

CONSOL Energy Inc  
Form 10-Q  
April 28, 2016

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

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FORM 10-Q

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(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934.

For the quarterly period ended March 31, 2016

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number: 001-14901

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CONSOL Energy Inc.

(Exact name of registrant as specified in its charter)

Delaware 51-0337383  
(State or other jurisdiction of (I.R.S. Employer  
incorporation or organization) Identification No.)

1000 CONSOL Energy Drive  
Canonsburg, PA 15317-6506  
(724) 485-4000

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

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Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer  Accelerated filer  Non-accelerated filer  Smaller Reporting Company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes  No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class Shares outstanding as of April 15, 2016

Common stock, \$0.01 par value 229,366,118

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GLOSSARY OF CERTAIN OIL AND GAS MEASUREMENT TERMS

The following are abbreviations of certain measurement terms commonly used in the oil and gas industry and included within this Form 10-Q:

Bbl - One stock tank barrel, or 42 U.S. gallons liquid volume, used in reference to oil or other liquid hydrocarbons.

Bcf - One billion cubic feet of natural gas.

Bcfe - One billion cubic feet of natural gas equivalents, with one barrel of oil being equivalent to 6,000 cubic feet of gas.

Btu - One British thermal unit.

Mbbls - One thousand barrels of oil or other liquid hydrocarbons.

Mcf - One thousand cubic feet of natural gas.

Mcfe - One thousand cubic feet of natural gas equivalents, with one barrel of oil being equivalent to 6,000 cubic feet of gas.

MMbtu - One million British Thermal units.

MMcfe - One million cubic feet of natural gas equivalents, with one barrel of oil being equivalent to 6,000 cubic feet of gas.

NGL - Natural gas liquids.

Tcfe - One trillion cubic feet of natural gas equivalents, with one barrel of oil being equivalent to 6,000 cubic feet of gas.



## PART I : FINANCIAL INFORMATION

## ITEM 1. CONDENSED FINANCIAL STATEMENTS

CONSOL ENERGY INC. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF INCOME

(Dollars in thousands, except per share data) (Unaudited)	Three Months Ended March 31,	
	2016	2015
Revenues and Other Income:		
Natural Gas, NGLs and Oil Sales	\$ 181,255	\$ 224,438
Gain on Commodity Derivative Instruments	55,060	90,145
Coal Sales	251,895	416,151
Other Outside Sales	7,709	13,130
Purchased Gas Sales	8,618	3,597
Freight-Outside Coal	13,110	6,525
Miscellaneous Other Income	48,132	36,523
(Loss) Gain on Sale of Assets	(7,265 )	2,145
Total Revenue and Other Income	558,514	792,654
Costs and Expenses:		
Exploration and Production Costs		
Lease Operating Expense	27,739	37,256
Transportation, Gathering and Compression	93,974	75,521
Production, Ad Valorem, and Other Fees	8,303	9,192
Depreciation, Depletion and Amortization	105,715	87,444
Exploration and Production Related Other Costs	2,408	2,040
Purchased Gas Costs	7,868	2,957
Other Corporate Expenses	27,694	19,096
Selling, General, and Administrative Costs	17,563	21,824
Total Exploration and Production Costs	291,264	255,330
Coal Costs		
Operating and Other Costs	215,074	291,407
Depreciation, Depletion and Amortization	54,352	62,258
Freight Expense	13,110	6,525
Selling, General, and Administrative Costs	5,650	7,202
Other Corporate Expenses	3,143	6,074
Total Coal Costs	291,329	373,466
Other Costs		
Miscellaneous Operating Expense	3,188	10,384
Depreciation, Depletion and Amortization	—	7
Loss on Debt Extinguishment	—	67,734
Interest Expense	49,866	55,122
Total Other Costs	53,054	133,247
Total Costs And Expenses	635,647	762,043
(Loss) Earnings Before Income Tax	(77,133 )	30,611
Income Taxes	(26,847 )	195,898
Loss From Continuing Operations	(50,286 )	(165,287 )
(Loss) Income From Discontinued Operations, net	(46,172 )	244,317
Net (Loss) Income	(96,458 )	79,030
Less: Net Income Attributable to Noncontrolling Interest	1,114	—

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Net (Loss) Income Attributable to CONSOL Energy Shareholders \$(97,572 ) \$79,030

The accompanying notes are an integral part of these financial statements.

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CONSOL ENERGY INC. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF INCOME  
(CONTINUED)

(Dollars in thousands, except per share data) (Unaudited)	Three Months Ended	
	March 31, 2016	2015
Earnings Per Share		
Basic		
Loss from Continuing Operations	\$(0.22 )	\$(0.72 )
(Loss) Income from Discontinued Operations	(0.21 )	1.06
Total Basic (Loss) Earnings Per Share	\$(0.43 )	\$0.34
Dilutive		
Loss from Continuing Operations	\$(0.22 )	\$(0.72 )
(Loss) Income from Discontinued Operations	(0.21 )	1.06
Total Dilutive (Loss) Earnings Per Share	\$(0.43 )	\$0.34
Dividends Paid Per Share	\$0.0100	\$0.0625

CONSOL ENERGY INC. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Dollars in thousands) (Unaudited)	Three Months Ended March 31,	
	2016	2015
Net (Loss) Income	\$(96,458 )	\$79,030
Other Comprehensive Loss:		
Actuarially Determined Long-Term Liability Adjustments (Net of tax: \$682, \$90)	(2,484 )	(149 )
Reclassification of Cash Flow Hedges from OCI to Earnings (Net of tax: \$5,624, \$11,213)	(9,814 )	(19,314 )
Other Comprehensive Loss	(12,298 )	(19,463 )
Comprehensive (Loss) Income	(108,756 )	59,567
Less: Net Income Attributable to Noncontrolling Interests	1,114	—
Comprehensive (Loss) Income Attributable to CONSOL Energy Inc. Shareholders	\$(109,870)	\$59,567

The accompanying notes are an integral part of these financial statements.





CONSOL ENERGY INC. AND SUBSIDIARIES  
CONSOLIDATED BALANCE SHEETS

(Dollars in thousands)	(Unaudited)	
	March 31, 2016	December 31, 2015
<b>ASSETS</b>		
Current Assets:		
Cash and Cash Equivalents	\$426,650	\$72,578
Accounts and Notes Receivable:		
Trade	165,941	157,162
Other Receivables	149,490	121,881
Inventories	77,230	83,674
Recoverable Income Taxes	1,871	13,887
Prepaid Expenses	282,214	297,421
Current Assets of Discontinued Operations	43,047	58,160
Total Current Assets	1,146,443	804,763
Property, Plant and Equipment:		
Property, Plant and Equipment	14,639,990	14,595,952
Less—Accumulated Depreciation, Depletion and Amortization	5,549,599	5,396,295
Property, Plant and Equipment of Discontinued Operations, Net	—	469,720
Total Property, Plant and Equipment—Net	9,090,391	9,669,377
Other Assets:		
Investment in Affiliates	251,628	237,330
Other	227,396	217,585
Other Assets of Discontinued Operations	12	847
Total Other Assets	479,036	455,762
<b>TOTAL ASSETS</b>	<b>\$10,715,870</b>	<b>\$10,929,902</b>

The accompanying notes are an integral part of these financial statements.

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CONSOL ENERGY INC. AND SUBSIDIARIES  
CONSOLIDATED BALANCE SHEETS

	(Unaudited)	
(Dollars in thousands, except per share data)	March 31, 2016	December 31, 2015
<b>LIABILITIES AND EQUITY</b>		
Current Liabilities:		
Accounts Payable	\$221,625	\$257,288
Current Portion of Long-Term Debt	5,316	5,855
Short-Term Notes Payable	851,500	952,000
Other Accrued Liabilities	486,906	440,523
Current Liabilities of Discontinued Operations	19,584	25,272
Total Current Liabilities	1,584,931	1,680,938
Long-Term Debt:		
Long-Term Debt	2,725,471	2,709,444
Capital Lease Obligations	33,490	35,008
Long-Term Debt of Discontinued Operations	—	3,753
Total Long-Term Debt	2,758,961	2,748,205
Deferred Credits and Other Liabilities:		
Deferred Income Taxes	52,844	74,629
Postretirement Benefits Other Than Pensions	623,525	630,892
Pneumoconiosis Benefits	118,178	111,903
Mine Closing	290,108	289,785
Gas Well Closing	164,124	163,842
Workers' Compensation	68,846	69,812
Salary Retirement	86,369	91,596
Reclamation	34,490	34,150
Other	194,406	166,957
Deferred Credits and Other Liabilities of Discontinued Operations	—	11,417
Total Deferred Credits and Other Liabilities	1,632,890	1,644,983
<b>TOTAL LIABILITIES</b>	<b>5,976,782</b>	<b>6,074,126</b>
Stockholders' Equity:		
Common Stock, \$.01 Par Value; 500,000,000 Shares Authorized, 229,363,247 Issued and Outstanding at March 31, 2016; 229,054,236 Issued and Outstanding at December 31, 2015	2,297	2,294
Capital in Excess of Par Value	2,436,436	2,435,497
Preferred Stock, 15,000,000 shares authorized, None issued and outstanding	—	—
Retained Earnings	2,478,493	2,579,834
Accumulated Other Comprehensive Loss	(327,896 )	(315,598 )
Total CONSOL Energy Inc. Stockholders' Equity	4,589,330	4,702,027
Noncontrolling Interest	149,758	153,749
<b>TOTAL EQUITY</b>	<b>4,739,088</b>	<b>4,855,776</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>\$10,715,870</b>	<b>\$10,929,902</b>

The accompanying notes are an integral part of these financial statements.

