

SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

SCHEDULE 13D  
(Amendment No. 1)

Under the Securities Exchange Act of 1934

CHESAPEAKE ENERGY CORPORATION

(Name of Issuer)

Common Stock, par value \$.01

(Title of Class of Securities)

165167 10 7

(CUSIP Number)

Shannon Self, Esquire  
Self, Giddens & Lees, Inc.  
2725 Oklahoma Tower  
210 Park Avenue  
Oklahoma City, Oklahoma 73102  
(405) 232-3001

(Name, Address and Telephone Number of Person  
Authorized to Receive Notices and Communications)

February 10, 1997

(Date of Event Which Requires Filing of this Statement)

If the filing person has previously filed a statement on Schedule 13G to report the acquisition which is the subject of this Schedule 13D, and is filing this schedule because of Rule 13d-1(b)(3) or (4), check the following box. [ ]

Note: Six (6) copies of this statement, including all exhibits, should be filed with the Commission. See Rule 13d-1(a) for other parties to whom copies are to be sent.

\* The remainder of this cover page shall be filled out for a reporting person's initial filing on this form with respect to the subject class of securities, and for any subsequent amendment containing information which would alter disclosures provided in a prior cover page.

The information required on the remainder of this cover page shall not be deemed to be "filed" for the purpose of Section 18 of the Securities Exchange Act of 1934 ("Act") or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, see the Notes).

CUSIP NO. 165167 10 7

- (1) Names of Reporting Persons, S.S. or I.R.S. Identification Nos. of Above Persons Aubrey K. McClendon  
###-##-####
- (2) Check the Appropriate Box if a Member of a Group (See Instructions) (a) [x]  
(b) [ ]
- (3) SEC Use Only
- (4) Source of Funds (See Instructions) 00
- (5) Check if Disclosure of Legal Proceedings is Required Pursuant to Items 2(d) or 2(e) [ ]
- (6) Citizenship or Place of Organization USA

	(7)	Sole Voting Power	10,343,706
Number of Shares Beneficially Owned by Each Reporting Person With:	(8)	Shared Voting Power	508,560
	(9)	Sole Dispositive Power	10,343,706
	(10)	Shared Dispositive Power	508,560
(11)		Aggregate Amount Beneficially Owned by Each Reporting Person	10,852,226
(12)		Check if the Aggregate Amount in Row (11) Excludes Certain Shares (See Instructions)	[ ]
(13)		Percent of Class Represented by Amount in Row (11)	15.45%
(14)		Type of Reporting Person (See Instructions)	IN

(1)	Names of Reporting Persons, S.S. or I.R.S. Identification Nos. of Above Persons	Chesapeake Investments, an Oklahoma Limited Partnership 73-1132104
(2)	Check the Appropriate Box if a Member of a Group (See Instructions)	(a) <input checked="" type="checkbox"/> (b) <input type="checkbox"/>
(3)	SEC Use Only	
(4)	Source of Funds (See Instruc- tions)	Not applicable
(5)	Check if Disclosure of Legal Proceedings is Required Pur- suant to Items 2(d) or 2(e)	<input type="checkbox"/>
(6)	Citizenship or Place of Organi- zation	Oklahoma
	(7) Sole Voting Power	0
Number of Shares Beneficially Owned by Each Reporting Person With:	(8) Shared Voting Power	508,560
	(9) Sole Dispositive Power	0
	(10) Shared Dispositive Power	508,560
(11)	Aggregate Amount Beneficially Owned by Each Reporting Person	508,560
(12)	Check if the Aggregate Amount in Row (11) Excludes Certain Shares (See Instructions)	<input type="checkbox"/>
(13)	Percent of Class Represented by Amount in Row (11)	.73%
(14)	Type of Reporting Person (See Instructions)	PN

(1) Names of Reporting Persons, S.S. or I.R.S. Identification Nos. of Above Persons	Tom L. Ward ###-##-####
(2) Check the Appropriate Box if a Member of a Group (See Instructions)	(a) <input checked="" type="checkbox"/> (b) <input type="checkbox"/>
(3) SEC Use Only	
(4) Source of Funds (See Instruc- tions)	00
(5) Check if Disclosure of Legal Proceedings is Required Pur- suant to Items 2(d) or 2(e)	<input type="checkbox"/>
(6) Citizenship or Place of Organi- zation	USA
	(7) Sole Voting Power 9,239,942
Number of Shares Beneficially Owned by Each Reporting Person With:	(8) Shared Voting Power 1,846,860
	(9) Sole Dispositive Power 9,239,942
	(10) Shared Dispositive Power 1,846,860
(11) Aggregate Amount Beneficially Owned by Each Reporting Person	11,086,802
(12) Check if the Aggregate Amount in Row (11) Excludes Certain Shares (See Instructions)	<input type="checkbox"/>
(13) Percent of Class Represented by Amount in Row (11)	15.79%
(14) Type of Reporting Person (See Instructions)	IN

(1) Names of Reporting Persons, S.S. or I.R.S. Identification Nos. of Above Persons	TLW Investments, Inc. 73-1215253
(2) Check the Appropriate Box if a Member of a Group (See Instructions)	(a) <input checked="" type="checkbox"/> (b) <input type="checkbox"/>
(3) SEC Use Only	
(4) Source of Funds (See Instruc- tions)	Not applicable
(5) Check if Disclosure of Legal Proceedings is Required Pur- suant to Items 2(d) or 2(e)	<input type="checkbox"/>
(6) Citizenship or Place of Organi- zation	Oklahoma
(7) Sole Voting Power	0
Number of Shares (8) Shared Voting Power	1,846,860
Beneficially Owned by Each Reporting Person (9) Sole Dispositive Power	0
With: (10) Shared Dispositive Power	1,846,860
(11) Aggregate Amount Beneficially Owned by Each Reporting Person	1,846,860
(12) Check if the Aggregate Amount in Row (11) Excludes Certain Shares (See Instructions)	<input type="checkbox"/>
(13) Percent of Class Represented by Amount in Row (11)	2.65%
(14) Type of Reporting Person (See Instructions)	CO

Preliminary Statement

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This Amendment No. 1 restates and amends (i) the statement on Schedule 13D dated February 4, 1993 filed by the group consisting of Aubrey K. McClendon and Chesapeake Investments, an Oklahoma Limited Partnership ("CI"), and (ii) the statement on Schedule 13D dated February 4, 1993 by the group consisting of Tom L. Ward and TLW Investments, Inc. ("TLW") (together, the "Schedule 13D"), relating to the shares of common stock, par value \$.01 per share, of Chesapeake Energy Corporation, an Oklahoma corporation. Mr. McClendon, CI, Mr. Ward and TLW are referred to herein as the "Reporting Persons". The group consisting of Mr. McClendon and CI and the group consisting of Mr. Ward and TLW each disclaim beneficial ownership of the shares held by the other.

Item 1. Security and Issuer.

This statement relates to the common stock, par value \$.01 per share (the "Common Stock"), of Chesapeake Energy Corporation, an Oklahoma corporation (the "Company") having its principal executive offices at 6100 North Western Avenue, Oklahoma City, Oklahoma 73118.

Item 2. Identity and Background.

(a)-(c)

Aubrey K. McClendon

Mr. McClendon is the Chairman of the Board and Chief Executive Officer of the Company, having a business address of 6100 North Western Avenue, Oklahoma City, Oklahoma 73118. The Company is engaged in oil and gas exploration and development.

Chesapeake Investments

Chesapeake Investments, an Oklahoma Limited Partnership, is an Oklahoma limited partnership, having a business address of 6100 North Western Avenue, Oklahoma City, Oklahoma 73118. Mr. McClendon is the sole general partner of CI. CI is principally engaged in the ownership of working interests in oil and gas wells and leases.

Tom L. Ward

Mr. Ward is the President and Chief Operating Officer of the Company, having a business address of 6200 North Western Avenue, Oklahoma City, Oklahoma 73118.

TLW Investments, Inc.

TLW Investments, Inc., is an Oklahoma corporation having a business address of 6200 North Western Avenue, Oklahoma City, Oklahoma 73118. Mr. Ward is the sole shareholder, director, and Chief Executive Officer of TLW. TLW is principally engaged in the ownership of working interests in oil and gas wells and leases.

