

ERIC J.J. MASSA
29TH DISTRICT, NEW YORK

COMMITTEE ON AGRICULTURE
COMMITTEE ON ARMED SERVICES
COMMITTEE ON
HOMELAND SECURITY

Congress of the United States
House of Representatives
Washington, DC 20515-3229

January 19, 2010

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Mr. Aubrey K. McClendon
Chesapeake Energy Corporation
P.O. Box 18496
Oklahoma City, OK 73154-0496

Dear Mr. McClendon:

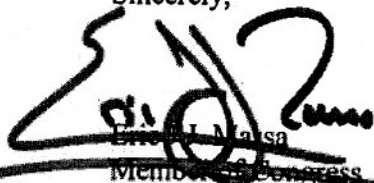
I write you today in regards to an issue of great concern to me and the constituents of my District in New York. Recently, I learned of a Chesapeake Energy Corp. disposal facility proposal in the Town of Pulteney in the Finger Lakes Region so I would like to request a meeting with you to further discuss the matter.

The proposed site lies roughly half a mile from one of the area's most prominent local attractions – Keuka Lake. This lake is surrounded by several communities, including Pulteney, that thrive mostly on tourism and agriculture, both of which rely on the region's clean water supplies. With the development of the Marcellus Shale and the arising health concerns over hydraulic fracturing, the importance of protecting this resource has become a central issue in Western New York.

I understand that the proposed facility would be used to store resurfaced fluids from the hydraulic fracturing process. Given the dangerous composition of these fluids, the proximity of Keuka Lake to the proposed site, the heavy chemical hauling demands, and the potential for endangering this invaluable water resource, I ask that Chesapeake withdraw their proposal for this operation.

To discuss this in further detail and to give you an opportunity to present your views, I would like to meet with you at your earliest convenience.

Sincerely,



ERIC J.J. MASSA
Member of Congress

Cc: Tom Price, Jr.
Senior Vice President
Corporate Development/Government Relations



Aubrey K. McClendon
Chairman and Chief Executive Officer

February 2, 2010

The Honorable Eric J. J. Massa
United States House of Representatives
1208 Longworth House Office Building
Washington, DC 20515

Dear Congressman Massa:

I appreciate your recent letter to me wherein you raised two issues for us to address. I am pleased to address these issues with you in this letter.

Let me begin by clearly stating to you that we at Chesapeake Energy Corporation share your desire for responsible stewardship of our environment. We take our responsibility to protect the environment with the utmost seriousness. Every day we strive to do our best to protect the environment from any harm. When you consider the scope and scale of the operations of our company, drilling literally tens of thousands of wells the past 20 years, we have a remarkable record of responsible drilling even in some of the most eco-sensitive areas in the country.

We have invested billions of dollars in the Marcellus Shale to drill for natural gas to help our nation reduce its dependency on foreign energy sources and stop the irresponsible and unsustainable transfer of wealth out of the country which currently averages approximately \$25 billion a month. That is capital that our nation could use for health care, education or economic stimulus. Yet today right here in America, and in fact in your home state of New York, the Marcellus Shale has the real potential to play a key role in helping our country solve a multitude of economic and environmental problems – and to do it now, not later. Without question, natural gas exploration and production in New York can create thousands of much-needed well-paying jobs and spark the state's economy helping to address the \$7.4 billion hole in the state's budget.

Just over New York's southern border, you can witness first-hand the expansion of an area where Marcellus Shale development is having a profound impact on the regional economy. In early 2008, Chesapeake employed no one in Pennsylvania, but by early 2009, we employed 220 Pennsylvania residents. Today, our direct employment has grown to almost 900 and our contract labor force is in the thousands. This drilling activity is providing high-quality jobs with excellent compensation and full health care benefits to thousands of families during today's tough economic times.

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Now back to the two issues raised in your letter. First, you questioned our proposal to place a regulated underground injection well near Keuka Lake. You may not yet be aware that we have significantly enhanced our produced water recycling program and, as a result, we are no longer actively pushing for resolution of our local permit request. Today, we have enhanced our operating procedures to the point where we are able to capture produced water from the fracturing process in steel tanks and then filter and blend that water with smaller amounts of fresh water for use in the next well stimulation. This process has proven successful, reducing the demand for additional fresh water needed to stimulate wells and greatly reduce our need for disposal facilities.

Importantly, it reflects our efforts to engage in continuous improvement in all aspects of our well drilling and completion effort. Dogmatic opposition without any specific criticisms or efforts to create constructive resolutions is completely counterproductive especially in an area so economically depressed and in a state in such desperate need of economic stimulus.

While we remain confident that these technological practices will eliminate the need for the injection well permit, it is premature for us to pull the application at this time. However, you have my commitment that we will keep you posted on our recycling program and any change in our position related to the permit application. Please understand that the deep injection program is managed by the EPA, and is employed in every state, and is one of EPA's most successful and safest waste management programs

Second, you raise the issue of hydraulic fracturing, a technology used to open the very tight Marcellus Shale some 7,000 to 8,000 feet below the surface. This issue of "health concerns over hydraulic fracturing" is a primary case of fiction vs. fact. There is not a single documented case in the U.S. where this technology has led to groundwater contamination, placing public health in jeopardy. I have attached the testimony of Scott Kell, President of the Groundwater Protection Council (GWPC), to shine a light on the issue of hydraulic fracturing. The GWPC is a non-profit organization comprised of state government agencies responsible for the environmental safeguards related to protecting groundwater. Although opponents of producing the nation's cleanest burning fossil fuel cite cases of groundwater contamination, the Kell testimony clearly dispels that myth.

Further, regardless of the admirable track record of our industry and the lack of any documented cases of groundwater contamination, we take your concerns and those of your constituents very seriously. We are constantly seeking to improve our drilling and completion process which includes the handling of the fracturing ingredients, secondary containment, and all other aspects of the exploration process.

We are aware some in your district would like to stop our efforts regardless of the facts or the potential benefits to the economy or the prospects of improving the quality of life. We appreciate those in your district who are more open-minded about the need to work collaboratively to balance all the varied stakeholders' interest in your district. While we

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realize that many of the activists are those who oppose drilling in its entirety, the quantitative polling shows that a majority of your constituents actually would like to see drilling begin in the Southern Tier. Perhaps we could work together to convene a town hall meeting to discuss the issues, listen to the facts and see if we can find some common ground from which to build on going forward.

In conclusion, I would be pleased to have our Vice President- Government Relations for the Eastern Division, Dave Spigelmyer, meet with you to discuss the opportunities presented to all New Yorkers through the development of the state's valuable natural gas reserves. This is a unique opportunity to bring vital supplies of clean burning, affordable and domestic produced natural gas to New Yorkers and to consumers of natural gas across the region and our Nation. New York imports 95% of the natural gas it consumes, but that would change in time as exploration and production begins in the Southern Tier.

With this note I am asking Dave to try to schedule a meeting with you in the near future. Please know that we appreciate your interest and leadership on this important issue. Further, I know Dave would be honored to lead a rig tour for you and members of your staff so you can see firsthand our drilling operations.

Best regards,



Aubrey K. McClendon

attachment (Scott Kell Testimony)

cc: Mr. David J. Spigelmyer
VP, Government Relations
Chesapeake Energy
171 Hillpointe Drive
Canonsburg, PA 15317