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CONSOL ENERGY INC. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

(Dollars in thousands, except per share data)	Common Stock	Capital in Excess of Par Value	Retained Earnings (Deficit)	Accumulated Other Comprehensive Loss	Total CONSOL Energy Inc. Stockholders' Equity	Non- Controlling Interest	Total Equity
Balance at December 31, 2015 (Unaudited)	\$ 2,294	\$ 2,435,497	\$ 2,579,834	\$ (315,598 )	\$ 4,702,027	\$ 153,749	\$ 4,855,776
Net (Loss) Income	—	—	(97,572 )	—	(97,572 )	1,114	(96,458 )
Other Comprehensive Loss	—	—	—	(12,298 )	(12,298 )	—	(12,298 )
Comprehensive (Loss) Income	—	—	(97,572 )	(12,298 )	(109,870 )	1,114	(108,756 )
Issuance of Common Stock	3	—	—	—	3	—	3
Treasury Stock Activity	—	—	(1,475 )	—	(1,475 )	—	(1,475 )
Tax Cost From Stock-Based Compensation	—	(4,377 )	—	—	(4,377 )	—	(4,377 )
Amortization of Stock-Based Compensation Awards	—	5,316	—	—	5,316	308	5,624
Distributions to Noncontrolling Interest	—	—	—	—	—	(5,413 )	(5,413 )
Dividends (\$0.01 per share)	—	—	(2,294 )	—	(2,294 )	—	(2,294 )
Balance at March 31, 2016	\$ 2,297	\$ 2,436,436	\$ 2,478,493	\$ (327,896 )	\$ 4,589,330	\$ 149,758	\$ 4,739,088

The accompanying notes are an integral part of these financial statements.

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CONSOL ENERGY INC. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS

(Dollars in thousands)

(Unaudited)

Operating Activities:

Net (Loss) Income

Adjustments to Reconcile Net Loss to Net Cash Provided By Operating Activities:

Net Loss (Income) from Discontinued Operations

Depreciation, Depletion and Amortization

Non-Cash Other Post-Employment Benefits

Stock-Based Compensation

Loss (Gain) on Sale of Assets

Loss on Debt Extinguishment

Gain on Commodity Derivative Instruments

Net Cash Received in Settlement of Commodity Derivative Instruments

Deferred Income Taxes

Equity in Earnings of Affiliates

Return on Equity Investment

Changes in Operating Assets:

Accounts and Notes Receivable

Inventories

Prepaid Expenses

Changes in Other Assets

Changes in Operating Liabilities:

Accounts Payable

Accrued Interest

Other Operating Liabilities

Changes in Other Liabilities

Other

Net Cash Provided by Continuing Operations

Net Cash Provided by Discontinued Operating Activities

Net Cash Provided by Operating Activities

Cash Flows from Investing Activities:

Capital Expenditures

Proceeds from Sales of Assets

Net Investments in Equity Affiliates

Net Cash Used in Continuing Operations

Net Cash Provided by (Used in) Discontinued Investing Activities

Net Cash Provided by (Used in) Investing Activities

Cash Flows from Financing Activities:

(Payments on) Proceeds from Short-Term Borrowings

Payments on Miscellaneous Borrowings

Payments on Long-Term Notes, including Redemption Premium

Net Proceeds from Revolver - CNX Coal Resources LP

Distributions to Noncontrolling Interest

Proceeds from Securitization Facility

Proceeds from Issuance of Long-Term Notes

Tax Benefit from Stock-Based Compensation

Dividends Paid

Three Months Ended  
March 31,

2016 2015

\$(96,458 ) \$79,030

46,172 (244,317 )

160,067 149,709

— (10,366 )

5,624 7,481

7,265 (2,145 )

— 67,734

(55,060 ) (90,145 )

84,331 30,141

(27,127 ) 200,300

(16,665 ) (11,323 )

4,512 6,103

(19,911 ) 26,664

(7,476 ) (2,002 )

19,104 38,356

(9,751 ) 7,037

(11,487 ) (12,619 )

35,867 42,719

849 (80,808 )

(4,147 ) (11,569 )

4,099 7,909

119,808 197,889

8,634 30,481

128,442 228,370

(78,968 ) (287,804 )

8,453 2,108

(5,578 ) (27,992 )

(76,093 ) (313,688 )

397,069 (6,215 )

320,976 (319,903 )

(100,500 ) 760,500

(2,128 ) (2,464 )

— (1,261,009)

15,000 —

(5,413 ) —

— 32,669

— 492,760

— 15

(2,294 ) (14,400 )

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Issuance of Common Stock	3	1,736
Purchases of Treasury Stock	—	(71,674 )
Debt Issuance and Financing Fees	—	(18,257 )
Net Cash Used in Continuing Operations	(95,332 )	(80,124 )
Net Cash Used in Discontinued Financing Activities	(14 )	(14 )
Net Cash Used in Financing Activities	(95,346 )	(80,138 )
Net Increase (Decrease) in Cash and Cash Equivalents	354,072	(171,671 )
Cash and Cash Equivalents at Beginning of Period	72,578	176,989
Cash and Cash Equivalents at End of Period	\$426,650	\$ 5,318

The accompanying notes are an integral part of these financial statements.



CONSOL ENERGY INC. AND SUBSIDIARIES  
 NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS  
 (Dollars in thousands, except per share data)

NOTE 1—BASIS OF PRESENTATION:

The accompanying Unaudited Consolidated Financial Statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the three months ended March 31, 2016 are not necessarily indicative of the results that may be expected for future periods.

The Consolidated Balance Sheets at December 31, 2015 have been derived from the Audited Consolidated Financial Statements at that date but do not include all the notes required by generally accepted accounting principles for complete financial statements. For further information, refer to the Consolidated Financial Statements and related notes for the year ended December 31, 2015 included in CONSOL Energy Inc.'s Annual Report on Form 10-K.

In the three months ended March 31, 2016, CONSOL Energy Inc. ("CONSOL Energy" or "the Company") has made certain adjustments to the financial statements to reflect the sale of the Buchanan Mine, which is now reflected under "discontinued operations." Additionally, CONSOL Energy also made reclassifications within our financial statements to better align our financial reporting with our peer group. These reclassifications impacted the "Lease Operating Expense," "Transportation, Gathering and Compression," "Direct Administrative and Selling," "Production Royalty Interests and Purchased Gas Sales," "Production Royalty Interests and Purchased Gas Costs," "Operating and Other Costs" and "Selling, General and Administrative" line items on our Consolidated Statements of Income. These changes are reflected in our current and historic Consolidated Statements of Income, with no effect on previously reported net income or stockholders' equity.

Basic earnings per share are computed by dividing net income attributable to CONSOL Energy Shareholders by the weighted average shares outstanding during the reporting period. Dilutive earnings per share are computed similarly to basic earnings per share, except that the weighted average shares outstanding are increased to include additional shares from stock options, performance stock options, restricted stock units and performance share units, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options and performance share options were exercised, that outstanding restricted stock units and performance share units were released, and that the proceeds from such activities were used to acquire shares of common stock at the average market price during the reporting period. CONSOL Energy includes the impact of pro forma deferred tax assets in determining potential windfalls and shortfalls for purposes of calculating assumed proceeds under the treasury stock method.

The table below sets forth the share-based awards that have been excluded from the computation of the diluted earnings per share because their effect would be anti-dilutive:

	For the Three Months Ended March 31,	
	2016	2015
Anti-Dilutive Options	5,365,686	6,634,432
Anti-Dilutive Restricted Stock Units	868,848	85,018
Anti-Dilutive Performance Share Units	113,534	—
Anti-Dilutive Performance Stock Options	802,804	802,804

7,150,867 22,254

The table below sets forth the share-based awards that have been exercised or released:

	For the Three Months Ended March 31,	
	2016	2015
Options	—	76,028
Restricted Stock Units	484,680	9,005
Performance Share Units	—	497,134
	484,680	22,167

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No options were exercised during the three months ended March 31, 2016. The weighted average exercise price per share of the options exercised during the three months ended March 31, 2015 was \$22.75.