(d) During the past five (5) years, no Reporting Person has been convicted in a criminal proceeding (excluding traffic violations or similar misdemeanors).

(e) During the past five (5) years, no Reporting Person has been a party to a civil proceeding of a judicial or an administrative body of competent jurisdiction as a result of which a Reporting Person is, or was, subject to a judgment, decree or final order enjoining future violations of, or prohibiting or mandating activity subject to, federal or state

securities laws or finding any violation with respect to such laws.

Item 3. Source and Amount of Funds or Other Consideration.

The Reporting Persons acquired more than 5% of the outstanding Common Stock of the Company upon the formation and capitalization of the Company effective January 1, 1992. As the primary consideration for such shares, the Reporting Persons conveyed to the Company certain oil and gas properties, stock of various corporations which became wholly-owned subsidiaries of the Company, and other real and personal property.

This Amendment No. 1 reports the acquisition by (i) Mr. McClendon of 730,750 shares of the Company's Common Stock, and (ii) Mr. Ward of 730,750 shares of the Company's Common Stock, all such shares being acquired in open market through brokerage transactions. The investment cost (excluding commission) of the 730,750 shares acquired by Mr. McClendon was \$14,792,814.00, consisting of funds borrowed by Mr. McClendon pursuant to a lending arrangement with Morgan Guaranty Trust Company of New York ("Morgan Guaranty"). The investment cost (excluding commission) of the 730,750 shares acquired by Mr. Ward was \$14,792,814.00, consisting of funds borrowed by Mr. Ward pursuant to a lending arrangement with Morgan Guaranty.

Item 4. Purpose of Transaction.

Mr. McClendon and Mr. Ward acquired the shares of the Company's Common Stock for purposes of investment. In the future, either or both of the reporting persons may decide to (i) purchase additional shares of Common Stock or (ii) dispose of any or all of the Common Stock of the Company in any manner permitted by applicable securities laws.

The reporting persons have no present plans or intentions relating to the transactions described in subparagraphs (a) through (j) of Item 4 of Schedule 13D.

Item 5. Interest in Securities of the Issuer.

The aggregate percentage of shares of Common Stock reported as beneficially owned by each Reporting Person is based upon 69,562,725 shares of Common Stock outstanding on January 31, 1997, as reported by the Company.

(a) The following table sets forth the aggregate number and percentage of the class of Common Stock of the Company identified pursuant to Item 1 beneficially owned by each person named in Item 2:

<u>Person</u>	<u>Amount</u>	<u>Percent</u>
Aubrey K. McClendon	10,852,226	15.45%
Chesapeake Investments	508,560	.73%
Tom L. Ward	11,086,802	15.79%
TLW Investments	1,846,860	2.65%

This amount includes (i) 1,116 shares held on behalf of Mr. McClendon in the Chesapeake Energy Corporation Savings and Incentive Stock Bonus Plan and (ii) 666,000 shares which Mr. McClendon has the right to acquire within sixty (60) days pursuant to stock options granted by the Company.

This amount includes 508,560 shares owned of record by CI, of which Mr. McClendon is the sole general partner. CI and Mr. McClendon share voting and dispositive power over such shares.

This amount includes (i) 2,752 shares held on behalf of Mr. Ward in the Chesapeake Energy Corporation Savings and Incentive Stock Bonus Plan, and (ii) 666,000 shares which Mr. Ward has the right to acquire within sixty (60) days pursuant to stock options granted by the Company.

This amount includes 1,846,860 shares owned of record by TLW, of which Mr. Ward is the sole shareholder, director, and Chief Executive Officer. TLW and Mr. Ward share voting and dispositive power over such shares.

(b) The following table sets forth, for each person and entity identified under paragraph (a), the number of shares of Common Stock of the Company as to which the person has (1) the sole power to vote or direct the voting, (2) shared power to vote or direct the voting, (3) the sole power to dispose or to direct the disposition, or (4) shared power to dispose or to direct the disposition:

Person or Entity	Sole Voting and Power of Disposition	Shared Voting and Power of Disposition
Aubrey K. McClendon	10,343,706	508,560
Chesapeake Investments	0	508,560
Tom L. Ward	9,239,942	1,846,860
TLW Investments	0	1,846,860

See footnote (1) under paragraph (a) of this Item 5.

See footnote (2) under paragraph (a) of this Item 5.

See footnote (3) under paragraph (a) of this Item 5.

See footnote (4) under paragraph (a) of this Item 5.

(c) During the past sixty (60) days from the date of this Schedule 13D, the following transactions were effected in the Common Stock of the Company by a Reporting Person:

Aubrey K. McClendon

Date	Number of Shares Acquired	Price, Excluding Commission
02-06-97	49,400	\$21.6688
02-07-97	50,600	\$23.7731
02-10-97	530,750	\$19.5823
02-11-97	50,000	\$20.925
02-12-97	50,000	\$21.598

Tom L. Ward

Date	Number of Shares Acquired	Price, Excluding Commission
02-06-97	49,400	\$21.6688



02-07-97	50,600	\$23.7731
02-10-97	530,750	\$19.5823
02-11-97	50,000	\$20.925
02-12-97	50,000	\$21.598

The information set forth in this Amendment No. 1 as to the par value and number of shares beneficially owned by each Reporting Person reflects the Company's 2-for-1 stock split effected on December 31, 1996.

(d) See Item 6, below.

(e) Not applicable.

Item 6. Contracts, Agreements, Underwritings or Relationships With Respect to Securities of the Issuer.

Mr. McClendon and Mr. Ward, as officers of the Company, participate in the Company's 1992 Incentive Stock Option Plan, 1992 Nonstatutory Stock Option Plan, as amended, 1994 Stock Option Plan, and 1996 Stock Option Plan.

Mr. McClendon has three separate lending agreements with Morgan Guaranty, dated January 8, February 6, and February 13, 1997. Mr. McClendon also maintains lending arrangements with Donaldson, Lufkin & Jenrette, dated November 22, 1996 and Rauscher, Pierce & Refnes, Inc., dated February 25, 1994. A portion of the shares of Common Stock owned by Mr. McClendon is pledged as collateral for such loans. Each agreement contains standard default and remedial provisions.

Mr. Ward has three separate lending agreements with Morgan Guaranty, dated January 8, February 6, and February 13, 1997. Mr. Ward also maintains lending arrangements with Donaldson, Lufkin & Jenrette, dated November 22, 1996, and Rauscher, Pierce & Refnes, Inc., dated October 25, 1991. A portion of the shares of Common Stock owned by Mr. Ward is pledged as collateral for such loans. Each agreement contains standard default and remedial provisions.

Item 7. Materials to be Filed as Exhibits.

1. Limited Partnership Agreement of Chesapeake Investments, an Oklahoma Limited Partnership, is filed as Exhibit E to the Schedule 13D dated February 4, 1993 filed by Aubrey K. McClendon and is incorporated herein by reference.
2. The Company's 1992 Incentive Stock Option Plan, as amended, is incorporated herein by reference to Exhibit 10.1.1 to the Company's Registration Statement on Form S-4, No. 33-93718, filed June 23, 1995.
3. The Company's 1992 Nonstatutory Stock Option Plan, as amended, is filed as Exhibit 10.1.2 to the Company's Quarterly Report on Form 10-Q filed February 14, 1997, and is incorporated herein by reference.
4. The Company's 1994 Stock Option Plan is filed as Exhibit 10.1.3 to the Company's Quarterly Report on Form 10-Q filed February 14, 1997, and is incorporated herein by reference.
5. The Company's 1996 Stock Option Plan is filed as Exhibit B to the Company's Proxy Statement for its 1996 Annual Meeting of Shareholders filed November 6, 1996 and is incorporated herein by reference.
6. Morgan Guaranty Trust Company of New York Demand Note, dated February 6, 1997, executed by Aubrey K. McClendon.
7. Morgan Guaranty Trust Company of New York Demand Note, dated February 6, 1997 executed by Tom L. Ward.
8. Morgan Guaranty Trust Company of New York Demand Note, dated February 13, 1997, executed by Aubrey K. McClendon.
9. Morgan Guaranty Trust Company of New York Demand Note executed by Tom L. Ward.

