

CHESAPEAKE ENERGY CORP
Form S-3ASR
August 03, 2017

As filed with the Securities and Exchange Commission on August 3, 2017
Registration No. 333-

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM S-3
REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933

Chesapeake Energy Corporation*

(Exact name of registrant as specified in its charter)

Oklahoma 73-1395733
(State or other jurisdiction of (IRS Employer
incorporation or organization) Identification Number)

6100 North Western Avenue

Oklahoma City, Oklahoma 73118

(405) 848-8000

(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

James R. Webb

Executive Vice President – General Counsel and

Corporate Secretary

6100 North Western Avenue

Oklahoma City, Oklahoma 73118

(405) 848-8000

(Name, address, including zip code, and telephone number, including area code, of agent for service)

Copy to:

Gene J. Oshman

Clinton W. Rancher

Baker Botts L.L.P.

910 Louisiana Street

Houston, Texas 77002

(713) 229-1234

Approximate date of commencement of proposed sale to the public: From time to time after this registration statement becomes effective.

If the only securities being registered on this Form are being offered pursuant to dividend or interest reinvestment plans, please check the following box.

If any of the securities being registered on this Form are being offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, other than securities offered only in connection with dividend or interest reinvestment plans, check the following box.

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a registration statement pursuant to General Instruction I.D. or a post-effective amendment thereto that shall become effective upon filing with the Commission pursuant to Rule 462(e) under the Securities Act, check the following box.

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If this Form is a post-effective amendment to a registration statement filed pursuant to General Instruction I.D. filed to register additional securities or additional classes of securities pursuant to Rule 413(b) under the Securities Act, check the following box.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of “large accelerated filer,” “accelerated filer,” “smaller reporting company” and “emerging growth company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer (Do not check if a smaller reporting company)

Smaller reporting company

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act

CALCULATION OF REGISTRATION FEE

Title of each class of securities to be registered	Amount to be registered/ proposed maximum offering price per security/ proposed maximum offering price/ amount of registration fee (1)
Common Stock, par value \$0.01 per share(2)	
Preferred Stock, par value \$0.01 per share	
Debt Securities	
Guarantees of Debt Securities(3)	
Warrants	
Depository Shares(4)	
Share Purchase Contracts	
Units(5)	

(1) This registration statement registers an indeterminable number or amount of the securities identified in the table as may from time to time be issued at indeterminate prices and as may be issuable upon conversion, redemption, exchange, exercise or settlement of any securities registered hereunder. In accordance with Rules 456(b) and 457(r), the registrant is deferring payment of all of the registration fee. Any securities registered hereunder may be sold separately or with other securities registered hereunder. Pursuant to Rule 416, there is also being registered hereunder such indeterminate amount of securities as may from time to time be issuable as a result of stock splits, stock dividends or applicable antidilution provisions.

(2) Includes an indeterminable number of amount of common stock that may be issued as dividends on preferred stock, as permitted by the terms thereof.

(3) Subsidiaries of Chesapeake Energy Corporation may fully and unconditionally guarantee the debt securities of Chesapeake Energy Corporation. In accordance with Rule 457(n), no separate fee is payable with respect to the guarantees of the debt securities being registered.

(4) The depository shares being registered will be evidenced by depository receipts issued under a deposit agreement. If the registrant elects to offer fractional interests in Preferred Stock to the public, depository receipts will be distributed to the investors purchasing the fractional interests, and the Preferred Stock will be issued to the depository under the deposit agreement.

(5) Each unit will be issued under a unit agreement or indenture and will represent an interest in any combination of two or more securities, which may or may not be separable from one another.

* Includes certain subsidiaries of Chesapeake Energy Corporation identified below. Each additional registrant is a wholly owned direct or indirect subsidiary of Chesapeake Energy Corporation. The address, including zip code, and telephone number, including area code, of each of the additional Registrants' principal executive offices is c/o Chesapeake Energy Corporation, 6100 North Western Avenue, Oklahoma City, Oklahoma 73118, telephone (405) 935-8000. The primary standard industrial classification code number of each of the additional Registrants is 1311. The name, address, including zip code, and telephone number, including area code, of the agent for service for each of the additional Registrants is James R. Webb, Executive Vice President - General Counsel and Corporate Secretary, 6100 North Western Avenue, Oklahoma City, Oklahoma 73118, telephone (405) 935-8000.