The computations for basic and dilutive earnings per share are as follows:

	For the Three Months Ended March 31,	
	2016	2015
Loss from Continuing Operations	\$ (50,286)	\$ (165,287)
(Loss) Income from Discontinued Operations	(46,172 )	244,317
Net (Loss) Income	\$ (96,458)	\$ 79,030
Net Income Attributable to Noncontrolling Interest	1,114	—
Net (Loss) Income Attributable to CONSOL Energy Shareholders	\$ (97,572)	\$ 79,030
Weighted Average Shares of Common Stock Outstanding:		
Basic	229,259,228	229,734,412
Effect of Stock-Based Compensation Awards	—	712,287
Dilutive	229,259,228	230,446,699
(Loss) Earnings per Share:		
Basic (Continuing Operations)	\$ (0.22 )	\$ (0.72 )
Basic (Discontinued Operations)	(0.21 )	1.06
Total Basic	\$ (0.43 )	\$ 0.34
Dilutive (Continuing Operations)	\$ (0.22 )	\$ (0.72 )
Dilutive (Discontinued Operations)	(0.21 )	1.06
Total Dilutive	\$ (0.43 )	\$ 0.34

Changes in Accumulated Other Comprehensive Loss by component, net of tax, were as follows:

	Gains and Losses on Cash Flow Hedges	Postretirement Benefits	Total
Balance at December 31, 2015	\$ 43,470	\$ (359,068)	\$ (315,598)
Other Comprehensive Loss before reclassifications	—	(5,014 )	(5,014 )
Amounts reclassified from Accumulated Other Comprehensive Loss	(9,814 )	2,530	(7,284 )
Current period Other Comprehensive Loss	(9,814 )	(2,484 )	(12,298 )
Balance at March 31, 2016	\$ 33,656	\$ (361,552)	\$ (327,896)

The following table shows the reclassification of adjustments out of Accumulated Other Comprehensive Loss:

	For the Three Months Ended March 31,	
	2016	2015
Derivative Instruments (Note 14)		
Natural Gas Price Swaps and Options	\$ (15,438)	\$ (30,527)
Tax Expense	5,624	11,213
Net of Tax	\$ (9,814 )	\$ (19,314)
Actuarially Determined Long-Term Liability Adjustments * (Note 5 and Note 6)		
Amortization of Prior Service Costs	\$ (148 )	\$ (14,812)
Recognized Net Actuarial Loss	5,511	14,573
Total	5,363	(239 )
Tax (Benefit) Expense	(2,018 )	90

Net of Tax \$ 3,345      \$ (149 )

\*Excludes amounts related to the remeasurement of the Actuarially Determined Long-Term Liabilities for the three months ended March 31, 2016. Excludes \$815, net of tax, of reclassifications of adjustments out of Accumulated Other Comprehensive Income related to discontinued operations for the period ended March 31, 2016.

## NOTE 2—DISCONTINUED OPERATIONS:

On March 31, 2016, CONSOL Energy completed the sale of its membership interests in CONSOL Buchanan Mining Company, LLC (BMC), which owned and operated the Buchanan Mine located in Mavisdale, Virginia; various assets relating to the Amonate Mining Complex located in Amonate, Virginia; Russell County, Virginia coal reserves and Pangburn Shaner Fallowfield coal reserves located in Southwestern, Pennsylvania to Coronado IV LLC. Various CONSOL Energy assets were excluded from the sale including coalbed methane, natural gas and minerals other than coal, current assets of BMC, certain coal seams, certain surface rights, and the Amonate Preparation Plant. Coronado assumed only specified liabilities and various CONSOL Energy liabilities were excluded and not assumed. The excluded liabilities included BMC's indebtedness, trade payables and liabilities arising prior to closing, as well as, the liabilities of the subsidiaries other than BMC which are parties to the sale. In addition, the buyer agreed to pay CONSOL Energy for Buchanan Mine coal sold outside the U.S. and Canada during the five years following closing a royalty of 20% of any excess of the gross sales price per ton over the following amounts: (1) year one, \$75.00 per ton; (2) year two, \$78.75 per ton; (3) year three, \$82.69 per ton; (4) year four, \$86.82 per ton; (5) year five, \$91.16 per ton. This provision provides CONSOL Energy the opportunity to capture future upside if metallurgical coal prices recover. At closing, the parties entered into several agreements including, among others, agreements relating to the coordination and conduct of gas operations at the mines, an option to purchase the Amonate Preparation Plant and transition services. Cash proceeds of \$402,799 were received at closing and included in Net Cash Provided by Discontinued Investing Activities on the Consolidated Statements of Cash Flow. The net loss on the sale was \$38,364 and was included in Loss from Discontinued Operations on the Consolidated Statements of Income.

For all periods presented in the accompanying Consolidated Statements of Income, the sale of BMC along with the various other assets are classified as discontinued operations. There were no other active businesses classified as discontinued operations in the three months ended March 31, 2016 or 2015.

The following table details selected financial information for the divested business included within discontinued operations:

	For the Three Months	
	Ended March 31,	
	2016	2015
Coal Sales	\$50,787	\$80,515
Miscellaneous Other Income	1,042	30
Loss on Sale of Assets	(38,364 )	\$—
Total Revenue	\$13,465	\$80,545
Total Costs	52,279	57,728
(Loss) Income From Operations Before Income Taxes	\$(38,814)	\$22,817
Income Tax Expense (Benefit)	7,358	(221,500 )
(Loss) Income From Discontinued Operations	\$(46,172)	\$244,317

The major classes of assets and liabilities of discontinued operations are as follows:

	March 31, December 31,	
	2016	2015
Assets:		
Accounts Receivable - Trade	\$ 43,047	\$ 43,346
Inventories	—	13,765
Prepaid Expense	—	836
Other Current Assets	—	213
Total Current Assets	\$ 43,047	\$ 58,160
Property, Plant and Equipment, Net	—	469,720
Other Assets	12	847
Total Assets of Discontinued Operations	\$ 43,059	\$ 528,727
Liabilities:		

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Accounts Payable	\$ 18,594	\$ 14,106
Current Liabilities	990	11,166
Long Term Debt	—	3,753
Pneumoconiosis Benefits	—	1,129
Mine Closing	—	9,496
Other liabilities	—	792
Total Liabilities of Discontinued Operations	\$ 19,584	\$ 40,442

## NOTE 3—ACQUISITIONS AND DISPOSITIONS:

In December 2014, CNX Gas Company LLC (CNX Gas Company), a wholly-owned subsidiary of CONSOL Energy, finalized an agreement with Columbia Energy Ventures (CEVCO) to sublease from CEVCO approximately 20,000 acres of Utica Shale and Upper Devonian gas rights in Greene and Washington Counties in Pennsylvania and Marshall and Ohio Counties in West Virginia. Up-front bonus consideration of up to \$96,106 will be paid by CONSOL Energy over the next five years as drilling occurs in addition to royalties, of which \$49,533 was recorded in Other Current Liabilities and \$40,286 was recorded on a discounted basis in Other Long-term Liabilities. CONSOL Energy did not make a payment to CEVCO in the three months ended March 31, 2016 while \$15,216 of payments were made for the three months ended March 31, 2015. At March 31, 2016, the amounts recorded in Other Current Liabilities and Other Long-term Liabilities remained unchanged from December 31, 2015 at \$8,349 and \$29,333, respectively.

## NOTE 4—MISCELLANEOUS OTHER INCOME:

	Three Months Ended March 31, 2016		2015
Right of Way Issuance	\$15,733	\$2,528	
Equity in Earnings of Affiliates - CONE	14,351	7,656	
Rental Income	9,198	9,593	
Gathering Revenue	2,748	4,560	
Equity in Earnings of Affiliates - Other	2,314	3,667	
Royalty Income - Coal	2,230	4,540	
Interest Income	214	1,143	
Other	1,344	2,836	
Total Other Income	\$48,132	\$36,523	

## NOTE 5—COMPONENTS OF PENSION AND OTHER POST-EMPLOYMENT BENEFIT (OPEB) PLANS NET PERIODIC BENEFIT COSTS:

Components of net periodic benefit costs are as follows:

	Pension Benefits		Other Post-Employment Benefits	
	For the Three Months Ended March 31, 2016		For the Three Months Ended March 31, 2015	
Service cost	\$482	\$2,350	\$—	\$—
Interest cost	6,841	8,580	6,060	6,995
Expected return on plan assets	(11,869)	(12,689)	—	—
Amortization of prior service credits	(147)	(176)	—	(14,636)
Recognized net actuarial loss	2,116	6,939	4,792	8,926
Net periodic benefit (credit) cost	\$(2,577)	\$5,004	\$10,852	\$1,285

For the three months ended March 31, 2016 and 2015, \$641 and \$2,215 was paid to the pension trust from operating cash flows, respectively. Additional contributions to the pension trust are not expected to be material for the remainder of 2016.

CONSOL Energy does not expect to contribute to the other post-employment benefit plan in 2016. The Company intends to pay benefit claims as they become due. For the three months ended March 31, 2016 and 2015, \$13,188 and \$14,333 of other post-employment benefits have been paid, respectively.