10. Joint Filing Agreement.

SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

DATED: March 7, 1997.

AUBREY K. MCCLENDON  
Aubrey K. McClendon, an individual

CHESAPEAKE INVESTMENTS, AN OKLAHOMA  
LIMITED PARTNERSHIP, an Oklahoma  
Limited Partnership

AUBREY K. MCCLENDON  
Aubrey K. McClendon, General Partner

TOM L. WARD  
Tom L. Ward, an individual

TLW INVESTMENTS, INC., an Oklahoma  
corporation

TOM L. WARD  
Tom L. Ward, Chief Executive Officer

INDEX TO EXHIBITS

Exhibit No. -----	Description -----	Method of Filing -----
99.1	Limited Partnership Agreement of Chesapeake Investments, an Oklahoma Limited Partnership	Incorporated herein by reference to Exhibit E to the Schedule 13D dated February 4, 1993
99.2	The Company's 1992 Incentive Stock Option Plan, as amended	Incorporated herein by reference to Exhibit 10.1.1 to the Company's Registration Statement on Form S-4, No. 33-93718, filed June 23, 1995
99.3	The Company's 1992 Nonstatutory Stock Option Plan, as amended	Incorporated herein by reference to Exhibit 10.1.2 to the Company's Quarterly Report on Form 10-Q filed February 14, 1997
99.4	The Company's 1994 Stock Option Plan	Incorporated herein by reference to Exhibit 10.1.3 to the Company's Quarterly Report on Form 10-Q filed February 14, 1997
99.5	The Company's 1996 Stock Option Plan	Incorporated herein by reference to Exhibit B to the Company's Proxy Statement for its 1996 Annual Meeting of Shareholders filed November 6, 1996
99.6	Morgan Guaranty Trust Company of New York Demand Note, dated February 6, 1997, executed by Aubrey K. McClendon	Filed herewith electronically
99.7	Morgan Guaranty Trust Company of New York Demand Note, dated February 6, 1997, executed by Tom L. Ward	Filed herewith electronically
99.8	Morgan Guaranty Trust Company of New York Demand Note, dated February 13, 1997, executed by Aubrey K. McClendon	Filed herewith electronically
99.9	Morgan Guaranty Trust Company of New York Demand Note executed by Tom L. Ward	Filed herewith electronically
99.10	Joint Filing Agreement	Filed herewith electronically

## DEMAND NOTE

U.S. \$ 2,500,000.00

Date: February 6, 1997

FOR VALUE RECEIVED, Aubrey K. McClendon (the "Borrower") promises to pay to the order of MORGAN GUARANTY TRUST COMPANY OF NEW YORK (the "Bank"), ON DEMAND at its office at 60 Wall Street, New York, New York 10260-0060, U.S.A. for the account of its Lending Office (as hereinafter defined), in lawful money of the United States of America in same day funds (or in such funds as may from time to time become customary for the settlement of international transactions in U.S. dollars), the lesser of (i) U.S. \$2,500,000.00 or (ii) the then-outstanding principal amount of each loan (the "Loan" or "Loans") made by the Bank from time to time to the Borrower hereunder. The Borrower shall pay interest on the unpaid principal amount of each Loan until maturity on the dates and at a rate per annum as hereinafter set forth. As used herein, "Lending Office" means, (i) with regard to Loans bearing interest based on the Prime Rate (as hereinafter defined) (collectively, "Domestic Loans"), the office of the Bank located at 60 Wall Street, New York, New York or such other office as the Bank may designate and (ii) with regard to Loans bearing interest based on the Eurodollar Rate (collectively, "Eurodollar Loans"), the Nassau (Bahamas) office of the Bank or such other office as the Bank may designate.

Interest based on the Prime Rate shall be computed on the basis of a year of 365 days (or 366 days in a leap year) and paid for actual days elapsed (including the first day but excluding the last day). Interest based on the Eurodollar Rate shall be computed on the basis of a year of 360 days and paid for the actual number of days elapsed (including the first day but excluding the last day).

Each Eurodollar Loan shall bear interest at a rate per annum (the "Eurodollar Rate") equal to the Adjusted Eurodollar Rate (as hereinafter defined) plus 1.000% (the "Eurodollar Margin"), payable on the last day of the Interest Period applicable thereto and, if such interest Period is longer than three months, at intervals of three months after the first date thereof. The "Adjusted Eurodollar Rate" applicable to any Interest Period (as hereinafter defined) means a rate per annum equal to the quotient obtained (rounded upwards, if necessary, to the next higher 1/100 of 1%) by dividing (i) the applicable London Interbank Offered Rate by (ii) 1.00 minus the Eurodollar Reserve Percentage. The "London Interbank Offered Rate" applicable to any Interest Period means the rate per annum at which deposits in U.S. dollars are offered to the Bank in the London interbank market at approximately 11:00 a.m. (London time) two business days prior to the first day of such Interest Period in an amount approximately equal to the principal amount of the Loan to which such Interest Period applies and for the period of time comparable to such Interest Period. The "Eurodollar Reserve Percentage" means for any day that percentage (expressed as a decimal) which is in effect on such day, as prescribed by the Board of Governors of the Federal Reserve System (or any successor) for determining the maximum reserve requirement for a member bank of the Federal Reserve System in New York City with deposits exceeding five billion dollars in respect of "Eurocurrency liabilities" (or in respect of any other category of liabilities which includes deposits by reference to which the interest rate on the Loans is determined or any category of extensions of credit or other assets which includes loans by a non-United States office of the Bank to United States residents). The Adjusted Eurodollar Rate shall be adjusted automatically on and as of the effective date of any change in the Eurodollar Reserve Percentage. As used herein, the term "Interest Period" means the period beginning on the date of each Eurodollar Loan and ending on the numerically corresponding day in the calendar month one, three and six months after such date; provided, that if an Interest Period would otherwise end on a day which is not a business day it shall be extended to the next succeeding business day unless such business day falls in the next calendar month, in which case the Interest Period shall end on the next preceding business day; provided, further, that if the Bank shall not have received written notice to the contrary from the Borrower at least five business days prior the end of an Interest Period the Borrower shall be deemed to have requested to select an Interest Period with a duration equal to that then ending. As used herein, the term "business day" means any day on which dealings in U.S. dollar deposits are carried on in the London interbank market and on which commercial banks are open for domestic and foreign exchange

business in London and New York City. Notice by the Bank to the Borrower of the rate of interest so determined shall be binding and conclusive upon the Borrower in the absence of manifest error.

Each Domestic Loan shall bear interest payable on the last of each month at a rate per annum for each day equal to the rate of interest publicly announced by the Bank in New York City from time to time as its Prime Rate (the "Prime Rate") for such day, plus 0.000%.

The Borrower shall pay interest on the unpaid principal amount of each Loan after the maturity thereof and, to the extent permitted by law, on accrued and unpaid interest until paid at a rate per annum equal to the sum of 2% plus the Prime Rate.

If after the date of this Note any applicable rule, executive order, decree, regulation or interpretation is amended, modified, enacted or promulgated by any government or governmental authority so as to (i) change the basis of taxation of payments to the Bank or the Lending Office of the Bank extending a Eurodollar Loan (the "Eurodollar Lending Office") in respect to the principal of and interest on any Eurodollar Loan (except for changes in the rate of taxation on the overall net income of the Bank by the United States of America or the Eurodollar Lending Office of the Bank by the jurisdiction in which such Lending Office is located), or (ii) impose, modify or deem applicable any reserve, special deposit or similar requirement against any of the assets of, deposits with or for the account of, or credit extended by the Bank's Eurodollar Lending Office, or (iii) impose on the Bank (or its Eurodollar Lending Office) or the London interbank market any other conditions affecting any Loan, the Loans or this Note, and the result of any of the foregoing is to increase the cost to the Bank (or its Eurodollar Lending Office) of agreeing to make or making, funding or maintaining any Loan evidenced by this Note or would have the effect of reducing the rate of return on the capital of the Bank or any entity controlling the Bank (its "Parent") as a consequence of agreeing to make any Loan, or to reduce the amount of any sum receivable by the Bank (or its Eurodollar Lending Office) on this Note, then the Borrower shall pay to the Bank or its Parent upon demand such amount as will compensate the Bank or its Parent for such additional cost or reduction in return. A certificate of the Bank setting forth the basis for the determination of any amount necessary to compensate the Bank or its Parent as aforesaid shall be conclusive as to the determination of such amount in the absence of manifest error.

