CHESAPEAKE ENERGY CORP
Form 10-K
March 01, 2007

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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

x Annual Report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the Fiscal Year Ended December 31, 2006

¨ Transition Report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
Commission File No. 1-13726

Chesapeake Energy Corporation

(Exact Name of Registrant as Specified in Its Charter)

Oklahoma	**73-1395733**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**
6100 North Western Avenue	
Oklahoma City, Oklahoma	**73118**
(Address of principal executive offices)	**(Zip Code)**

(405) 848-8000

Registrant s telephone number, including area code

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	**Name of Each Exchange on Which Registered**
Common Stock, par value $.01	New York Stock Exchange
7.5% Senior Notes due 2013	New York Stock Exchange
7.625% Senior Notes due 2013	New York Stock Exchange
7.0% Senior Notes due 2014	New York Stock Exchange
7.5% Senior Notes due 2014	New York Stock Exchange
6.375% Senior Notes due 2015	New York Stock Exchange

7.75% Senior Notes due 2015	New York Stock Exchange
6.625% Senior Notes due 2016	New York Stock Exchange
6.875% Senior Notes due 2016	New York Stock Exchange
6.5% Senior Notes due 2017	New York Stock Exchange
6.25% Senior Notes due 2018	New York Stock Exchange
6.875% Senior Notes due 2020	New York Stock Exchange
2.75% Contingent Convertible Senior Notes due 2035	New York Stock Exchange
4.5% Cumulative Convertible Preferred Stock	New York Stock Exchange
6.25% Mandatory Convertible Preferred Stock	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act:

None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. YES x NO ¨

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Exchange Act. YES ¨ NO x

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. YES x NO ¨

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant s knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K ¨

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer or a non-accelerated filer. See definition of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act.

Large accelerated filer x Accelerated filer ¨ Non-accelerated filer ¨

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). YES ¨ NO x

The aggregate market value of our common stock held by non-affiliates on June 30, 2006 was approximately $11.9 billion. At February 23, 2007, there were 460,068,149 shares of our $0.01 par value common stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the proxy statement for the 2007 Annual Meeting of Shareholders are incorporated by reference in Part III.

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CHESAPEAKE ENERGY CORPORATION AND SUBSIDIARIES

2006 ANNUAL REPORT ON FORM 10-K

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PART I

ITEM 1. *Business*

General

We are the third largest independent producer of natural gas in the United States, and we own interests in approximately 34,600 producing oil and natural gas wells that are currently producing approximately 1.7 billion cubic feet equivalent, or bcfe, per day, 92% of which is natural gas. Our strategy is focused on discovering, developing and acquiring conventional and unconventional natural gas reserves onshore in the U.S. east of the Rocky Mountains. Our operations are located in the *Mid-Continent region,* which includes Oklahoma, Arkansas, southwestern Kansas and the Texas Panhandle; the *Forth Worth Basin* in north-central Texas; the *Appalachian Basin*, principally in West Virginia, eastern Kentucky, eastern Ohio and southern New York; the *Permian and Delaware Basins* of West Texas and eastern New Mexico; the *Ark-La-Tex* area of East Texas and northern Louisiana; and the *South Texas and Texas Gulf Coast regions*. We have established a top-three position in nearly every major shale play in the U.S., including the Fort Worth Basin Barnett Shale, the Arkansas Fayetteville Shale, the Appalachian Basin Devonian Shale, the southeast Oklahoma Woodford Shale, the Delaware Basin Barnett and Woodford Shales, the Illinois Basin New Albany Shale and the Conasauga, Floyd and Chattanooga Shales in Alabama.

As of December 31, 2006, we had 9.0 trillion cubic feet equivalent, or tcfe, of proved reserves, of which 93% were natural gas and all of which were onshore. During 2006, we produced an average of 1.585 bcfe per day, a 23% increase over the 1.284 bcfe per day produced in 2005. We replaced our 578 bcfe of production with an internally estimated 2.013 tcfe of new proved reserves for a reserve replacement rate of 348%. Reserve replacement through the drillbit was 1.345 tcfe, or 233% of production (including 729 bcfe of positive performance revisions and 212 bcfe of downward revisions resulting from natural gas price declines), and reserve replacement through acquisitions was 668 bcfe, or 115% of production. As a result, our proved reserves grew by 19% during 2006, from 7.5 tcfe to 9.0 tcfe. Of our 9.0 tcfe of proved reserves, 62% were proved developed reserves.