**NOTE 6—COMPONENTS OF COAL WORKERS' PNEUMOCONIOSIS (CWP) AND WORKERS' COMPENSATION NET PERIODIC BENEFIT COSTS:**

Components of net periodic benefit costs are as follows:

	CWP		Workers' Compensation	
	For the Three Months Ended March 31,		For the Three Months Ended March 31,	
	2016	2015	2016	2015
Service cost	\$1,204	\$1,623	\$1,904	\$2,347
Interest cost	1,123	1,279	638	799
Amortization of actuarial gain	(1,383 )	(1,394 )	(101 )	(8 )
State administrative fees and insurance bond premiums	—	—	731	903
Curtailment gain	(1,307 )	—	—	—
Net periodic benefit (credit) cost	\$(363 )	\$1,508	\$3,172	\$4,041

(Income) expense attributable to discontinued operations included in the CWP net periodic (credit) cost above was \$(1,290) and \$75 for the three months ended March 31, 2016 and 2015, respectively.

On March 31, 2016, CONSOL Energy completed the sale of its membership interests in Buchanan Mining Company, LLC (See Note 2 - Discontinued Operations). As a result of the sale, certain obligations of the CWP plan were transferred to Coronado. This in turn triggered a curtailment gain of \$1,307 for the three months ended March 31, 2016. The curtailment resulted in a plan remeasurement increasing plan liabilities by \$5,014, net of \$2,700 deferred tax at March 31, 2016.

CONSOL Energy does not expect to contribute to the CWP plan in 2016. The Company intends to pay benefit claims as they become due. For the three months ended March 31, 2016 and 2015, \$2,884 and \$2,653 of CWP benefit claims have been paid, respectively.

CONSOL Energy does not expect to contribute to the workers' compensation plan in 2016. The Company intends to pay benefit claims as they become due. For the three months ended March 31, 2016 and 2015, \$4,361 and \$5,306 of workers' compensation benefits, state administrative fees and surety bond premiums have been paid, respectively.

**NOTE 7—INCOME TAXES:**

The effective tax rate for the three months ended March 31, 2016 and 2015 was 34% and 640%, respectively. The effective tax rate for the three months ended March 31, 2016 differed from the U.S. federal statutory rate primarily due to the income tax benefit for excess percentage depletion, partially offset by a charge to record a state valuation allowance resulting from the Buchanan sale. The effective rate for the three months ended March 31, 2015 differs from the U.S. federal statutory rate primarily due to the income tax benefit for excess percentage depletion.

The total amount of uncertain tax positions at March 31, 2016 and December 31, 2015 was \$12,702. If these uncertain tax positions were recognized, there would be no effect on CONSOL Energy's effective tax rate. There were no additions to the liability for unrecognized tax benefits during the three months ended March 31, 2016.

CONSOL Energy recognizes interest accrued related to uncertain tax positions in interest expense. As of March 31, 2016 and December 31, 2015, the Company reported an accrued interest liability relating to uncertain tax positions of \$53 in Other Current Liabilities on the Consolidated Balance Sheet. There was no interest expense reflected in the Company's Consolidated Statements of Income for the three months ended March 31, 2016 relating to uncertain tax positions.

CONSOL Energy recognizes penalties accrued related to uncertain tax positions in its income tax expense. As of March 31, 2016 and December 31, 2015, the Company had no accrued liabilities for tax penalties related to uncertain tax positions.

CONSOL Energy and its subsidiaries file federal income tax returns with the United States and returns within various states and Canadian jurisdictions. With few exceptions, the Company is no longer subject to United States federal, state, local, or non-U.S. income tax examinations by tax authorities for the years before 2010. The Company expects the Internal Revenue Service to conclude its audit of tax years 2010 through 2013 in the third quarter of 2016.

## NOTE 8—INVENTORIES:

Inventory components consist of the following:

	March 31, December 31,	
	2016	2015
Coal	\$ 14,743	\$ 18,843
Supplies	62,487	64,831
Total Inventories	\$ 77,230	\$ 83,674

Inventories are stated at the lower of cost or market. The cost of coal inventories is determined by the first-in, first-out (FIFO) method. Coal inventory costs include labor, supplies, equipment costs, operating overhead, depreciation, depletion and amortization, and other related costs.

## NOTE 9—ACCOUNTS RECEIVABLE SECURITIZATION:

CONSOL Energy and certain of its U.S. subsidiaries were party to a trade accounts receivable facility with financial institutions for the sale on a continuous basis of eligible trade accounts receivable. This facility was terminated on July 7, 2015.

CNX Funding Corporation, a wholly owned, special purpose, bankruptcy-remote subsidiary, bought and sold eligible trade receivables generated by certain subsidiaries of CONSOL Energy. Under the receivables facility, CONSOL Energy and certain subsidiaries, irrevocably and without recourse, sold all of their eligible trade accounts receivable to CNX Funding Corporation, who in turn sold these receivables to financial institutions and their affiliates, while maintaining a subordinated interest in a portion of the pool of trade receivables. This retained interest, which was included in Accounts and Notes Receivable-Trade in the Consolidated Balance Sheets, was recorded at fair value. Due to a short average collection cycle for such receivables, CONSOL Energy's collection experience history and the composition of the designated pool of trade accounts receivable that were part of this program, the fair value of its retained interest approximated the total amount of the designated pool of accounts receivable. CONSOL Energy serviced the sold trade receivables for the financial institutions for a fee based upon market rates for similar services. In accordance with the Transfers and Servicing Topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification, CONSOL Energy recorded transactions under the securitization facility as secured borrowings on the Consolidated Balance Sheets. The pledge of collateral was reported as Accounts Receivable - Securitized and the borrowings were classified as debt in Borrowings under Securitization Facility. The cost of funds under this facility was based upon LIBOR and commercial paper rates, plus a charge for administrative services paid to the financial institution. Costs associated with the receivables facility totaled \$196 for the three months ended March 31, 2015. These costs were recorded as financing fees which are included in Other Costs - Miscellaneous Operating Expense in the Consolidated Statements of Income.

## NOTE 10—PROPERTY, PLANT AND EQUIPMENT:

	March 31, 2016	December 31, 2015
E&P Property, Plant and Equipment		
Intangible drilling cost	\$3,481,390	\$3,452,989
Proven gas properties	1,925,328	1,922,602
Unproven gas properties	1,421,157	1,421,083
Gas gathering equipment	1,121,253	1,147,173
Gas wells and related equipment	814,993	785,744
Other gas assets	128,042	125,691
Gas advance royalties	19,386	19,745
Total E&P Property, Plant and Equipment	\$8,911,549	\$8,875,027
Less: Accumulated Depreciation, Depletion and Amortization	2,799,666	2,695,674
Total E&P Property, Plant and Equipment - Net	\$6,111,883	\$6,179,353
Coal and Other Property, Plant and Equipment - Continuing Operations:		
Coal and other plant and equipment	\$3,217,988	\$3,217,530
Coal properties and surface lands	1,188,342	1,190,712
Mine development	373,394	371,585
Airshafts	366,125	361,872
Coal advance mining royalties	354,951	351,642
Leased coal lands	227,641	227,584
Total Coal and Other Property, Plant and Equipment	\$5,728,441	\$5,720,925
Less: Accumulated Depreciation, Depletion and Amortization	2,749,933	2,700,621
Total Coal and Other Property, Plant and Equipment - Net	\$2,978,508	\$3,020,304
Total Company Property, Plant and Equipment	\$14,639,990	\$14,595,952
Less - Total Company Accumulated Depreciation, Depletion and Amortization	5,549,599	5,396,295
Total Property, Plant and Equipment of Continuing Operations - Net	\$9,090,391	\$9,199,657

## Industry Participation Agreements

CONSOL Energy has two significant industry participation agreements (referred to as "joint ventures" or "JVs") that provided drilling and completion carries for the Company's retained interests.

CNX Gas Company is party to a joint development agreement with Hess Ohio Developments, LLC (Hess) with respect to approximately 155 thousand net Utica Shale acres in Ohio in which each party has a 50% undivided interest. Under the agreement, as amended, Hess is obligated to pay a total of approximately \$335,000 in the form of a 50% drilling carry of certain CONSOL Energy working interest obligations as the acreage is developed. As of March 31, 2016, Hess' remaining carry obligation is \$7,532.

CNX Gas Company is party to a joint development agreement with Noble Energy, Inc. (Noble) with respect to approximately 700 thousand net Marcellus Shale natural gas and oil acres in West Virginia and Pennsylvania, in which each party owns a 50% undivided interest. Under the agreement, as amended, Noble Energy is obligated to pay a total of approximately \$1,846,000 in the form of a one-third drilling carry of certain of CONSOL Energy's working interest obligations as the property is developed, subject to certain limitations. These limitations include the suspension of the carry if average Henry Hub natural gas prices are below \$4.00 per million British thermal units (MMbtu) for three consecutive months. The carry was in effect from March 1, 2014, until November 1, 2014 at which time natural gas prices had fallen below \$4.00/MMbtu for three consecutive months. The carry remains suspended.

Limitations also include a \$400,000 annual maximum on Noble Energy's carried cost obligation. As of March 31, 2016, Noble Energy's remaining carry obligation is \$1,624,448.