If, after the date of this Note, the introduction of, or any change in, any applicable law, rule or regulation or in the interpretation or administration thereof by any governmental authority charged with the interpretation or administration thereof or compliance by the Bank (or its Eurodollar Lending Office) with any request or directive (whether or not having the force of law) of any such authority shall make it unlawful or impossible for the Bank (or its Eurodollar Lending Office) to make, maintain or fund its Eurodollar Loans, the Bank forthwith shall so notify the Borrower. Upon receipt of such notice, the Borrower shall prepay in full the then outstanding principal amount of each Eurodollar Loan, together with accrued interest thereon, either (a) on the last day of the Interest Period applicable thereto if the Bank may lawfully continue to maintain and fund such Loan to such day or (b) immediately if the Bank may not lawfully continue to fund and maintain such Loan to such day.

Eurodollar Loans may not be repaid at the Borrower's option on a date other than the last day of an Interest Period. If, however, the Borrower makes any payment of principal of any Eurodollar Loan on any day other than the last day of the Interest Period applicable thereto, the Borrower shall reimburse the Bank on demand for any loss or expense incurred by it as a result of the timing of such payment, including (without limitation) any loss incurred in obtaining, liquidating or employing deposits from third parties, provided that the Bank shall have delivered to the Borrower a certificate as to the amount of such loss, which certificate shall be conclusive in the absence of manifest error.

Domestic Loans may be prepaid at any time without penalty or premium.

The Borrower hereby waives diligence, presentment, demand, protest and notice of any kind whatsoever. The non-exercise by the Bank of its rights hereunder in any particular instance shall not

constitute a waiver of any right in any subsequent instance.

The holder of this Note shall, and is hereby authorized by the Borrower to, endorse on the schedule forming a part hereof appropriate notations evidencing the date and the amount of each Loan made by the Bank, the date and amount of each payment and principal, whether such Loan is a Domestic or Eurodollar Loan and, in the case of Eurodollar Loans, the Eurodollar Rate applicable thereto.

If this Note is not paid in full when due the Borrower agrees to pay all costs and expenses of collection, including reasonable attorney's fees.

To secure payment of this Note, the Borrower hereby transfers, pledges, gives a security interest in and delivers to the Bank all present and future contents of the Borrower's assets held in Custody Account C89394 at 50% margin, all proceeds and products thereof, accessions thereto and substitutions therefor (the "Collateral").

Upon the nonpayment of any amount when due hereunder, the holder shall have the rights and remedies provided in the Uniform Commercial Code in force in New York at the date of execution of this Note and in addition to, in substitution for, in modification of, or in conjunction with those rights and remedies, the holder or its agents may, in its discretion, sell, assign and deliver all or any part of the Collateral at any broker's board or at public or private sale without notice or advertisement, and bid and become purchasers at any public sale or at any broker's board, and, if notice to the Borrower is required by law, give written notice to the Borrower five days prior to the date of public sale of the Collateral or prior to the date after which private sale of the Collateral will be made by mailing such notice to the address designated by the Borrower with the Borrower's signature below. The Borrower agrees that the proceeds of the disposition of the Collateral may be applied by the holder to the satisfaction of the liabilities of the Borrower to the holder in any order of preference which the holder, in its sole discretion, chooses, and that the excess, if any, shall be returned to the Borrower, which shall continue liable to the holder for any deficiency remaining with interest thereon. The waiver of remedying of any default shall not operate as a waiver of the default remedies or any other prior or subsequent default.

The undersigned, if more than one, shall be jointly and severally liable hereunder and the term "Borrower" shall mean the undersigned or any one or more of them and their heirs, executors, administrators, successors and assigns.

THIS NOTE SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAW OF THE STATE OF NEW YORK. THE BORROWER HEREBY SUBMITS TO THE NONEXCLUSIVE JURISDICTION OF THE UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF NEW YORK AND OF ANY NEW YORK STATE COURT SITTING IN NEW YORK CITY FOR PURPOSES OF ALL LEGAL PROCEEDINGS ARISING OUT OF OR RELATING TO THIS NOTE OR ANY AGREEMENT RECEIVED BY THE BANK IN CONNECTION HEREWITH. THE BORROWER IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY OBJECTION WHICH THE BORROWER MAY NOW OR HEREAFTER HAVE TO THE LAYING OF THE VENUE OF ANY SUCH PROCEEDING BROUGHT IN SUCH A COURT AND ANY CLAIM THAT ANY SUCH PROCEEDING BROUGHT IN SUCH A COURT HAS BEEN BROUGHT IN AN INCONVENIENT FORUM. THE BORROWER HEREBY IRREVOCABLY WAIVES ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THIS NOTE OR ANY AGREEMENT RECEIVED BY THE BANK IN CONNECTION HEREWITH.

Signature:

AUBREY K. MCCLENDON  
Aubrey K. McClendon

\_\_\_\_\_

Address: Post Office Box 18496  
Oklahoma City, OK 73154  
and  
c/o Shannon Self, Esquire  
Self, Giddens & Lees, Inc.  
2725 Oklahoma Tower  
210 Park Avenue  
Oklahoma City, OK 73102

Address: \_\_\_\_\_  
\_\_\_\_\_

Custodial Agreement relating to Account C89394 omitted.



## DEMAND NOTE

U.S. \$ 2,500,000.00

Date: February 6, 1997

FOR VALUE RECEIVED, Tom L. Ward (the "Borrower") promises to pay to the order of MORGAN GUARANTY TRUST COMPANY OF NEW YORK (the "Bank"), ON DEMAND at its office at 60 Wall Street, New York, New York 10260-0060, U.S.A. for the account of its Lending Office (as hereinafter defined), in lawful money of the United States of America in same day funds (or in such funds as may from time to time become customary for the settlement of international transactions in U.S. dollars), the lesser of (i) U.S. \$2,500,000.00 or (ii) the then-outstanding principal amount of each loan (the "Loan" or "Loans") made by the Bank from time to time to the Borrower hereunder. The Borrower shall pay interest on the unpaid principal amount of each Loan until maturity on the dates and at a rate per annum as hereinafter set forth. As used herein, "Lending Office" means, (i) with regard to Loans bearing interest based on the Prime Rate (as hereinafter defined) (collectively, "Domestic Loans"), the office of the Bank located at 60 Wall Street, New York, New York or such other office as the Bank may designate and (ii) with regard to Loans bearing interest based on the Eurodollar Rate (collectively, "Eurodollar Loans"), the Nassau (Bahamas) office of the Bank or such other office as the Bank may designate.

Interest based on the Prime Rate shall be computed on the basis of a year of 365 days (or 366 days in a leap year) and paid for actual days elapsed (including the first day but excluding the last day). Interest based on the Eurodollar Rate shall be computed on the basis of a year of 360 days and paid for the actual number of days elapsed (including the first day but excluding the last day).