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Exact Name of Additional Registrants	Jurisdiction of Incorporation/Organization	I.R.S. Employer Identification Number
Chesapeake AEZ Exploration, L.L.C.	Oklahoma	27-2151081
Chesapeake Appalachia, L.L.C.	Oklahoma	20-3774650
Chesapeake-Clements Acquisition, L.L.C.	Oklahoma	20-8716794
Chesapeake E&P Holding, L.L.C.	Oklahoma	27-4485832
Chesapeake Energy Louisiana Corporation	Oklahoma	73-1524569
Chesapeake Energy Marketing, L.L.C.	Oklahoma	73-1439175
Chesapeake Exploration, L.L.C.	Oklahoma	71-0934234
Chesapeake Land Development Company, L.L.C.	Oklahoma	20-2099392
Chesapeake Louisiana, L.P.	Oklahoma	73-1519126
Chesapeake Midstream Development, L.L.C.	Oklahoma	46-1179116
Chesapeake NG Ventures Corporation	Oklahoma	45-2354177
Chesapeake Operating, L.L.C.	Oklahoma	73-1343196
Chesapeake Plains, LLC	Oklahoma	81-3212038
Chesapeake Royalty, L.L.C.	Oklahoma	73-1549744
Chesapeake VRT, L.L.C.	Oklahoma	20-8380083
Compass Manufacturing, L.L.C.	Oklahoma	26-1455378
EMLP, L.L.C.	Oklahoma	27-0581428
Empress, L.L.C.	Oklahoma	26-2809898
GSF, L.L.C.	Oklahoma	26-2762867
MC Louisiana Minerals, L.L.C.	Oklahoma	26-3057487
MC Mineral Company, L.L.C.	Oklahoma	61-1448831
MidCon Compression, L.L.C.	Oklahoma	20-0299525
Nomac Services, L.L.C.	Oklahoma	45-1157545
Winter Moon Energy Corporation	Oklahoma	26-1939483
Northern Michigan Exploration Company, L.L.C.	Michigan	27-2462483
CHK Utica, L.L.C.	Delaware	36-4711997
Sparks Drive SWD, Inc.	Delaware	76-0722336
CHK Energy Holdings, Inc.	Texas	46-1772347
Empress Louisiana Properties, L.P.	Texas	20-1993109

PROSPECTUS

Chesapeake Energy Corporation
Common Stock
Preferred Stock
Debt Securities
Guarantees of Debt Securities
Warrants
Depositary Shares
Share Purchase Contracts
Units

We may offer and sell from time to time in one or more offerings common stock, preferred stock, debt securities, guarantees of debt securities, warrants, depositary shares, share purchase contracts and units that include any of these securities. The preferred stock, debt securities, warrants, depositary shares and share purchase contracts may be convertible into or exercisable or exchangeable for common stock or our other securities. We may offer and sell securities to or through one or more underwriters, dealers and agents, or directly to purchasers, on a continuous or delayed basis.

This prospectus provides you with a general description of the securities that may be offered. We will provide the specific terms of these offerings and the securities to be offered in supplements to this prospectus. You should carefully read this prospectus and any accompanying prospectus supplement before you invest in any of our securities. Our common stock trades on the New York Stock Exchange under the symbol "CHK."

Investing in our securities involves risks. You should carefully review the risks and uncertainties described under the heading "Risk Factors" contained on page 3 herein and in the applicable prospectus supplement and under similar headings in the other documents incorporated by reference into this prospectus.

NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THESE SECURITIES OR DETERMINED IF THIS PROSPECTUS IS TRUTHFUL OR COMPLETE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

The date of this prospectus is August 3, 2017

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ABOUT THIS PROSPECTUS

This prospectus is part of a “shelf registration statement” on Form S-3 that we have filed with the Securities and Exchange Commission (the “SEC”) using a “shelf” registration process. Under this shelf registration process, we may sell, in one or more offerings, any combination of the securities described in this prospectus.

This prospectus provides you with a general description of us and the securities offered under this prospectus. Each time we sell securities under this prospectus, we will provide a prospectus supplement that will contain specific information about the terms of that offering and the securities being offered. The prospectus supplement also may add to, update or change information in this prospectus. If there is any inconsistency between the information in this prospectus and any prospectus supplement, you should rely on the information in the prospectus supplement. You should read carefully this prospectus, any prospectus supplement and the additional information described below under the heading “Where You Can Find More Information.”