During 2006, we led the nation in drilling activity with an average utilization of 98 operated rigs and 79 non-operated rigs. Through this drilling activity, we drilled 1,488 (1,243 net) operated wells and participated in another 1,534 (206 net) wells operated by other companies. Our success rate was 99% for operated wells and 98% for non-operated wells. In 2006, we added approximately 2,000 new employees to support our growth, which increased our total employee base to approximately 4,900 employees at December 31, 2006, and invested $771 million in leasehold (excluding leasehold acquired through corporate and asset acquisitions) and 3-D seismic data, all of which we consider the building blocks of future value creation.

From January 1, 1998 through December 31, 2006, we were one of the most active consolidators of onshore U.S. natural gas assets, having purchased approximately 6.5 tcfe of proved reserves, at a total cost of approximately $14.3 billion (including $5.1 billion for unproved leasehold, but excluding $989 million of deferred taxes established in connection with certain corporate acquisitions). Excluding the amounts allocated to unproved leasehold and deferred taxes, our acquisition cost per proved thousand cubic feet equivalent, or mcfe, was $1.41 over this time period. During 2006, we remained active in the acquisitions market. Acquisition expenditures in 2006 totaled $4.0 billion (including $2.9 billion for unproved leasehold, but excluding $180 million of deferred taxes established in connection with certain corporate acquisitions).

Our principal executive offices are located at 6100 North Western Avenue, Oklahoma City, Oklahoma 73118 and our main telephone number at that location is (405) 848-8000. We make available free of charge on our website at *www.chkenergy.com* our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and amendments to those reports as soon as reasonably practicable after we electronically file such material with, or furnish it to, the Securities and Exchange Commission. References to us , we and our in this report refer to Chesapeake Energy Corporation together with its subsidiaries.

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Business Strategy

Since our inception in 1989, Chesapeake s goal has been to create value for investors by building one of the largest onshore natural gas resource bases in the United States. For the past nine years, our strategy to accomplish this goal has been to focus onshore in the U.S. east of the Rockies where the company believes it can generate attractive risk adjusted returns. In building our industry-leading resource base, we have integrated an aggressive and technologically-advanced drilling program with an active property consolidation program focused on small to medium-sized corporate and property acquisitions. To date, we have built leading positions in the Mid-Continent region, the Fort Worth Barnett Shale in North Texas, the South Texas and Texas Gulf Coast regions, the Permian and Delaware Basins of West Texas and eastern New Mexico, the Fayetteville Shale in Arkansas, the Ark-La-Tex area of East Texas and northern Louisiana, the Appalachian Basin, principally in West Virginia, eastern Kentucky, eastern Ohio and southern New York, the Caney and Woodford Shales in southeastern Oklahoma, the Barnett and Woodford Shales in west Texas and the Conasauga, Floyd and Chattanooga Shales of Alabama.

Key elements of this business strategy are further explained below:

Grow through the Drillbit. One of our most distinctive characteristics is our ability to increase reserves and production through the drillbit. We are currently utilizing approximately 132 operated drilling rigs and approximately 90 non-operated drilling rigs to conduct the most active drilling program in the U.S. We focus both on finding significant new natural gas reserves and developing existing proved reserves, principally at deeper depths than the industry average. For the past nine years, we have been actively investing in leasehold, 3-D seismic information and human capital to be able to take advantage of the favorable drilling economics that exist today. While we believe U.S. natural gas production has declined during the past six years, we are one of the few large-cap independent oil and natural gas companies that have been able to increase production, which we have successfully achieved for the past 17 consecutive years and 22 consecutive quarters. We believe key elements of the success and scale of our drilling programs have been our early recognition that natural gas prices were likely to move higher in the U.S. in the post-2000 period accompanied by our willingness to proactively hire new employees and to build the nation s largest onshore leasehold and 3-D seismic inventories, all of which are the building blocks of a successful large-scale drilling program.