Each Eurodollar Loan shall bear interest at a rate per annum (the "Eurodollar Rate") equal to the Adjusted Eurodollar Rate (as hereinafter defined) plus 1.000% (the "Eurodollar Margin"), payable on the last day of the Interest Period applicable thereto and, if such interest Period is longer than three months, at intervals of three months after the first date thereof. The "Adjusted Eurodollar Rate" applicable to any Interest Period (as hereinafter defined) means a rate per annum equal to the quotient obtained (rounded upwards, if necessary, to the next higher 1/100 of 1%) by dividing (i) the applicable London Interbank Offered Rate by (ii) 1.00 minus the Eurodollar Reserve Percentage. The "London Interbank Offered Rate" applicable to any Interest Period means the rate per annum at which deposits in U.S. dollars are offered to the Bank in the London interbank market at approximately 11:00 a.m. (London time) two business days prior to the first day of such Interest Period in an amount approximately equal to the principal amount of the Loan to which such Interest Period applies and for the period of time comparable to such Interest Period. The "Eurodollar Reserve Percentage" means for any day that percentage (expressed as a decimal) which is in effect on such day, as prescribed by the Board of Governors of the Federal Reserve System (or any successor) for determining the maximum reserve requirement for a member bank of the Federal Reserve System in New York City with deposits exceeding five billion dollars in respect of "Eurocurrency liabilities" (or in respect of any other category of liabilities which includes deposits by reference to which the interest rate on the Loans is determined or any category of extensions of credit or other assets which includes loans by a non-United States office of the Bank to United States residents). The Adjusted Eurodollar Rate shall be adjusted automatically on and as of the effective date of any change in the Eurodollar Reserve Percentage. As used herein, the term "Interest Period" means the period beginning on the date of each Eurodollar Loan and ending on the numerically corresponding day in the calendar month one, three and six months after such date; provided, that if an Interest Period would otherwise end on a day which is not a business day it shall be extended to the next succeeding business day unless such business day falls in the next calendar month, in which case the Interest Period shall end on the next preceding business day; provided, further, that if the Bank shall not have received written notice to the contrary from the Borrower at least five business days prior the end of an Interest Period the Borrower shall be deemed to have requested to select an Interest Period with a duration equal to that then ending. As used herein, the term "business day" means any day on which dealings in U.S. dollar deposits are carried on in the London interbank market and on which commercial banks are open for domestic and foreign exchange

business in London and New York City. Notice by the Bank to the Borrower of the rate of interest so determined shall be binding and conclusive upon the Borrower in the absence of manifest error.

Each Domestic Loan shall bear interest payable on the last of each month at a rate per annum for each day equal to the rate of interest publicly announced by the Bank in New York City from time to time as its Prime Rate (the "Prime Rate") for such day, plus 0.000%.

The Borrower shall pay interest on the unpaid principal amount of each Loan after the maturity thereof and, to the extent permitted by law, on accrued and unpaid interest until paid at a rate per annum equal to the sum of 2% plus the Prime Rate.

If after the date of this Note any applicable rule, executive order, decree, regulation or interpretation is amended, modified, enacted or promulgated by any government or governmental authority so as to (i) change the basis of taxation of payments to the Bank or the Lending Office of the Bank extending a Eurodollar Loan (the "Eurodollar Lending Office") in respect to the principal of and interest on any Eurodollar Loan (except for changes in the rate of taxation on the overall net income of the Bank by the United States of America or the Eurodollar Lending Office of the Bank by the jurisdiction in which such Lending Office is located), or (ii) impose, modify or deem applicable any reserve, special deposit or similar requirement against any of the assets of, deposits with or for the account of, or credit extended by the Bank's Eurodollar Lending Office, or (iii) impose on the Bank (or its Eurodollar Lending Office) or the London interbank market any other conditions affecting any Loan, the Loans or this Note, and the result of any of the foregoing is to increase the cost to the Bank (or its Eurodollar Lending Office) of agreeing to make or making, funding or maintaining any Loan evidenced by this Note or would have the effect of reducing the rate of return on the capital of the Bank or any entity controlling the Bank (its "Parent") as a consequence of agreeing to make any Loan, or to reduce the amount of any sum receivable by the Bank (or its Eurodollar Lending Office) on this Note, then the Borrower shall pay to the Bank or its Parent upon demand such amount as will compensate the Bank or its Parent for such additional cost or reduction in return. A certificate of the Bank setting forth the basis for the determination of any amount necessary to compensate the Bank or its Parent as aforesaid shall be conclusive as to the determination of such amount in the absence of manifest error.

If, after the date of this Note, the introduction of, or any change in, any applicable law, rule or regulation or in the interpretation or administration thereof by any governmental authority charged with the interpretation or administration thereof or compliance by the Bank (or its Eurodollar Lending Office) with any request or directive (whether or not having the force of law) of any such authority shall make it unlawful or impossible for the Bank (or its Eurodollar Lending Office) to make, maintain or fund its Eurodollar Loans, the Bank forthwith shall so notify the Borrower. Upon receipt of such notice, the Borrower shall prepay in full the then outstanding principal amount of each Eurodollar Loan, together with accrued interest thereon, either (a) on the last day of the Interest Period applicable thereto if the Bank may lawfully continue to maintain and fund such Loan to such day or (b) immediately if the Bank may not lawfully continue to fund and maintain such Loan to such day.

Eurodollar Loans may not be repaid at the Borrower's option on a date other than the last day of an Interest Period. If, however, the Borrower makes any payment of principal of any Eurodollar Loan on any day other than the last day of the Interest Period applicable thereto, the Borrower shall reimburse the Bank on demand for any loss or expense incurred by it as a result of the timing of such payment, including (without limitation) any loss incurred in obtaining, liquidating or employing deposits from third parties, provided that the Bank shall have delivered to the Borrower a certificate as to the amount of such loss, which certificate shall be conclusive in the absence of manifest error.

Domestic Loans may be prepaid at any time without penalty or premium.

The Borrower hereby waives diligence, presentment, demand, protest and notice of any kind whatsoever. The non-exercise by the Bank of its rights hereunder in any particular instance shall not

constitute a waiver of any right in any subsequent instance.

The holder of this Note shall, and is hereby authorized by the Borrower to, endorse on the schedule forming a part hereof appropriate notations evidencing the date and the amount of each Loan made by the Bank, the date and amount of each payment and principal, whether such Loan is a Domestic or Eurodollar Loan and, in the case of Eurodollar Loans, the Eurodollar Rate applicable thereto.

If this Note is not paid in full when due the Borrower agrees to pay all costs and expenses of collection, including reasonable attorney's fees.

To secure payment of this Note, the Borrower hereby transfers, pledges, gives a security interest in and delivers to the Bank all present and future contents of the Borrower's assets held in Custody Account C89395 at 50% margin, all proceeds and products thereof, accessions thereto and substitutions therefor (the "Collateral").

Upon the nonpayment of any amount when due hereunder, the holder shall have the rights and remedies provided in the Uniform Commercial Code in force in New York at the date of execution of this Note and in addition to, in substitution for, in modification of, or in conjunction with those rights and remedies, the holder or its agents may, in its discretion, sell, assign and deliver all or any part of the Collateral at any broker's board or at public or private sale without notice or advertisement, and bid and become purchasers at any public sale or at any broker's board, and, if notice to the Borrower is required by law, give written notice to the Borrower five days prior to the date of public sale of the Collateral or prior to the date after which private sale of the Collateral will be made by mailing such notice to the address designated by the Borrower with the Borrower's signature below. The Borrower agrees that the proceeds of the disposition of the Collateral may be applied by the holder to the satisfaction of the liabilities of the Borrower to the holder in any order of preference which the holder, in its sole discretion, chooses, and that the excess, if any, shall be returned to the Borrower, which shall continue liable to the holder for any deficiency remaining with interest thereon. The waiver of remedying of any default shall not operate as a waiver of the default remedies or any other prior or subsequent default.

The undersigned, if more than one, shall be jointly and severally liable hereunder and the term "Borrower" shall mean the undersigned or any one or more of them and their heirs, executors, administrators, successors and assigns.

THIS NOTE SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAW OF THE STATE OF NEW YORK. THE BORROWER HEREBY SUBMITS TO THE NONEXCLUSIVE JURISDICTION OF THE UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF NEW YORK AND OF ANY NEW YORK STATE COURT SITTING IN NEW YORK CITY FOR PURPOSES OF ALL LEGAL PROCEEDINGS ARISING OUT OF OR RELATING TO THIS NOTE OR ANY AGREEMENT RECEIVED BY THE BANK IN CONNECTION HEREWITH. THE BORROWER IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY OBJECTION WHICH THE BORROWER MAY NOW OR HEREAFTER HAVE TO THE LAYING OF THE VENUE OF ANY SUCH PROCEEDING BROUGHT IN SUCH A COURT AND ANY CLAIM THAT ANY SUCH PROCEEDING BROUGHT IN SUCH A COURT HAS BEEN BROUGHT IN AN INCONVENIENT FORUM. THE BORROWER HEREBY IRREVOCABLY WAIVES ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THIS NOTE OR ANY AGREEMENT RECEIVED BY THE BANK IN CONNECTION HEREWITH.