This prospectus contains summaries of certain provisions contained in some of the documents described herein, but reference is made to the actual documents for complete information. All of the summaries are qualified in their entirety by reference to the actual documents. For additional information about our business, operations and financial results, please read the documents incorporated by reference herein as described below in the section entitled “Where You Can Find More Information.”

We have not authorized anyone to provide any information or to make any representations other than those contained in this prospectus or incorporated by reference in this prospectus. We take no responsibility for, and can provide no assurance as to the reliability of, any other information that others may give you. You should not assume that the information in this prospectus is accurate as of any date other than the date on the cover page of this prospectus or that any information we have incorporated by reference is accurate as of any date other than the date of the documents incorporated by reference. Our business, financial condition, results of operations and prospects may have changed since those dates.

CHESAPEAKE ENERGY CORPORATION

As used in this prospectus, unless the context otherwise requires or indicates, references to “we,” “our,” “ours,” “us,” and “Chesapeake” refer to Chesapeake Energy Corporation and its subsidiaries, collectively.

Chesapeake Energy Corporation has a large and geographically diverse resource base of onshore U.S. unconventional natural gas and liquids assets. We have leading positions in the liquids-rich resource plays of the Eagle Ford Shale in South Texas; the Utica Shale in Ohio; the Anadarko Basin in northwestern Oklahoma; and the stacked play in the Powder River Basin in Wyoming. Our natural gas resource plays are the Haynesville/Bossier Shales in northwestern Louisiana and East Texas and the Marcellus Shale in the northern Appalachian Basin in Pennsylvania. We also own an oil and natural gas marketing business.

We are an Oklahoma corporation. Our principal offices are located at 6100 North Western Avenue, Oklahoma City, Oklahoma 73118, and our telephone number is 405-848-8000. Further information is available at www.chk.com. Information that you may find on, or that is accessible from, our website is not part of this prospectus and is not incorporated into this prospectus.

RISK FACTORS

Investing in our securities involves significant risks. Before making a decision whether to invest in our securities, you should consider the risks described under “Risk Factors” and elsewhere in our Annual Report on Form 10-K for the year ended December 31, 2016 and in our other filings with the SEC, which are incorporated by reference into this prospectus. These risks are not the only risks that we face. This prospectus also contains forward-looking statements that involve risks and uncertainties. Please read “Forward-Looking Statements.” Our actual results could differ materially from those anticipated in the forward-looking statements as a result of certain factors, including the risks described elsewhere in this prospectus or any prospectus supplement and in the documents incorporated by reference into this prospectus or any prospectus supplement. If any of these risks occur, our business, financial condition or results of operations could be adversely affected. In that case, the trading price of our common stock or preferred stock or value of our securities could decline, and you could lose all or part of your investment. When we offer and sell any securities pursuant to a prospectus supplement, we may include additional risk factors relevant to such securities in the prospectus supplement.

FORWARD-LOOKING STATEMENTS

This prospectus contains or incorporates by reference “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended (the “Securities Act”), and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). Forward-looking statements give our current expectations or forecasts of future events. They include expected oil, natural gas and natural gas liquids (“NGL”) production and future expenses, estimated operating costs, assumptions regarding future oil, natural gas and NGL prices, planned drilling activity, estimates of future drilling and completion and other capital expenditures (including the use of joint venture drilling carries), potential future write-downs of our oil and natural gas assets, anticipated sales, and the adequacy of our provisions for legal contingencies, as well as statements concerning anticipated cash flow and liquidity, ability to comply with financial maintenance covenants and meet contractual cash commitments to third parties, debt repurchases, operating and capital efficiencies, business strategy, the effect of our remediation plan for a material weakness and other plans and objectives for future operations. Disclosures concerning the fair values of derivative contracts and their estimated contribution to our future results of operations are based upon market information as of a specific date. These market prices are subject to significant volatility.

