel's attorneys' fees or costs. Any fees or expenses ultimately allowed by the Court to Class Counsel will be paid out of the recovery in the Action, if any. If there is no recovery, Class Members will have no liability for fees or expenses.

15. If this Notice was sent to you at your current address, you do not have to do anything further to receive future notices concerning this Action. If it was forwarded by the postal service, or if it was otherwise sent to you at an address which is not current, you should immediately contact the Notice Administrator, at the address below.

AVAILABILITY OF FILED PAPERS

16. This Notice is necessarily a summary and does not fully describe all the details of the contentions of the parties. The pleadings and other papers filed in this Action are available for inspection, during business hours, at the Office of the Clerk of the Court, United States District Court for the District of Kansas. The records are also available on-line for a fee through the PACER service at www.pacer.gov/. In addition, you may obtain a copy of the Complaint by downloading it from the <http://www.strahm.com/Chesapeakeclassaction.html> or by contacting the Notice Administrator:

Strahm Automation and Mailing Services
Class Notice Administrator for Arkalon v. Chesapeake (D. Kan.)
1700 Broadway
Kansas City, MO 64108

17. If you have any questions about this Notice, you may consult an attorney of your own choosing at your own expense, or the Notice Administrator whose contact information is in the preceding paragraph.

**PLEASE DO NOT CONTACT THE JUDGE OR
THE COURT CLERK ASKING FOR INFORMATION.**

DATED this 2nd day of September, 2011, at Kansas City, Kansas.

s/ Carlos Murguia
CARLOS MURGUIA
United States District Judge