Signature:

TOM L. WARD  
Tom L. Ward

\_\_\_\_\_

Address: Post Office Box 54525  
Oklahoma City, OK 73154  
and  
c/o Shannon Self, Esquire  
Self, Giddens & Lees, Inc.  
2725 Oklahoma Tower  
210 Park Avenue  
Oklahoma City, OK 73102

Address: \_\_\_\_\_  
\_\_\_\_\_

Custodial Agreement relating to Account C89395 omitted.

## DEMAND NOTE

U.S. \$ 16,500,000.00

Date: \_\_\_\_\_, 199\_

FOR VALUE RECEIVED, Aubrey K. McClendon (the "Borrower") promises to pay to the order of MORGAN GUARANTY TRUST COMPANY OF NEW YORK (the "Bank"), ON DEMAND at its office at 60 Wall Street, New York, New York 10260-0060, U.S.A. for the account of its Lending Office (as hereinafter defined), in lawful money of the United States of America in same day funds (or in such funds as may from time to time become customary for the settlement of international transactions in U.S. dollars), the lesser of (i) U.S. \$16,500,000.00 or (ii) the then-outstanding principal amount of each loan (the "Loan" or "Loans") made by the Bank from time to time to the Borrower hereunder. The Borrower shall pay interest on the unpaid principal amount of each Loan until maturity on the dates and at a rate per annum as hereinafter set forth. As used herein, "Lending Office" means, (i) with regard to Loans bearing interest based on the Prime Rate (as hereinafter defined) (collectively, "Domestic Loans"), the office of the Bank located at 60 Wall Street, New York, New York or such other office as the Bank may designate and (ii) with regard to Loans bearing interest based on the Eurodollar Rate (collectively, "Eurodollar Loans"), the Nassau (Bahamas) office of the Bank or such other office as the Bank may designate.

Interest based on the Prime Rate shall be computed on the basis of a year of 365 days (or 366 days in a leap year) and paid for actual days elapsed (including the first day but excluding the last day). Interest based on the Eurodollar Rate shall be computed on the basis of a year of 360 days and paid for the actual number of days elapsed (including the first day but excluding the last day).

Each Eurodollar Loan shall bear interest at a rate per annum (the "Eurodollar Rate") equal to the Adjusted Eurodollar Rate (as hereinafter defined) plus 1.000% (the "Eurodollar Margin"), payable on the last day of the Interest Period applicable thereto and, if such interest Period is longer than three months, at intervals of three months after the first date thereof. The "Adjusted Eurodollar Rate" applicable to any Interest Period (as hereinafter defined) means a rate per annum equal to the quotient obtained (rounded upwards, if necessary, to the next higher 1/100 of 1%) by dividing (i) the applicable London Interbank Offered Rate by (ii) 1.00 minus the Eurodollar Reserve Percentage. The "London Interbank Offered Rate" applicable to any Interest Period means the rate per annum at which deposits in U.S. dollars are offered to the Bank in the London interbank market at approximately 11:00 a.m. (London time) two business days prior to the first day of such Interest Period in an amount approximately equal to the principal amount of the Loan to which such Interest Period applies and for the period of time comparable to such Interest Period. The "Eurodollar Reserve Percentage" means for any day that percentage (expressed as a decimal) which is in effect on such day, as prescribed by the Board of Governors of the Federal Reserve System (or any successor) for determining the maximum reserve requirement for a member bank of the Federal Reserve System in New York City with deposits exceeding five billion dollars in respect of "Eurocurrency liabilities" (or in respect of any other category of liabilities which includes deposits by reference to which the interest rate on the Loans is determined or any category of extensions of credit or other assets which includes loans by a non-United States office of the Bank to United States residents). The Adjusted Eurodollar Rate shall be adjusted automatically on and as of the effective date of any change in the Eurodollar Reserve Percentage. As used herein, the term "Interest Period" means the period beginning on the date of each Eurodollar Loan and ending on the numerically corresponding day in the calendar month one, three and six months after such date; provided, that if an Interest Period would otherwise end on a day which is not a business day it shall be extended to the next succeeding business day unless such business day falls in the next calendar month, in which case the Interest Period shall end on the next preceding business day; provided, further, that if the Bank shall not have received written notice to the contrary from the Borrower at least five business days prior the end of an Interest Period the Borrower shall be deemed to have requested to select an Interest Period with a duration equal to that then ending. As used herein, the term "business day" means any day on which dealings in U.S. dollar deposits are carried on in the London interbank market and on which commercial banks are open for domestic and foreign exchange

business in London and New York City. Notice by the Bank to the Borrower of the rate of interest so determined shall be binding and conclusive upon the Borrower in the absence of manifest error.

Each Domestic Loan shall bear interest payable on the last of each month at a rate per annum for each day equal to the rate of interest publicly announced by the Bank in New York City from time to time as its Prime Rate (the "Prime Rate") for such day, plus 0.000%.

The Borrower shall pay interest on the unpaid principal amount of each Loan after the maturity thereof and, to the extent permitted by law, on accrued and unpaid interest until paid at a rate per annum equal to the sum of 2% plus the Prime Rate.

If after the date of this Note any applicable rule, executive order, decree, regulation or interpretation is amended, modified, enacted or promulgated by any government or governmental authority so as to (i) change the basis of taxation of payments to the Bank or the Lending Office of the Bank extending a Eurodollar Loan (the "Eurodollar Lending Office") in respect to the principal of and interest on any Eurodollar Loan (except for changes in the rate of taxation on the overall net income of the Bank by the United States of America or the Eurodollar Lending Office of the Bank by the jurisdiction in which such Lending Office is located), or (ii) impose, modify or deem applicable any reserve, special deposit or similar requirement against any of the assets of, deposits with or for the account of, or credit extended by the Bank's Eurodollar Lending Office, or (iii) impose on the Bank (or its Eurodollar Lending Office) or the London interbank market any other conditions affecting any Loan, the Loans or this Note, and the result of any of the foregoing is to increase the cost to the Bank (or its Eurodollar Lending Office) of agreeing to make or making, funding or maintaining any Loan evidenced by this Note or would have the effect of reducing the rate of return on the capital of the Bank or any entity controlling the Bank (its "Parent") as a consequence of agreeing to make any Loan, or to reduce the amount of any sum receivable by the Bank (or its Eurodollar Lending Office) on this Note, then the Borrower shall pay to the Bank or its Parent upon demand such amount as will compensate the Bank or its Parent for such additional cost or reduction in return. A certificate of the Bank setting forth the basis for the determination of any amount necessary to compensate the Bank or its Parent as aforesaid shall be conclusive as to the determination of such amount in the absence of manifest error.

If, after the date of this Note, the introduction of, or any change in, any applicable law, rule or regulation or in the interpretation or administration thereof by any governmental authority charged with the interpretation or administration thereof or compliance by the Bank (or its Eurodollar Lending Office) with any request or directive (whether or not having the force of law) of any such authority shall make it unlawful or impossible for the Bank (or its Eurodollar Lending Office) to make, maintain or fund its Eurodollar Loans, the Bank forthwith shall so notify the Borrower. Upon receipt of such notice, the Borrower shall prepay in full the then outstanding principal amount of each Eurodollar Loan, together with accrued interest thereon, either (a) on the last day of the Interest Period applicable thereto if the Bank may lawfully continue to maintain and fund such Loan to such day or (b) immediately if the Bank may not lawfully continue to fund and maintain such Loan to such day.

Eurodollar Loans may not be repaid at the Borrower's option on a date other than the last day of an Interest Period. If, however, the Borrower makes any payment of principal of any Eurodollar Loan on any day other than the last day of the Interest Period applicable thereto, the Borrower shall reimburse the Bank on demand for any loss or expense incurred by it as a result of the timing of such payment, including (without limitation) any loss incurred in obtaining, liquidating or employing deposits from third parties, provided that the Bank shall have delivered to the Borrower a certificate as to the amount of such loss, which certificate shall be conclusive in the absence of manifest error.