**NOTE 11—SHORT-TERM NOTES PAYABLE:**

CONSOL Energy's current senior secured credit agreement expires on June 18, 2019. The credit facility allows for up to \$2,000,000 of borrowings, which includes a \$750,000 letters of credit sub-limit. CONSOL Energy can request an additional \$500,000 increase in the aggregate borrowing limit amount.

The current facility is secured by substantially all of the assets of CONSOL Energy and certain of its subsidiaries. Fees and interest rate spreads are based on the percentage of facility utilization, measured quarterly. Availability under the facility is limited to a borrowing base, which is determined by the lenders syndication agent and approved by the required number of lenders in good faith by calculating a value of CONSOL Energy's proved natural gas reserves.

The current facility contains a number of affirmative and negative covenants that limit the Company's ability to dispose of assets, make investments, purchase or redeem CONSOL Energy common stock, pay dividends, merge with another corporation and amend, modify or restate the senior unsecured notes. In May 2015, the facility was amended to allow, among other things, spinoffs, or other public equity offering transactions, in regard to subsidiaries that own metallurgical coal assets and thermal coal assets, and all arrangements, actions and transactions in connection therewith, including releases of associated entities or assets from the Credit Agreement and any liens granted under the loan documents. The Amendment also permits the incurrence of a term loan facility up to the aggregate principal amount of \$600,000 at subsidiaries of the Company that own the thermal coal assets and the incurrence of a revolving credit facility up to an aggregate principal amount of \$300,000 at subsidiaries of the Company that own the metallurgical coal assets.

The facility also requires that CONSOL Energy maintains a minimum interest coverage ratio of 2.50 to 1.00, which is calculated as the ratio of Adjusted EBITDA to cash interest expense of CONSOL Energy and certain of its subsidiaries, measured quarterly. CONSOL Energy must also maintain a minimum current ratio of 1.00 to 1.00, which is calculated as the ratio of current assets, plus revolver availability, to current liabilities, excluding borrowings under the revolver, measured quarterly. At March 31, 2016, the interest coverage ratio was 4.78 to 1.00 and the current ratio was 2.85 to 1.00. Further, the credit facility allows unlimited investments in joint ventures for the development and operation of natural gas gathering systems and permits CONSOL Energy to separate its E&P and coal businesses if the leverage ratio (which is, essentially, the ratio of debt to EBITDA) of the E&P business immediately after the separation would not be greater than 2.75 to 1.00. The calculation of all of the ratios above exclude CNX Coal Resources LP ("CNXC").

At March 31, 2016, the \$2,000,000 facility had \$851,500 of borrowings outstanding and \$286,358 of letters of credit outstanding, leaving \$862,142 of unused capacity. At December 31, 2015, the \$2,000,000 facility had \$952,000 of borrowings outstanding and \$258,177 of letters of credit outstanding, leaving \$789,823 of unused capacity.

**NOTE 12—LONG-TERM DEBT:**

	March 31, 2016	December 31, 2015
Debt:		
Senior Notes due April 2022 at 5.875% (Principal of \$1,850,000 plus Unamortized Premium of \$5,397 and \$5,617, respectively)	\$1,855,397	\$1,855,617
Senior Notes due April 2023 at 8.00% (Principal of \$500,000 less Unamortized Discount of \$6,335 and \$6,561, respectively)	493,665	493,439
Revolving Credit Facility - CNX Coal Resources LP	200,000	185,000
MEDCO Revenue Bonds in Series due September 2025 at 5.75%	102,865	102,865
Senior Notes due April 2020 at 8.25%, Issued at Par Value	74,470	74,470
Senior Notes due March 2021 at 6.375%, Issued at Par Value	20,611	20,611
Advance Royalty Commitments (16.35% Weighted Average Interest Rate)	5,862	5,863

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Other Long-Term Note Maturing in 2018 (Principal of \$2,752 and \$3,096 less Unamortized Discount of \$264 and \$327, respectively)	2,488	2,769
Less: Unamortized Debt Issuance Costs	31,688	33,017
	2,723,670	2,707,617
Net Amounts Due in One Year and Current Unamortized Debt Issuance Costs*	(1,801 )	(1,827 )
Long-Term Debt	\$2,725,471	\$2,709,444

\* Represents \$2,621 and \$2,595 due in one year, less \$4,422 of unamortized debt issuance costs at March 31, 2016 and December 31, 2015, respectively. Excludes current portion of Capital Lease Obligations of \$7,117 and \$7,682 at March 31, 2016 and December 31, 2015, respectively.

In March 2015, CONSOL Energy closed on the private placement of \$500,000 of 8.00% senior notes due in 2023 (the "Notes") less \$7,240 of unamortized bond discount. The Notes are guaranteed by substantially all of CONSOL Energy's wholly-owned domestic restricted subsidiaries. CONSOL Energy used the net proceeds of the sale of the Notes, together with borrowings under its revolving credit facility, to purchase \$937,822 of its outstanding 8.25% senior notes due in 2020 and \$229,176 of its outstanding 6.375% senior notes due in 2021. As part of this transaction, \$67,734 was included in Loss on Debt Extinguishment on the Consolidated Statements of Income.

In April 2015, FASB issued Update 2015-03 - Interest-Imputation of Interest: Simplifying the Presentation of Debt Issuance Costs. To simplify the presentation of debt issuance costs, the amendments in this Update require that debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct reduction from the carrying amount of that debt liability, consistent with debt discounts. This guidance is effective for fiscal years beginning after December 15, 2015 and is required to be applied retrospectively to all prior periods presented. As permitted by the Update, CONSOL Energy elected to early adopt this guidance beginning in the fourth quarter of fiscal year 2015. The resulting reclassification of unamortized debt issuance costs from Other Assets to Long-Term Debt, net of the current portion, in the Consolidated Balance Sheets was \$27,266 and \$28,595 as of March 31, 2016 and December 31, 2015, respectively.

In July 2015, CNX Coal Resources LP (CNXC), a consolidated subsidiary of CONSOL Energy, entered into a Credit Agreement for a \$400,000 revolving credit facility. As of March 31, 2016 and December 31, 2015, CNXC had \$200,000 and \$185,000 of outstanding borrowings on the facility, respectively. CONSOL Energy is not a guarantor of CNXC's revolving credit facility. See Note 18 - Related Party Transactions for more information.

#### NOTE 13—COMMITMENTS AND CONTINGENT LIABILITIES:

CONSOL Energy and its subsidiaries are subject to various lawsuits and claims with respect to such matters as personal injury, wrongful death, damage to property, exposure to hazardous substances, governmental regulations including environmental remediation, employment and contract disputes and other claims and actions arising out of the normal course of business. CONSOL Energy accrues the estimated loss for these lawsuits and claims when the loss is probable and can be estimated. The Company's current estimated accruals related to these pending claims, individually and in the aggregate, are immaterial to the financial position, results of operations or cash flows of CONSOL Energy. It is possible that the aggregate loss in the future with respect to these lawsuits and claims could ultimately be material to the financial position, results of operations or cash flows of CONSOL Energy; however, such amounts cannot be reasonably estimated. The amount claimed against CONSOL Energy is disclosed below when an amount is expressly stated in the lawsuit or claim, which is not often the case. The maximum aggregate amount claimed in those lawsuits and claims, regardless of probability, where a claim is expressly stated or can be estimated, exceeds the aggregate amounts accrued for all lawsuits and claims by approximately \$664,874.

The following lawsuits and claims include those for which a loss is probable and an accrual has been recognized:

**Hale Litigation:** This class action lawsuit was filed on September 23, 2010 in the U.S. District Court in Abingdon, Virginia. The putative class consists of forced-pooled unleased gas owners whose ownership of the coalbed methane (CBM) gas was declared to be in conflict with rights of others. The lawsuit seeks a judicial declaration of ownership of the CBM and damages based on allegations CNX Gas Company failed to either pay royalties due to conflicting claimants or deemed lessors or paid them less than required because of the alleged practice of improper below market sales and/or taking alleged improper post-production deductions. On September 30, 2013, the District Judge entered an Order certifying the class, and CNX Gas Company appealed the Order to the U.S. Fourth Circuit Court of Appeals.



On August 19, 2014, the Fourth Circuit agreed with CNX Gas Company, reversed the Order certifying the class and remanded the case to the trial court for further proceedings consistent with the decision. On April 23, 2015, Plaintiffs filed a Renewed Motion for Class Certification, and on June 23, 2015 CNX Gas Company filed its Opposition to same. The Court held a hearing on the Motion on September 18, 2015 and has not yet ruled. CONSOL Energy continues to believe this action cannot properly proceed as a class action in any form, believes the case has meritorious defenses, and intends to defend it vigorously. The Company has established an accrual to cover its estimated liability for this case. This accrual is immaterial to the overall financial position of CONSOL Energy and is included in Other Accrued Liabilities on the Consolidated Balance Sheets.