Although we believe the expectations and forecasts reflected in our forward-looking statements are reasonable, we can give no assurance they will prove to have been correct. They can be affected by inaccurate assumptions or by known or unknown risks and uncertainties. Factors that could cause actual results to differ materially from expected results are described under “Risk Factors” and in the information incorporated by reference in this prospectus and include:

- the volatility of oil, natural gas and NGL prices;
- the limitations our level of indebtedness may have on our financial flexibility;
- our inability to access the capital markets on favorable terms;
- the availability of cash flows from operations and other funds to finance reserve replacement costs or satisfy our debt obligations;
- our credit rating requiring us to post more collateral under certain commercial arrangements;
- write-downs of our oil and natural gas asset carrying values due to low commodity prices;
- our ability to replace reserves and sustain production;
- uncertainties inherent in estimating quantities of oil, natural gas and NGL reserves and projecting future rates of production and the amount and timing of development expenditures;
- our ability to generate profits or achieve targeted results in drilling and well operations;
- leasehold terms expiring before production can be established;
- commodity derivative activities resulting in lower prices realized on oil, natural gas and NGL sales;
- the need to secure derivative liabilities and the inability of counterparties to satisfy their obligations;
- adverse developments or losses from pending or future litigation and regulatory proceedings, including royalty claims;
- charges incurred in response to market conditions and in connection with our ongoing actions to reduce financial leverage and complexity;

drilling and operating risks and resulting liabilities;
effects of environmental protection laws and regulation on our business;
legislative and regulatory initiatives further regulating hydraulic fracturing;
our need to secure adequate supplies of water for our drilling operations and to dispose of or recycle the water used;
impacts of potential legislative and regulatory actions addressing climate change;
federal and state tax proposals affecting our industry;
potential over-the-counter derivatives regulation limiting our ability to hedge against commodity price fluctuations;
competition in the oil and gas exploration and production industry;
a deterioration in general economic, business or industry conditions;
negative public perceptions of our industry;
limited control over properties we do not operate;
pipeline and gathering system capacity constraints and transportation interruptions;
terrorist activities and/or cyber-attacks adversely impacting our operations;
potential challenges by the former creditors of Seventy Seven Energy Inc. (“SSE”) of our spin-off of SSE in connection with SSE’s recently completed bankruptcy under Chapter 11 of the U.S. Bankruptcy Code;
an interruption in operations at our headquarters due to a catastrophic event;
the continuation of suspended dividend payments on our common stock;
the effectiveness of our remediation plan for a material weakness;
certain anti-takeover provisions that affect shareholder rights; and
our inability to increase or maintain our liquidity through debt repurchases, capital exchanges, asset sales, joint ventures, farmouts or other means.

We caution you not to place undue reliance on the forward-looking statements contained or incorporated by reference in this prospectus, which speak only as of the date of the document in which they are made, and we undertake no obligation to update this information except as required by applicable law. We urge you to carefully review and consider the disclosures made in this prospectus and our reports filed with the SEC and incorporated by reference herein that attempt to advise interested parties of the risks and factors that may affect our business. Please see “Where You Can Find More Information.”

USE OF PROCEEDS

Unless we inform you otherwise in the prospectus supplement, we anticipate using any net proceeds from the sale of our securities offered by this prospectus for general corporate purposes. These purposes may include, but are not limited to:

- working capital;
- capital expenditures;
- acquisitions; and
- the repayment, refinancing, redemption or repurchase of indebtedness or other securities.

Pending any specific application, we may initially invest funds in short-term liquid investments or apply them to the reduction of short-term indebtedness, or indebtedness under our revolving credit facility.

RATIOS OF EARNINGS TO FIXED CHARGES

The following table sets forth the unaudited consolidated ratios of earnings to fixed charges and combined fixed charges and preferred dividends for Chesapeake on a historical basis:

Six Months Ended June 30, 2017	Year Ended December 31,				
	2016(2)	2015(3)	2014	2013	2012(4)
Ratio of earnings to fixed charges(1)	—x	—x	4.8x	2.2x	—x
Ratio of earnings to combined fixed charges and preferred dividends	—x	—x	3.6x	1.8x	—x

(1) For purposes of determining the ratios of earnings (loss) to fixed charges, earnings (loss) are defined as net income (loss) before income taxes, cumulative effect of accounting changes, interest expense, pretax gain or loss on investment in equity investees in excess of distributed earnings, amortization of capitalized interest and loan cost amortization. Fixed charges consist of interest (whether expensed or capitalized and the amortization of bond discounts and excluding the effect of unrealized gains or losses on interest rate derivatives), and loan cost amortization.

(2) The amount by which earnings were insufficient to cover fixed charges was approximately \$4.094 billion and the amount by which earnings were insufficient to cover combined fixed charges plus preferred dividends was approximately \$4.195 billion for the year ended December 31, 2016.