Make High-Quality Acquisitions. Our acquisition program is focused on acquisitions of natural gas properties that offer high-quality, long-lived production and significant development and higher potential deep drilling opportunities. From January 1, 1998 through December 31, 2006, we purchased approximately 6.5 tcfe of proved reserves, at a total cost of approximately $14.3 billion (including $5.1 billion for unproved leasehold, but excluding $989 million of deferred taxes established in connection with certain corporate acquisitions). Excluding the amounts allocated to unproved leasehold and deferred taxes, our acquisition cost per proved mcfe was $1.41 over this time period. The majority of these acquisitions either increased our ownership in existing wells or fields or added additional drilling locations in our focused operating areas. Because these operating areas contain many smaller companies seeking liquidity opportunities and larger companies seeking to divest non-core assets, we expect to continue to find additional attractive acquisition opportunities in the future.

Focus on Low Costs. By minimizing lease operating costs and general and administrative expense through focused activities and increased scale, we have been able to deliver attractive financial returns through all phases of the commodity price cycle. We believe our low cost structure is the result of management s effective cost-control programs, a high-quality asset base and extensive and competitive services, natural gas processing and transportation infrastructures that exist in our key operating areas. In addition, to control costs and service quality we have made significant investments in our drilling rig and trucking service operations and in our midstream gathering and compression operations. As of December 31, 2006, we operated approximately 20,400 of our 34,600 wells, which delivered approximately 83% of our daily production volume. This large percentage of operated properties provides us with a high degree of operating flexibility and cost control.

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Build Regional Scale. We believe one of the keys to success in the natural gas exploration industry is to build significant operating scale in a limited number of operating areas that share many similar geological and operational characteristics. Achieving such scale provides many benefits, the most important of which are higher per unit revenues, lower per unit operating costs, greater rates of drilling success, higher returns from more easily integrated acquisitions and higher returns on drilling investments. We first began pursuing this focused strategy in the Mid-Continent region in late 1997 and we are now the largest natural gas producer, the most active driller and the most active acquirer of leasehold and producing properties in the Mid-Continent. We believe this region, which trails only the Gulf Coast and Rocky Mountains in current U.S. natural gas production, has many attractive characteristics. These characteristics include long-lived natural gas properties with predictable decline curves, multi-pay geological targets that decrease drilling risk and have resulted in a drilling success rate of 97% over the past 17 years, generally lower service costs than in more competitive or more remote basins and a favorable regulatory environment with virtually no federal land ownership. We believe the other areas where we operate possess many of these same favorable characteristics and our goal is to become or remain a top three natural gas producer in each of our operating areas.

Improve our Balance Sheet. We have made significant progress in improving our balance sheet over the past eight years. From December 31, 1998 through December 31, 2006, we increased our stockholders equity by $11.5 billion through a combination of earnings and common and preferred equity issuances. As of December 31, 2006, our debt as a percentage of total capitalization (total capitalization is the sum of debt and stockholders equity) was 40%, compared to 47% as of December 31, 2005 and 137% as of December 31, 1998. We believe our business strategy and operational performance will lead to an investment grade credit rating for our unsecured debt in the future.

Based on our view that natural gas will be in a tight supply/demand relationship in the U.S. during at least the next few years because of the significant structural challenges to growing natural gas supply and the growing demand for this clean-burning, domestically produced fuel, we believe our focused natural gas acquisition, exploitation and exploration strategy should provide substantial value-creating growth opportunities in the years ahead. Our goal is to increase our overall production by 14% to 18% in 2007 and 10% to 14% in 2008.

Company Strengths

We believe the following six characteristics distinguish our past performance and differentiate our future growth potential from other independent natural gas producers:

High-Quality Asset Base. Our producing properties are characterized by long-lived reserves, established production profiles and an emphasis on onshore natural gas. Based upon current production and proved reserve estimates, our proved reserves-to-production ratio, or reserve life, is approximately 14.5 years. In addition, we believe we are the seventh largest producer of natural gas in the U.S. (third among independents) and the fifth largest owner of proved U.S. natural gas reserves (second among independents). In each of our operating areas, our properties are concentrated in locations that enable us to establish substantial economies of scale in drilling and production operations and facilitate the application of more effective reservoir management practices. We intend to continue building our asset base in each of our operating areas through a balance of acquisitions, exploitation and exploration.