Domestic Loans may be prepaid at any time without penalty or premium.

The Borrower hereby waives diligence, presentment, demand, protest and notice of any kind whatsoever. The non-exercise by the Bank of its rights hereunder in any particular instance shall not

constitute a waiver of any right in any subsequent instance.

The holder of this Note shall, and is hereby authorized by the Borrower to, endorse on the schedule forming a part hereof appropriate notations evidencing the date and the amount of each Loan made by the Bank, the date and amount of each payment and principal, whether such Loan is a Domestic or Eurodollar Loan and, in the case of Eurodollar Loans, the Eurodollar Rate applicable thereto.

If this Note is not paid in full when due the Borrower agrees to pay all costs and expenses of collection, including reasonable attorney's fees.

To secure payment of this Note, the Borrower hereby transfers, pledges, gives a security interest in and delivers to the Bank all present and future contents of the Borrower's assets held in Custody Account C89394 at 50% margin, all proceeds and products thereof, accessions thereto and substitutions therefor (the "Collateral").

Upon the nonpayment of any amount when due hereunder, the holder shall have the rights and remedies provided in the Uniform Commercial Code in force in New York at the date of execution of this Note and in addition to, in substitution for, in modification of, or in conjunction with those rights and remedies, the holder or its agents may, in its discretion, sell, assign and deliver all or any part of the Collateral at any broker's board or at public or private sale without notice or advertisement, and bid and become purchasers at any public sale or at any broker's board, and, if notice to the Borrower is required by law, give written notice to the Borrower five days prior to the date of public sale of the Collateral or prior to the date after which private sale of the Collateral will be made by mailing such notice to the address designated by the Borrower with the Borrower's signature below. The Borrower agrees that the proceeds of the disposition of the Collateral may be applied by the holder to the satisfaction of the liabilities of the Borrower to the holder in any order of preference which the holder, in its sole discretion, chooses, and that the excess, if any, shall be returned to the Borrower, which shall continue liable to the holder for any deficiency remaining with interest thereon. The waiver of remedying of any default shall not operate as a waiver of the default remedies or any other prior or subsequent default.

The undersigned, if more than one, shall be jointly and severally liable hereunder and the term "Borrower" shall mean the undersigned or any one or more of them and their heirs, executors, administrators, successors and assigns.

THIS NOTE SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAW OF THE STATE OF NEW YORK. THE BORROWER HEREBY SUBMITS TO THE NONEXCLUSIVE JURISDICTION OF THE UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF NEW YORK AND OF ANY NEW YORK STATE COURT SITTING IN NEW YORK CITY FOR PURPOSES OF ALL LEGAL PROCEEDINGS ARISING OUT OF OR RELATING TO THIS NOTE OR ANY AGREEMENT RECEIVED BY THE BANK IN CONNECTION HEREWITH. THE BORROWER IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY OBJECTION WHICH THE BORROWER MAY NOW OR HEREAFTER HAVE TO THE LAYING OF THE VENUE OF ANY SUCH PROCEEDING BROUGHT IN SUCH A COURT AND ANY CLAIM THAT ANY SUCH PROCEEDING BROUGHT IN SUCH A COURT HAS BEEN BROUGHT IN AN INCONVENIENT FORUM. THE BORROWER HEREBY IRREVOCABLY WAIVES ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THIS NOTE OR ANY AGREEMENT RECEIVED BY THE BANK IN CONNECTION HEREWITH.

Signature:

AUBREY K. MCCLENDON

Aubrey K. McClendon 2/13/97

Address: Post Office Box 18496  
Oklahoma City, OK 73154  
and  
c/o Shannon Self, Esquire  
Self, Giddens & Lees, Inc.  
2725 Oklahoma Tower  
210 Park Avenue  
Oklahoma City, OK 73102

Address: \_\_\_\_\_  
\_\_\_\_\_

Custodial Agreement relating to Account C89394 omitted.



## DEMAND NOTE

U.S. \$ 16,500,000.00

Date: \_\_\_\_\_, 199\_

FOR VALUE RECEIVED, Tom L. Ward (the "Borrower") promises to pay to the order of MORGAN GUARANTY TRUST COMPANY OF NEW YORK (the "Bank"), ON DEMAND at its office at 60 Wall Street, New York, New York 10260-0060, U.S.A. for the account of its Lending Office (as hereinafter defined), in lawful money of the United States of America in same day funds (or in such funds as may from time to time become customary for the settlement of international transactions in U.S. dollars), the lesser of (i) U.S. \$16,500,000.00 or (ii) the then-outstanding principal amount of each loan (the "Loan" or "Loans") made by the Bank from time to time to the Borrower hereunder. The Borrower shall pay interest on the unpaid principal amount of each Loan until maturity on the dates and at a rate per annum as hereinafter set forth. As used herein, "Lending Office" means, (i) with regard to Loans bearing interest based on the Prime Rate (as hereinafter defined) (collectively, "Domestic Loans"), the office of the Bank located at 60 Wall Street, New York, New York or such other office as the Bank may designate and (ii) with regard to Loans bearing interest based on the Eurodollar Rate (collectively, "Eurodollar Loans"), the Nassau (Bahamas) office of the Bank or such other office as the Bank may designate.

Interest based on the Prime Rate shall be computed on the basis of a year of 365 days (or 366 days in a leap year) and paid for actual days elapsed (including the first day but excluding the last day). Interest based on the Eurodollar Rate shall be computed on the basis of a year of 360 days and paid for the actual number of days elapsed (including the first day but excluding the last day).

Each Eurodollar Loan shall bear interest at a rate per annum (the "Eurodollar Rate") equal to the Adjusted Eurodollar Rate (as hereinafter defined) plus 1.000% (the "Eurodollar Margin"), payable on the last day of the Interest Period applicable thereto and, if such interest Period is longer than three months, at intervals of three months after the first date thereof. The "Adjusted Eurodollar Rate" applicable to any Interest Period (as hereinafter defined) means a rate per annum equal to the quotient obtained (rounded upwards, if necessary, to the next higher 1/100 of 1%) by dividing (i) the applicable London Interbank Offered Rate by (ii) 1.00 minus the Eurodollar Reserve Percentage. The "London Interbank Offered Rate" applicable to any Interest Period means the rate per annum at which deposits in U.S. dollars are offered to the Bank in the London interbank market at approximately 11:00 a.m. (London time) two business days prior to the first day of such Interest Period in an amount approximately equal to the principal amount of the Loan to which such Interest Period applies and for the period of time comparable to such Interest Period. The "Eurodollar Reserve Percentage" means for any day that percentage (expressed as a decimal) which is in effect on such day, as prescribed by the Board of Governors of the Federal Reserve System (or any successor) for determining the maximum reserve requirement for a member bank of the Federal Reserve System in New York City with deposits exceeding five billion dollars in respect of "Eurocurrency liabilities" (or in respect of any other category of liabilities which includes deposits by reference to which the interest rate on the Loans is determined or any category of extensions of credit or other assets which includes loans by a non-United States office of the Bank to United States residents). The Adjusted Eurodollar Rate shall be adjusted automatically on and as of the effective date of any change in the Eurodollar Reserve Percentage. As used herein, the term "Interest Period" means the period beginning on the date of each Eurodollar Loan and ending on the numerically corresponding day in the calendar month one, three and six months after such date; provided, that if an Interest Period would otherwise end on a day which is not a business day it shall be extended to the next succeeding business day unless such business day falls in the next calendar month, in which case the Interest Period shall end on the next preceding business day; provided, further, that if the Bank shall not have received written notice to the contrary from the Borrower at least five business days prior the end of an Interest Period the Borrower shall be deemed to have requested to select an Interest Period with a duration equal to that then ending. As used herein, the term "business day" means any day on which dealings in U.S. dollar deposits are carried on in the London interbank market and on which commercial banks are open for domestic and foreign exchange

business in London and New York City. Notice by the Bank to the Borrower of the rate of interest so determined shall be binding and conclusive upon the Borrower in the absence of manifest error.