(3) The amount by which earnings were insufficient to cover fixed charges was approximately \$18.929 billion and the amount by which earnings were insufficient to cover combined fixed charges plus preferred dividends was approximately \$19.151 billion for the year ended December 31, 2015.

(4) The amount by which earnings were insufficient to cover fixed charges was approximately \$1.440 billion and the amount by which earnings were insufficient to cover combined fixed charges plus preferred dividends was approximately \$1.720 billion for the year ended December 31, 2012.

DESCRIPTION OF CAPITAL STOCK

Set forth below is a description of the material terms of our capital stock. The following description is only a summary and is qualified by reference to our restated certificate of incorporation (including our certificates of designation), as amended, and amended and restated bylaws. This summary does not purport to be complete, or to give full effect to, the provisions of statutory or common laws, and is subject to, and is qualified in its entirety by reference to, the terms and detailed provisions of our restated certificate of incorporation (including our certificates of designation), as amended, and our amended and restated bylaws. We urge you to read these documents. Please read "Where You Can Find More Information."

Authorized Capital Stock

Our authorized capital stock consists of 2,000,000,000 shares of common stock, par value \$0.01 per share, and 20,000,000 shares of preferred stock, par value \$0.01 per share.

Common Stock

Our common stock is listed on the New York Stock Exchange under the symbol "CHK." As of July 21, 2017, there were 908,399,387 shares of common stock outstanding. Holders of our common stock are entitled to one vote for each share held of record on all matters submitted to a vote of shareholders. Subject to preferences and other dividend rights that may be applicable to any outstanding preferred stock, holders of our common stock are entitled to receive such dividends as may be declared on the common stock by the board of directors at any time or from time to time out of funds legally available for dividends. In the event of our liquidation, distribution or winding up, holders of our common stock are entitled to share ratably in all assets remaining after distribution in full of the preferential and other amounts to be distributed.

Holders of our common stock have no preemptive rights.

Preferred Stock

Our board of directors has the authority, without further shareholder approval, to issue shares of preferred stock from time to time in one or more series, with such voting rights or without voting rights, and with such designations, powers, preferences and rights and qualifications, limitations or restrictions, as shall be set forth in the resolutions providing therefor. As of July 21, 2017, our authorized preferred stock consisted of:

- 4,396,542 shares that were unissued and undesignated as to series; and
- 5,603,458 shares that were issued and designated as 4.50% Cumulative Convertible Preferred Stock, 5.00% Cumulative Convertible Preferred Stock (Series 2005B), 5.75% Cumulative Convertible Non-Voting Preferred Stock (Series A) and 5.75% Cumulative Non-Voting Convertible Preferred Stock.

While providing desirable flexibility for possible acquisitions and other corporate purposes, and eliminating delays associated with a shareholder vote on specific issuances, the issuance of preferred stock could adversely affect the voting power of holders of common stock, as well as dividend and liquidation payments on both common and preferred stock. It also could have the effect of delaying, deferring or preventing a change in control.

Anti-Takeover Provisions

Our certificate of incorporation and bylaws and the Oklahoma General Corporation Act (the "OGCA") include a number of provisions which may have the effect of encouraging persons considering unsolicited tender offers or other unilateral takeover proposals to negotiate with our board of directors rather than pursue non-negotiated takeover attempts. These provisions could delay or prevent entirely a merger or acquisition that our shareholders consider

favorable. These provisions may also discourage acquisition proposals or have the effect of

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delaying or preventing entirely a change in control, which could harm our stock price. Following is a description of the anti-takeover effects of certain provisions of our certificate of incorporation and of our bylaws.

Oklahoma Business Combination Statute. Section 1090.3 of the OGCA prevents certain Oklahoma corporations from engaging in a “business combination” with an “interested shareholder” for three years following the date the person became an interested shareholder, unless:

- before the person became an interested shareholder, the board of directors of the corporation approved the business combination or transaction in which the person became an interested shareholder;
- upon consummation of the transaction that resulted in the person becoming an interested shareholder, the interested shareholder owned stock having at least 85% of all voting power of the corporation when the transaction commenced, excluding for purposes of determining the outstanding voting stock, but not the outstanding voting stock owned by the interested shareholder, stock held by directors who are also officers of the corporation and stock held by certain employee stock plans; or