Large Inventory of Drilling Projects. During the 17 years since our inception, we have been among the five most active drillers of new wells in the U.S. Presently, we are the most active driller in the U.S. with 132 operated and 90 non-operated rigs drilling. Through this high level of activity over the years, we have developed an industry-leading expertise in drilling deep vertical and horizontal wells in search of large natural gas accumulations in challenging conventional and unconventional reservoirs. As a result of our successful acquisition program and active leasehold acquisition and seismic acquisition

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strategies, we have been able to accumulate a U.S. onshore leasehold position of approximately 10.4 million net acres, and have acquired rights to 16.3 million acres of onshore 3-D seismic data to provide informational advantages over our competitors and to help evaluate our large acreage inventory. On this very large acreage position, our technical teams believe we have approximately 26,000 net exploratory and developmental drilling locations, representing a backlog of approximately 10 years of future drilling opportunities at current drilling rates.

Successful Acquisition Program. Our experienced acquisition team focuses on enhancing and expanding our existing assets in each of our operating areas. These areas are characterized by long-lived natural gas reserves, low lifting costs, multiple geological targets, generally favorable basis differentials to benchmark commodity prices, well-developed oil and natural gas transportation infrastructures and considerable potential for further consolidation of assets. Since 1998, we have acquired approximately 6.5 tcfe of proved reserves that replaced 270% of our total production. We believe we are well-positioned to continue making attractive acquisitions as a result of our extensive track record of identifying, completing and integrating multiple successful acquisitions, our large operating scale and our knowledge and experience in the regions in which we operate.

Low-Cost Producer. Our high-quality asset base, the work ethic of our employees, our hands-on management style and our headquarters location in Oklahoma City have enabled us to achieve a low operating and administrative cost structure. During 2006, our operating costs per unit of production were $1.40 per mcfe, which consisted of general and administrative expenses of $0.24 per mcfe (including non-cash stock-based compensation of $0.05 per mcfe), production expenses of $0.85 per mcfe and production taxes of $0.31 per mcfe. We believe this is one of the lowest cost structures among publicly-traded, large-cap independent oil and natural gas producers.

Effective Hedging Program. We have used and intend to continue using hedging programs to reduce the risks inherent in acquiring and producing oil and natural gas reserves, commodities that are frequently characterized by significant price volatility. We believe this price volatility is likely to continue in the years ahead and that we can use this volatility to our benefit by taking advantage of prices when they reach levels that management believes are either unsustainable for the long-term or provide unusually high rates of return on our invested capital. We currently have natural gas swaps in place covering 48% and 60% of our anticipated natural gas production for 2007 and 2008, respectively, at average NYMEX prices of $8.63 and $9.20 per mcf, respectively, along with natural gas collars covering 10% of our anticipated natural gas production for 2007 with an average NYMEX floor of $6.88 per mcf and an average NYMEX ceiling of $8.41 per mcf. Additionally, we have written call options covering 10% and 13% of our 2007 and 2008 natural gas production, respectively, at a weighted average price of $9.56 and $10.20 per mcf, respectively. We have oil swaps in place covering 59% and 51% of our anticipated oil production for 2007 and 2008, respectively, at average NYMEX prices of $71.90 and $71.63 per barrel of oil, respectively. During 2006, we realized gains from our hedging program of approximately $1.254 billion, which increased our realized price per mcfe by $2.17.

Entrepreneurial Management. Our management team formed the company in 1989 with an initial capitalization of $50,000 and fewer than ten employees. Since then, our management team has guided the company through various operational and industry challenges and extremes of oil and natural gas prices to create the third largest independent producer of natural gas in the U.S. with approximately 4,900 employees and an enterprise value of approximately $23.8 billion. Our chief executive officer and co-founder, Aubrey K. McClendon, has been in the oil and natural gas industry for 25 years and beneficially owns, as of February 23, 2007, approximately 25.8 million shares of our common stock.