Addison Litigation: This class action lawsuit was filed on April 28, 2010 in the United States District Court in Abingdon, Virginia. The putative class consists of gas lessors whose gas ownership is in conflict. The lawsuit seeks a judicial declaration of ownership of the CBM and damages based on the allegations that CNX Gas Company failed to either pay royalties due to these conflicting claimant lessors or paid them less than required because of the alleged practice of improper below market sales and/or

taking alleged improper post-production deductions. On September 30, 2013, the District Judge entered an Order certifying the class, and CNX Gas Company appealed the Order to the U.S. Court of Appeals for the Fourth Circuit. On August 19, 2014, the Fourth Circuit agreed with CNX Gas Company, reversed the Order certifying the class and remanded the case to the trial court for further proceedings consistent with the decision. On April 23, 2015, Plaintiffs filed a Renewed Motion for Class Certification, and on June 23, 2015 CNX Gas Company filed its Opposition to same. The Court held a hearing on the Motion on September 18, 2015 and has not yet ruled. CONSOL Energy continues to believe this action cannot properly proceed as a class action in any form, believes the case has meritorious defenses, and intends to defend it vigorously. The Company has established an accrual to cover its estimated liability for this case. This accrual is immaterial to the overall financial position of CONSOL Energy and is included in Other Accrued Liabilities on the Consolidated Balance Sheets.

**Clean Water Act - Bailey Mine:** The Company received from the U.S. EPA on April 8, 2011, a request for information relating to National Pollutant Discharge Elimination System (NPDES) Permit compliance at the Company's Bailey and Enlow Fork Mines. In response, CONSOL Pennsylvania Coal Company submitted water discharge monitoring and other data to the EPA. In early 2013, the case was referred to the U.S. Department of Justice (DOJ), and Pennsylvania Department of Environmental Protection (PA DEP) also became involved. On December 18, 2014, the DOJ provided the Company a proposed Consent Decree to resolve certain Clean Water Act and Clean Streams Law claims against CONSOL Energy, Inc. and CONSOL Pennsylvania Coal Company with respect to the Bailey Mine Complex. The parties continue to negotiate the terms of the proposed Consent Decree. The Company anticipates resolving this matter in 2016. The Company has established an accrual to cover its estimated liability in this matter. This accrual is immaterial to the overall financial position of CONSOL Energy and is included in Other Accrued Liabilities on the Consolidated Balance Sheets.

The following royalty and land rights lawsuits and claims include those for which a loss is reasonably possible, but not probable, and accordingly, an accrual may not have been recognized. These claims are influenced by many factors which prevent the estimation of a range of potential loss. These factors include, but are not limited to, generalized allegations of unspecified damages (such as improper deductions), discovery having not commenced or not having been completed, unavailability of expert reports on damages and non-monetary issues being tried. For example, in instances where a gas lease termination is sought, damages would depend on speculation as to if and when the gas production would otherwise have occurred, how many wells would have been drilled on the lease premises, what their production would be, what the cost of production would be, and what the price of gas would be during the production period. An estimate is calculated, if applicable, when sufficient information becomes available.

**Virginia Mine Void Litigation:** The Company is currently defending three lawsuits naming Consolidation Coal Company (CCC), Island Creek Coal Company (ICCC), CNX Gas Company, and/or CONSOL Energy. The lawsuits were filed in the U.S. District Court for the Western District of Virginia. On October 26, 2015, the trial court granted summary judgment in favor of the defendants in two of the actions upon its finding that plaintiffs' claims are barred by the applicable statutes of limitation. Plaintiffs have appealed both cases to the U.S. Court of Appeals for the Fourth Circuit. The third case remains pending in the trial court. On January 26, 2016, six mine void lawsuits that have twice before been filed and voluntarily dismissed, were refiled for a third time in state court but have not been served. The Complaints seek damages and injunctive relief in connection with the transfer of water from mining activities at Buchanan Mine into void spaces in inactive ICCC mines adjacent to the Buchanan operations, voids ostensibly underlying plaintiffs' properties. While some of the plaintiffs have an ownership interest in the coal, others have some interest in one or more of the fee, surface, oil/gas or other mineral estates. The suits allege the water storage precludes access to and has damaged coal, impeded coalbed methane gas production and was made without compensation to the property owners. Plaintiffs seek recovery in tort, contract and trespass assumpsit (quasi-contract). The suits each seek damages between \$50,000 and in excess of \$100,000 plus punitive damages. The Company intends to vigorously defend these suits.

At March 31, 2016, CONSOL Energy has provided the following financial guarantees, unconditional purchase obligations and letters of credit to certain third parties, as described by major category in the following table. These amounts represent the maximum potential total of future payments that the we could be required to make under these instruments. These amounts have not been reduced for potential recoveries under recourse or collateralization provisions. Generally, recoveries under reclamation bonds would be limited to the extent of the work performed at the time of the default. No amounts related to these financial guarantees and letters of credit are recorded as liabilities in the financial statements. CONSOL Energy management believes that these guarantees will expire without being funded, and therefore the commitments will not have a material adverse effect on financial condition.

	Amount of Commitment Expiration Per Period				
	Total Amounts Committed	Less Than 1 Year	1-3 Years	3-5 Years	Beyond 5 Years
Letters of Credit:					
Employee-Related	\$61,434	\$42,131	\$19,303	\$—	\$—
Environmental	998	398	600	—	—
Other	223,926	222,954	972	—	—
Total Letters of Credit	286,358	265,483	20,875	—	—
Surety Bonds:					
Employee-Related	115,353	88,853	26,500	—	—
Environmental	532,900	475,234	57,666	—	—
Other	28,468	27,422	1,046	—	—
Total Surety Bonds	676,721	591,509	85,212	—	—
Guarantees:					
Coal	25,050	25,050	—	—	—
Other	72,305	39,325	14,024	12,327	6,629
Total Guarantees	97,355	64,375	14,024	12,327	6,629
Total Commitments	\$1,060,434	\$921,367	\$120,111	\$12,327	\$6,629

Included in the above table are commitments and guarantees entered into in conjunction with the sale of Consolidation Coal Company and certain of its subsidiaries, which contain all five of its longwall coal mines in West Virginia, and its river operations to a subsidiary of Murray Energy Corporation (Murray Energy). As part of the sales agreement, CONSOL Energy has guaranteed certain equipment lease obligations and coal sales agreements that were assumed by Murray Energy. In the event that Murray Energy would default on the obligations defined in the agreements, CONSOL Energy would be required to perform under the guarantees. If CONSOL Energy would be required to perform, the stock purchase agreement provides various recourse actions. At March 31, 2016, and December 31, 2015, the fair value of these guarantees was \$1,228 and are included in Other Accrued Liabilities on the Consolidated Balance Sheets. The fair value of certain of the guarantees was determined using CONSOL Energy's risk-adjusted interest rate. Significant increases or decreases in the risk-adjusted interest rates may result in a significantly higher or lower fair value measurement. Coal sales agreement guarantees were valued based on an evaluation of coal market pricing compared to contracted sales price and includes an adjustment for nonperformance risk. No other amounts related to financial guarantees and letters of credit are recorded as liabilities in the financial statements. Significant judgment is required in determining the fair value of these guarantees. The guarantees of the leases and sales agreements are classified within Level 3 of the fair value hierarchy.

CONSOL Energy regularly evaluates the likelihood of default for all guarantees based on an expected loss analysis and records the fair value, if any, of its guarantees as an obligation in the consolidated financial statements. CONSOL Energy and CNX Gas Company enter into long-term unconditional purchase obligations to procure major equipment purchases, natural gas firm transportation, gas drilling services and other operating goods and services. These purchase obligations are not recorded on the Consolidated Balance Sheets. As of March 31, 2016, the purchase obligations for each of the next five years and beyond were as follows:

Obligations Due	Amount
Less than 1 year	\$194,668
1 - 3 years	302,316
3 - 5 years	244,396
More than 5 years	641,615
Total Purchase Obligations	\$1,382,995



## NOTE 14—DERIVATIVE INSTRUMENTS:

CONSOL Energy enters into financial derivative instruments to manage its exposure to commodity price volatility. CONSOL Energy de-designated all of its cash flow hedges on December 31, 2014 and accounts for all existing and future gas and NGL commodity hedges on a mark-to-market basis with changes in fair value recorded in current period earnings. In connection with this change, CONSOL Energy froze the balances recorded in Accumulated Other Comprehensive Income at December 31, 2014 and will reclassify balances to earnings as the underlying physical transactions occur, unless it is no longer probable that the physical transaction will occur at which time the related gains deferred in Other Comprehensive Income (OCI) will be immediately recorded in earnings.

CONSOL Energy is exposed to credit risk in the event of non-performance by counterparties. The creditworthiness of counterparties is subject to continuing review. The Company has not experienced any issues of non-performance by derivative counterparties.

None of the Company's counterparty master agreements currently require CONSOL Energy to post collateral for any of its positions. However, as stated in the counterparty master agreements, if CONSOL Energy's obligations with one of its counterparties cease to be secured on the same basis as similar obligations with the other lenders under the credit facility, CONSOL Energy would have to post collateral for instruments in a liability position in excess of defined thresholds. All of the Company's derivative instruments are subject to master netting arrangements with our counterparties. CONSOL Energy recognizes all financial derivative instruments as either assets or liabilities at fair value on the Consolidated Balance Sheets on a gross basis.