Each Domestic Loan shall bear interest payable on the last of each month at a rate per annum for each day equal to the rate of interest publicly announced by the Bank in New York City from time to time as its Prime Rate (the "Prime Rate") for such day, plus 0.000%.

The Borrower shall pay interest on the unpaid principal amount of each Loan after the maturity thereof and, to the extent permitted by law, on accrued and unpaid interest until paid at a rate per annum equal to the sum of 2% plus the Prime Rate.

If after the date of this Note any applicable rule, executive order, decree, regulation or interpretation is amended, modified, enacted or promulgated by any government or governmental authority so as to (i) change the basis of taxation of payments to the Bank or the Lending Office of the Bank extending a Eurodollar Loan (the "Eurodollar Lending Office") in respect to the principal of and interest on any Eurodollar Loan (except for changes in the rate of taxation on the overall net income of the Bank by the United States of America or the Eurodollar Lending Office of the Bank by the jurisdiction in which such Lending Office is located), or (ii) impose, modify or deem applicable any reserve, special deposit or similar requirement against any of the assets of, deposits with or for the account of, or credit extended by the Bank's Eurodollar Lending Office, or (iii) impose on the Bank (or its Eurodollar Lending Office) or the London interbank market any other conditions affecting any Loan, the Loans or this Note, and the result of any of the foregoing is to increase the cost to the Bank (or its Eurodollar Lending Office) of agreeing to make or making, funding or maintaining any Loan evidenced by this Note or would have the effect of reducing the rate of return on the capital of the Bank or any entity controlling the Bank (its "Parent") as a consequence of agreeing to make any Loan, or to reduce the amount of any sum receivable by the Bank (or its Eurodollar Lending Office) on this Note, then the Borrower shall pay to the Bank or its Parent upon demand such amount as will compensate the Bank or its Parent for such additional cost or reduction in return. A certificate of the Bank setting forth the basis for the determination of any amount necessary to compensate the Bank or its Parent as aforesaid shall be conclusive as to the determination of such amount in the absence of manifest error.

If, after the date of this Note, the introduction of, or any change in, any applicable law, rule or regulation or in the interpretation or administration thereof by any governmental authority charged with the interpretation or administration thereof or compliance by the Bank (or its Eurodollar Lending Office) with any request or directive (whether or not having the force of law) of any such authority shall make it unlawful or impossible for the Bank (or its Eurodollar Lending Office) to make, maintain or fund its Eurodollar Loans, the Bank forthwith shall so notify the Borrower. Upon receipt of such notice, the Borrower shall prepay in full the then outstanding principal amount of each Eurodollar Loan, together with accrued interest thereon, either (a) on the last day of the Interest Period applicable thereto if the Bank may lawfully continue to maintain and fund such Loan to such day or (b) immediately if the Bank may not lawfully continue to fund and maintain such Loan to such day.

Eurodollar Loans may not be repaid at the Borrower's option on a date other than the last day of an Interest Period. If, however, the Borrower makes any payment of principal of any Eurodollar Loan on any day other than the last day of the Interest Period applicable thereto, the Borrower shall reimburse the Bank on demand for any loss or expense incurred by it as a result of the timing of such payment, including (without limitation) any loss incurred in obtaining, liquidating or employing deposits from third parties, provided that the Bank shall have delivered to the Borrower a certificate as to the amount of such loss, which certificate shall be conclusive in the absence of manifest error.

Domestic Loans may be prepaid at any time without penalty or premium.

The Borrower hereby waives diligence, presentment, demand, protest and notice of any kind whatsoever. The non-exercise by the Bank of its rights hereunder in any particular instance shall not

constitute a waiver of any right in any subsequent instance.

The holder of this Note shall, and is hereby authorized by the Borrower to, endorse on the schedule forming a part hereof appropriate notations evidencing the date and the amount of each Loan made by the Bank, the date and amount of each payment and principal, whether such Loan is a Domestic or Eurodollar Loan and, in the case of Eurodollar Loans, the Eurodollar Rate applicable thereto.

If this Note is not paid in full when due the Borrower agrees to pay all costs and expenses of collection, including reasonable attorney's fees.

To secure payment of this Note, the Borrower hereby transfers, pledges, gives a security interest in and delivers to the Bank all present and future contents of the Borrower's assets held in Custody Account C89395 at 50% margin, all proceeds and products thereof, accessions thereto and substitutions therefor (the "Collateral").

Upon the nonpayment of any amount when due hereunder, the holder shall have the rights and remedies provided in the Uniform Commercial Code in force in New York at the date of execution of this Note and in addition to, in substitution for, in modification of, or in conjunction with those rights and remedies, the holder or its agents may, in its discretion, sell, assign and deliver all or any part of the Collateral at any broker's board or at public or private sale without notice or advertisement, and bid and become purchasers at any public sale or at any broker's board, and, if notice to the Borrower is required by law, give written notice to the Borrower five days prior to the date of public sale of the Collateral or prior to the date after which private sale of the Collateral will be made by mailing such notice to the address designated by the Borrower with the Borrower's signature below. The Borrower agrees that the proceeds of the disposition of the Collateral may be applied by the holder to the satisfaction of the liabilities of the Borrower to the holder in any order of preference which the holder, in its sole discretion, chooses, and that the excess, if any, shall be returned to the Borrower, which shall continue liable to the holder for any deficiency remaining with interest thereon. The waiver of remedying of any default shall not operate as a waiver of the default remedies or any other prior or subsequent default.

The undersigned, if more than one, shall be jointly and severally liable hereunder and the term "Borrower" shall mean the undersigned or any one or more of them and their heirs, executors, administrators, successors and assigns.

THIS NOTE SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAW OF THE STATE OF NEW YORK. THE BORROWER HEREBY SUBMITS TO THE NONEXCLUSIVE JURISDICTION OF THE UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF NEW YORK AND OF ANY NEW YORK STATE COURT SITTING IN NEW YORK CITY FOR PURPOSES OF ALL LEGAL PROCEEDINGS ARISING OUT OF OR RELATING TO THIS NOTE OR ANY AGREEMENT RECEIVED BY THE BANK IN CONNECTION HEREWITH. THE BORROWER IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY OBJECTION WHICH THE BORROWER MAY NOW OR HEREAFTER HAVE TO THE LAYING OF THE VENUE OF ANY SUCH PROCEEDING BROUGHT IN SUCH A COURT AND ANY CLAIM THAT ANY SUCH PROCEEDING BROUGHT IN SUCH A COURT HAS BEEN BROUGHT IN AN INCONVENIENT FORUM. THE BORROWER HEREBY IRREVOCABLY WAIVES ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THIS NOTE OR ANY AGREEMENT RECEIVED BY THE BANK IN CONNECTION HEREWITH.

Signature:

TOM L. WARD  
Tom L. Ward

\_\_\_\_\_

Address: Post Office Box 54525  
Oklahoma City, OK 73154  
and  
c/o Shannon Self, Esquire  
Self, Giddens & Lees, Inc.  
2725 Oklahoma Tower  
210 Park Avenue  
Oklahoma City, OK 73102

Address: \_\_\_\_\_  
\_\_\_\_\_

Custodial Agreement relating to Account C89395 omitted.

JOINT FILING AGREEMENT

In accordance with Rule 13d-1(f) under the Securities Exchange Act of 1934, as amended, the undersigned hereby agree to the joint filing with each other of the attached statement on Schedule 13D and to all amendments to such statement and that such statement and all amendments to such statement is made on behalf of each of them.

IN WITNESS WHEREOF, the undersigned hereby execute this agreement on March 7, 1997.

AUBREY K. MCCLENDON  
Aubrey K. McClendon, an individual

CHESAPEAKE INVESTMENTS, AN OKLAHOMA  
LIMITED PARTNERSHIP, an Oklahoma  
limited parntership

AUBREY K. MCCLENDON  
Aubrey K. McClendon, General Partner

TOM L. WARD  
Tom L. Ward, an individual

TLW INVESTMENTS, Inc., an Oklahoma  
corporation

TOM L. WARD  
Tom L. Ward, Chief Executive Officer