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Properties

Chesapeake focuses its natural gas exploration, development and acquisition efforts in six operating areas: (i) the Mid-Continent, representing 47% of our proved reserves, (ii) the Fort Worth Basin, representing 13% of our proved reserves, (iii) the Appalachian Basin, representing 17% of our proved reserves, (iv) the Permian and Delaware Basins, representing 8% of our proved reserves, (v) the Ark-La-Tex area, representing 8% of our proved reserves, and (vi) the South Texas and Texas Gulf Coast regions, representing 7% of our proved reserves.

Chesapeake s strategy for 2007 is to continue developing our natural gas assets through exploratory and developmental drilling and by selectively acquiring strategic properties in the Mid-Continent and in our secondary areas. We project that our 2007 production will be between 665 bcfe and 675 bcfe. We have budgeted $4.7 billion to $4.9 billion for drilling, acreage acquisition, seismic and related capitalized internal costs, all of which is expected to be funded with operating cash flow based on our current assumptions and borrowings under our revolving bank credit facility. Our budget is frequently adjusted based on changes in oil and natural gas prices, drilling results, drilling costs and other factors. We expect to fund future acquisitions through a combination of operating cash flow, our revolving bank credit facility and, if needed, new debt and equity issuances.

Operating Areas

Mid-Continent. Chesapeake s Mid-Continent proved reserves of 4.226 tcfe represented 47% of our total proved reserves as of December 31, 2006, and this area produced 315 bcfe, or 55%, of our 2006 production. During 2006, we invested approximately $1.530 billion to drill 1,884 (621 net) wells in the Mid-Continent. For 2007, we anticipate spending approximately 37% of our total budget for exploration and development activities in the Mid-Continent region.

Fort Worth Barnett Shale. Chesapeake s Fort Worth Barnett Shale proved reserves represented 1.141 tcfe, or 13%, of our total proved reserves as of December 31, 2006. During 2006, the Fort Worth Barnett Shale assets produced 44 bcfe, or 7%, of our total production. During 2006, we invested approximately $428 million to drill 244 (187 net) wells in the Fort Worth Barnett Shale. For 2007, we anticipate spending approximately 26% of our total budget for exploration and development activities in the Fort Worth Barnett Shale.

Appalachian Basin. Chesapeake s Appalachian Basin proved reserves represented 1.491 tcfe, or 17%, of our total proved reserves as of December 31, 2006. During 2006, the Appalachian assets produced 45 bcfe, or 8%, of our total production. During 2006, we invested approximately $171 million to drill 319 (272 net) wells in the Appalachian Basin. For 2007, we anticipate spending approximately 7% of our total budget for exploration and development activities in the Appalachian Basin.

Permian and Delaware Basins. Chesapeake s Permian and Delaware Basins proved reserves represented 725 bcfe, or 8%, of our total proved reserves as of December 31, 2006. During 2006, the Permian assets produced 49 bcfe, or 8%, of our total production. During 2006, we invested approximately $413 million to drill 189 (92 net) wells in the Permian and Delaware Basins. For 2007, we anticipate spending approximately 13% of our total budget for exploration and development activities in the Permian and Delaware Basins.

Ark-La-Tex. Chesapeake s Ark-La-Tex proved reserves represented 711 bcfe, or 8%, of our total proved reserves as of December 31, 2006. During 2006, the Ark-La-Tex assets produced 46 bcfe, or 8%, of our total production. During 2006, we invested approximately $381 million to drill 248 (175 net) wells in the Ark-La-Tex region. For 2007, we anticipate spending approximately 9% of our total budget for exploration and development activities in the Ark-La-Tex area.

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South Texas and Texas Gulf Coast. Chesapeake s South Texas and Texas Gulf Coast proved reserves represented 661 bcfe, or 7%, of our total proved reserves as of December 31, 2006. During 2006, the South Texas and Texas Gulf Coast assets produced 79 bcfe, or 14%, of our total production. For 2006, we invested approximately $375 million to drill 138 (102 net) wells in the South Texas and Texas Gulf Coast regions. For 2007, we anticipate spending approximately 8% of our total budget for exploration and development activities in the South Texas and Texas Gulf Coast regions.