Each of CONSOL Energy's counterparty master agreements allows, in the event of default, the ability to elect early termination of outstanding contracts. If early termination is elected, CONSOL Energy and the applicable counterparty would net settle all open hedge positions.

CONSOL Energy's commodity derivative instruments accounted for a total notional amount of production of 569.1 Bcf at March 31, 2016 and are forecasted to settle through 2020. At December 31, 2015, the commodity derivative instruments accounted for a total notional amount of production of 456.1 Bcf. At March 31, 2016, the basis only swaps were for notional amounts of 177.2 Bcf and are forecasted to settle through 2018. At December 31, 2015, the basis only swaps were for notional amounts of 124.4 Bcf.

The gross fair value of CONSOL Energy's derivative instruments at March 31, 2016 and December 31, 2015 were as follows:

	Asset Derivative Instruments		Liability Derivative Instruments	
	March 31, 2016	December 31, 2015	March 31, 2016	December 31, 2015
<b>Commodity Derivative Instruments:</b>				
Prepaid Expense	\$228,708	\$234,409	Other Accrued Liabilities	\$7,206 \$—
Other Assets	42,333	44,539	Other Liabilities	28,315 5,137
Total Asset	\$271,041	\$278,948	Total Liability	\$35,521 \$5,137
<b>Basis Only Swaps:</b>				
Prepaid Expense	\$6,782	\$5,429	Other Accrued Liabilities	\$19,358 \$12,206
Other Assets	4,460	1,093	Other Liabilities	5,557 1,569
Total Asset	\$11,242	\$6,522	Total Liability	\$24,915 \$13,775



The effect of derivative instruments on CONSOL Energy's Consolidated Statements of Income was as follows:

	For the Three Months Ended March 31,	
	2016	2015
Cash Received (Paid) in Settlement of Commodity Derivative Instruments:		
Natural Gas Swaps	\$82,146	\$30,260
Natural Gas Basis Swaps	2,185	(119 )
Total Cash Received in Settlement of Commodity Derivative Instruments	84,331	30,141
Non-Cash Portion of (Loss) Gain on Commodity Derivative Instruments:		
Natural Gas Swaps	(38,023 )	31,103
NGL Swaps	(265 )	—
Natural Gas Basis Swaps	(6,421 )	(1,626 )
Reclassified from Accumulated OCI	15,438	30,527
Total Non-Cash Portion of (Loss) Gain on Commodity Derivative Instruments	(29,271 )	60,004
Gain (Loss) on Commodity Derivative Instruments:		
Natural Gas Swaps	44,123	61,363
NGL Swaps	(265 )	—
Natural Gas Basis Swaps	(4,236 )	(1,745 )
Reclassified from Accumulated OCI	15,438	30,527
Total Gain on Commodity Derivative Instruments	\$55,060	\$90,145

Changes in Accumulated OCI, net of tax, attributable to cash flow hedges that were de-designated December 31, 2014 were as follows:

	For the Three Months Ended March 31,	
	2016	2015
Beginning Balance – Accumulated OCI	\$43,470	\$121,521
Gain Reclassified from Accumulated OCI (Net of tax: \$5,624, \$11,213)	(9,814 )	(19,314 )
Ending Balance – Accumulated OCI	\$33,656	\$102,207

CONSOL Energy expects to reclassify an additional \$33,656, net of tax of \$19,387, out of Accumulated Other Comprehensive Income over the remaining period ended December 31, 2016.



## NOTE 15—FAIR VALUE OF FINANCIAL INSTRUMENTS:

CONSOL Energy determines the fair value of assets and liabilities based on the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants. The fair values are based on assumptions that market participants would use when pricing an asset or liability, including assumptions about risk and the risks inherent in valuation techniques and the inputs to valuations. The fair value hierarchy is based on whether the inputs to valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources (including NYMEX forward curves, LIBOR-based discount rates and basis forward curves), while unobservable inputs reflect the Company's own assumptions of what market participants would use.

The fair value hierarchy includes three levels of inputs that may be used to measure fair value as described below:

Level One - Quoted prices for identical instruments in active markets.

Level Two - The fair value of the assets and liabilities included in Level 2 are based on standard industry income approach models that use significant observable inputs, including NYMEX forward curves, LIBOR-based discount rates and basis forward curves.

Level Three - Unobservable inputs significant to the fair value measurement supported by little or no market activity. The significant unobservable inputs used in the fair value measurement of the Company's third party guarantees are the credit risk of the third party and the third party surety bond markets. A significant increase or decrease in these values, in isolation, would have a directionally similar effect resulting in higher or lower fair value measurement of the Company's Level 3 guarantees.

In those cases when the inputs used to measure fair value meet the definition of more than one level of the fair value hierarchy, the lowest level input that is significant to the fair value measurement in its totality determines the applicable level in the fair value hierarchy.

The financial instruments measured at fair value on a recurring basis are summarized below:

Description	Fair Value Measurements at March 31, 2016		Fair Value Measurements at December 31, 2015	
	(Level 1) (Level 2)	(Level 3)	(Level 1) (Level 2)	(Level 3)
Gas Derivatives	\$-\$221,847	\$—	\$-\$266,558	\$—
Murray Energy Guarantees	\$-\$—	\$1,228	\$-\$—	\$1,228

The following methods and assumptions were used to estimate the fair value for which the fair value option was not elected:

**Cash and cash equivalents:** The carrying amount reported in the Consolidated Balance Sheets for cash and cash equivalents approximates its fair value due to the short-term maturity of these instruments.

**Short-term notes payable:** The carrying amount reported in the Consolidated Balance Sheets for short-term notes payable approximates its fair value due to the short-term maturity of these instruments.

**Long-term debt:** The fair value of long-term debt is measured using unadjusted quoted market prices or estimated using discounted cash flow analyses. The discounted cash flow analyses are based on current market rates for instruments with similar cash flows.

The carrying amounts and fair values of financial instruments for which the fair value option was not elected are as follows:

March 31, 2016	December 31, 2015
----------------	-------------------

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	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Cash and Cash Equivalents	\$426,650	\$426,650	\$72,578	\$72,578
Short-Term Notes Payable	\$(851,500 )	\$(851,500 )	\$(952,000 )	\$(952,000 )
Long-Term Debt	\$(2,755,358)	\$(2,082,975)	\$(2,740,634)	\$(1,810,925)

Cash and cash equivalents represent highly liquid instruments and constitute Level 1 fair value measurements. Certain of the Company's debt is actively traded on a public market and, as a result, constitutes Level 1 fair value measurement. The portion of the Company's debt obligations that are not actively traded are valued through reference to the applicable underlying benchmark rate and, as a result, constitutes Level 2 fair value measurement.

**NOTE 16—SEGMENT INFORMATION:**

CONSOL Energy consists of two principal business divisions: Exploration and Production (E&P) and Coal. The principal activity of the E&P division, which includes four reportable segments, is to produce pipeline quality natural gas for sale primarily to gas wholesalers. The E&P division's reportable segments are Marcellus, Utica, Coalbed Methane, and Other Gas. The Other Gas segment is primarily related to shallow oil and gas production, and includes the Company's purchased gas activities and selling, general and administrative activities, as well as various other activities assigned to the E&P division but not allocated to each individual well type.

The principal activities of the Coal division are mining, preparation and marketing of thermal coal, sold primarily to power generators. The Coal division's reportable segments are Pennsylvania (PA) Operations and Other Coal. Each of these reportable segments includes a number of operating segments (individual mines). For the three months ended March 31, 2016, the PA Operations aggregated segment includes the following mines: Bailey Mine, Enlow Fork Mine, and Harvey Mine and the corresponding preparation plant facilities. For the three months ended March 31, 2016, the Other Coal segment includes the Miller Creek Complex, coal terminal operations, the Company's purchased coal activities, idled mine activities and selling, general and administrative activities, as well as various other activities assigned to the Coal division but not allocated to each individual mine.

CONSOL Energy's All Other division includes expenses from various other corporate activities that are not allocated to the E&P or Coal divisions.

Prior to the sale of the Buchanan Mine on March 31, 2016, CONSOL Energy had a third reportable segment in the Coal division, Virginia (VA) Operations. See Note 2 - Discontinued Operations for more information relating to the sale.

In the preparation of the following information, intersegment sales have been recorded at amounts approximating market. Operating profit for each segment is based on sales less identifiable operating and non-operating expenses. Assets are reflected at the division level for E&P and are not allocated between each individual E&P segment. These assets are not allocated to each individual segment due to the diverse asset base controlled by CONSOL Energy, whereby each individual asset may service more than one segment within the division. An allocation of such asset base would not be meaningful or representative on a segment by segment basis.

