

# Chesapeake Energy Lays Off 800

Tim Talley, AP

Chesapeake Energy Corp. said it is laying off 800 workers across the oil and natural gas exploration and production company, including 640 at its Oklahoma City headquarters. The layoffs were announced in a letter that CEO Doug Lawler sent to employees. In it, he said the corporate restructuring process has made Chesapeake "poised to grow for decades to come. By scaling E&P support services, reducing management layers and aligning resources with a sharpened focus on accountability and efficiency, we have created a business built to deliver a sustainable and profitable future," Lawler said.

Chesapeake spokesman Brent Gooden said the company still employs 3,500 people at its corporate headquarters and 6,000 across Oklahoma. Chesapeake still employs a total of about 11,000 people despite having about 1,200 leave the company since the start of 2013. The layoffs are the latest changes in what has been a turbulent year for the company. In January, it announced that former CEO and company founder Aubrey McClendon would resign on April 1 over what Chesapeake officials called "philosophical differences." McClendon, who founded Chesapeake in 1989, was stripped of his position as chairman of the company's board in May 2012.

Senior vice presidents Tom Price and Henry Hood left the company one month after McClendon's departure. In August, the company announced that four other top executives — executive vice presidents Steve Dixon and Jeff Fisher, and senior vice presidents Steve Miller and Martha Burger — also had left the company as part of its reorganization effort. Dixon also served as chief operating officer. Last month, Chesapeake announced the layoffs of 86 people in 11 different departments. In his letter to employees, Lawler said the workforce reduction completes a reorganization process he announced after taking over as CEO in June.

"The past few months have been very challenging as we have evaluated the competitiveness of the company," Lawler said. "The organizational restructuring targeted to be complete by November 1 has concluded, and the initial transformation work is finished." He said the layoffs occurred in various divisions including operations, technology, human resources, the legal division and finance and accounting. Eligible employees will receive a severance package that includes three months' pay, a lump sum payment toward health benefits and outplacement services. "We will honor our core values and work diligently to execute our strategy," Lawler said. "We are known for being a great place to work, and with your support and commitment, we will also be a great business and a great investment."

McClendon built Chesapeake into the nation's second largest producer of natural gas by aggressively acquiring drilling rights on land throughout the country. But when natural gas prices slumped to decade lows in early 2012, the value of those rights and revenue from gas produced from the land plummeted. That put Chesapeake in a financial bind that it has been trying to free itself from by selling

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drilling rights to other oil and gas companies. It also exposed some perks that McClendon had arranged, including the right to invest personally in all of the company's wells.

Internal investigations into McClendon's activities turned up no improper conduct. Chesapeake shares closed at \$26.05 Tuesday, down 22 cents.

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