Drilling Activity

The following table sets forth the wells we drilled during the periods indicated. In the table, gross refers to the total wells in which we had a working interest and net refers to gross wells multiplied by our working interest.

	2006				2005				2004			
	Gross	Percent	Net	Percent	Gross	Percent	Net	Percent	Gross	Percent	Net	Percent
Development:												
Productive	2,844	98%	1,364	99%	1,736	97%	735	97%	1,239	97%	463	98%
Non-productive	47	2	13	1	51	3	21	3	34	3	9	2
Total	2,891	100%	1,377	100%	1,787	100%	756	100%	1,273	100%	472	100%
Exploratory:												
Productive	128	98%	71	99%	177	98%	57	95%	164	92%	67	91%
Non-productive	3	2	1	1	4	2	3	5	14	8	7	9
Total	131	100%	72	100%	181	100%	60	100%	178	100%	74	100%

The following table shows the wells we drilled by area:

	2006		2005		2004	
	Gross Wells	Net Wells	Gross Wells	Net Wells	Gross Wells	Net Wells
Mid-Continent	1,884	621	1,442	498	1,195	417
Fort Worth Barnett Shale	244	187				
Appalachian Basin	319	272	15	11		
Permian and Delaware Basins	189	92	139	56	107	55
Ark-La-Tex	248	175	257	171	82	36
South Texas and Texas Gulf Coast	138	102	115	80	67	38
Total	3,022	1,449	1,968	816	1,451	546

At December 31, 2006, we had 270 (128 net) wells in process.

Well Data

At December 31, 2006, we had interests in approximately 34,600 (19,079 net) producing wells, including properties in which we held an overriding royalty interest, of which 6,500 (3,608 net) were classified as primarily oil producing wells and 28,100 (15,471 net) were classified as primarily natural gas producing wells. Chesapeake operates approximately 20,400 of its 34,600 producing wells. During 2006, we drilled 1,488 (1,243 net) wells and participated in another 1,534 (206 net) wells operated by other companies. We operate approximately 83% of our current daily production volumes.

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Production, Sales, Prices and Expenses

The following table sets forth information regarding the production volumes, oil and natural gas sales, average sales prices received, other operating income and expenses for the periods indicated:

	Years Ended December 31, 2006	2005	2004
Net Production:			
Oil (mbbls)	8,654	7,698	6,764
Natural gas (mmcf)	526,459	422,389	322,009
Natural gas equivalent (mmcfe)	578,383	468,577	362,593
Oil and Natural Gas Sales ($ in thousands):			
Oil sales	$ 526,687	$ 401,845	$ 260,915
Oil derivatives realized gains (losses)	(14,875)	(34,132)	(69,267)
Oil derivatives unrealized gains (losses)	28,459	4,374	3,454
Total oil sales	$ 540,271	$ 372,087	$ 195,102
Natural gas sales	$ 3,343,056	$ 3,231,286	$ 1,789,275
Natural gas derivatives realized gains (losses)	1,268,528	(367,551)	(85,634)
Natural gas derivatives unrealized gains (losses)	467,039	36,763	37,433
Total natural gas sales	$ 5,078,623	$ 2,900,498	$ 1,741,074
Total oil and natural gas sales	$ 5,618,894	$ 3,272,585	$ 1,936,176
Average Sales Price (excluding gains (losses) on derivatives):			
Oil ($ per bbl)	$ 60.86	$ 52.20	$ 38.57
Natural gas ($ per mcf)	$ 6.35	$ 7.65	$ 5.56
Natural gas equivalent ($ per mcfe)	$ 6.69	$ 7.75	$ 5.65
Average Sales Price (excluding unrealized gains (losses) on derivatives):			
Oil ($ per bbl)	$ 59.14	$ 47.77	$ 28.33
Natural gas ($ per mcf)	$ 8.76 &nb		