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Industry segment results for the three months ended March 31, 2016 are:

	Marcellus Shale	Utica Shale	Coalbed Methane	Other Gas	Total E&P	PA Operations	Other Coal	Total Coal	Other	Elimi
Sales—Outside	\$96,138	\$34,261	\$41,920	\$8,936	\$181,255	\$226,164	\$25,731	\$251,895	\$—	\$—
Gain on										
Commodity	48,564	10,009	19,121	(22,634)	55,060	—	—	—	—	—
Derivative										
Instruments										
Other Outside	—	—	—	—	—	—	7,709	7,709	—	—
Sales—Purchased	—	—	—	8,618	8,618	—	—	—	—	—
Gas										
Freight—Outside	—	—	—	—	—	13,076	34	13,110	—	—
Intersegment	—	—	424	—	424	—	—	—	—	(424)
Transfers										
Total Sales and	\$144,702	\$44,270	\$61,465	\$(5,080)	\$245,357	\$239,240	\$33,474	\$272,714	\$—	\$(424)
Freight										
Earnings										
(Loss) Before	\$19,482	\$3,256	\$12,606	\$(58,885)	\$(23,541)	\$23,410	\$(26,253)	\$(2,843)	\$(50,325)	\$(424)
Income Taxes										
Segment										
Assets					\$6,814,818	\$2,078,559	\$1,194,327	\$3,272,886	\$628,166	\$—
Depreciation,										
Depletion and					\$105,715	\$41,266	\$13,086	\$54,352	\$—	\$—
Amortization										
Capital										
Expenditures					\$62,862	\$12,904	\$1,921	\$14,825	\$1,281	\$—

(A) Included in the Coal segment are sales of \$60,357 to Duke Energy, which comprises over 10% of sales.

(B) Includes equity in earnings of unconsolidated affiliates of \$15,598 and \$1,067 for E&P and Coal, respectively.

(C) Includes investments in unconsolidated equity affiliates of \$248,034 and \$3,594 for E&P and Coal, respectively.

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Industry segment results for the three months ended March 31, 2015 are:

	Marcellus Shale	Utica Shale	Coalbed Methane	Other Gas	Total E&P	PA Operations	Other Coal	Total Coal	Other	Elimination
Sales—Outside	\$126,302	\$18,603	\$61,327	\$18,206	\$224,438	\$384,437	\$31,714	\$416,151	\$—	\$—
Gain on										
Commodity	12,792	—	13,657	63,696	90,145	—	—	—	—	—
Derivative										
Instruments										
Other Outside	—	—	—	—	—	—	13,130	13,130	—	—
Sales										
Sales—Purchased	—	—	—	3,597	3,597	—	—	—	—	—
Gas										
Freight—Outside	—	—	—	—	—	2,369	4,156	6,525	—	—
Intersegment										
Transfers	—	—	547	—	547	—	—	—	—	(547 )
Total Sales and	\$139,094	\$18,603	\$75,531	\$85,499	\$318,727	\$386,806	\$49,000	\$435,806	\$—	\$(547)
Freight										
Earnings										
(Loss) Before	\$47,177	\$(4,121 )	\$18,569	\$14,364	\$75,989	\$98,402	\$(13,701 )	\$84,701	\$(129,532)	\$(547)
Income Taxes										
Segment										
Assets					\$7,534,830	\$2,100,349	\$1,936,127	\$4,036,476	\$91,794	\$—
Depreciation,										
Depletion and					\$87,444	\$45,743	\$16,515	\$62,258	\$7	\$—
Amortization										
Capital										
Expenditures					\$250,303	\$32,550	\$2,085	\$34,635	\$2,866	\$—

(D) Included in the Coal segment are sales of \$84,616 to Duke Energy and sales of \$68,094 to Xcoal Energy & Resources, each comprising over 10% of sales.

(E) Includes equity in earnings of unconsolidated affiliates of \$8,378 and \$2,945 for E&P and Coal, respectively.

(F) Includes investments in unconsolidated equity affiliates of \$158,091 and \$34,182 for E&P and Coal, respectively.



## Reconciliation of Segment Information to Consolidated Amounts:

(Loss) Earnings Before Income Taxes:	For the Three Months Ended March 31,	
	2016	2015
Segment (Loss) Earnings Before Income Taxes for total reportable business segments	\$(26,384)	\$160,690
Segment (Loss) Earnings Before Income Taxes for all other business segments	(459 )	(6,676 )
Interest expense, net (G)	(49,866 )	(55,122 )
Eliminations	(424 )	(547 )
Loss on debt extinguishment	—	(67,734 )
(Loss) Earnings Before Income Taxes	\$(77,133)	\$30,611

Total Assets:	March 31,	
	2016	2015
Segment assets for total reportable business segments	\$10,087,704	\$11,571,306
Segment assets for all other business segments	199,725	65,977
Items excluded from segment assets:		
Cash and other investments (G)	426,571	5,251
Recoverable income taxes	1,870	20,566
Total Consolidated Assets	\$10,715,870	\$11,663,100

(G) Excludes amounts specifically related to the E&P & Coal divisions.

## NOTE 17—GUARANTOR SUBSIDIARIES FINANCIAL INFORMATION:

The payment obligations under the \$74,470, 8.250% per annum senior notes due April 1, 2020, the \$20,611, 6.375% per annum senior notes due March 1, 2021, the \$1,855,397, 5.875% per annum senior notes due April 15, 2022, and the \$493,665, 8.000% per annum senior notes due April 1, 2023 issued by CONSOL Energy are jointly and severally, and also fully and unconditionally, guaranteed by certain subsidiaries of CONSOL Energy. In accordance with positions established by the Securities and Exchange Commission (SEC), the following financial information sets forth separate financial information with respect to the parent, CNX Gas, a guarantor subsidiary, CNX Coal Resources LP (CNXC), a non-guarantor subsidiary, and the remaining guarantor and non-guarantor subsidiaries. The principal elimination entries include investments in subsidiaries and certain intercompany balances and transactions. CONSOL Energy, the parent, and a guarantor subsidiary manage several assets and liabilities of all other wholly owned subsidiaries. These include, for example, deferred tax assets, cash and other post-employment liabilities. These assets and liabilities are reflected as parent company or guarantor company amounts for purposes of this presentation.

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Income Statement for the Three Months Ended March 31, 2016 (unaudited):

	Parent Issuer	CNX Gas Guarantor	Other Subsidiary Guarantors	CNXC Non-Guarantor	Other Subsidiary Non-Guarantors	Elimination	Consolidated
Revenues and Other Income:							
Natural Gas, NGLs and Oil Sales	\$—	\$ 181,680	\$—	\$ —	\$—	\$(425 )	\$ 181,255
Gain on Commodity Derivative Instruments	—	55,060	—	—	—	—	55,060
Coal Sales	—	—	206,662	45,233	—	—	251,895
Other Outside Sales	—	—	7,709	—	—	—	7,709
Purchased Gas Sales	—	8,618	—	—	—	—	8,618
Freight-Outside Coal	—	—	10,495	2,615	—	—	13,110
Miscellaneous Other Income	(66,620 )	30,161	17,970	1	—	66,620	48,132
Loss on Sale of Assets	—	(7,143 )	(112 )	(10 )	—	—	(7,265 )
Total Revenue and Other Income	(66,620 )	268,376	242,724	47,839	—	66,195	558,514
Costs and Expenses:							
Exploration and Production Costs							
Lease Operating Expense	—	27,739	—	—	—	—	27,739
Transportation, Gathering and Compression	—	93,974	—	—	—	—	93,974
Production, Ad Valorem, and Other Fees	—	8,303	—	—	—	—	8,303
Depreciation, Depletion and Amortization	—	105,715	—	—	—	—	105,715
Exploration and Production Related Other Costs	—	2,408	—	—	—	—	2,408
Purchased Gas Costs	—	7,868	—	—	—	—	7,868
Other Corporate Expenses	—	27,694	—	—	—	—	27,694
Selling, General, and Administrative	—	17,563	—	—	—	—	17,563
Total Exploration and Production Costs	—	291,264	—	—	—	—	291,264
Coal Costs							
Operating and Other Costs	1,003	—	183,277	30,794	—	—	215,074
Depreciation, Depletion and Amortization	153	—	45,946	8,253	—	—	54,352
Freight Expense	—	—	10,495	2,615	—	—	13,110
Selling, General, and Administrative	—	—	3,966	1,684	—	—	5,650
Other Corporate Expenses	—	—	3,143	—	—	—	3,143
Total Coal Costs	1,156	—	246,827	43,346	—	—	291,329
Other Costs							
Miscellaneous Operating Expense	3,002	—	164	—	22	—	3,188
Interest Expense	45,628	653	1,591	1,994	—	—	49,866



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Total Other Costs	48,630	653	1,755	1,994	22	—	53,054
Total Costs And Expenses	49,786	291,917	248,582	45,340	22	—	635,647
(Loss) Earnings Before Income Tax	(116,406)	(23,541 )	(5,858 )	2,499	(22 )	66,195	(77,133 )
Income Taxes	(18,834 )	(9,355 )	1,350	—	(8 )	—	(26,847 )
(Loss) Income From Continuing Operations	(97,572 )	(14,186 )	(7,208 )	2,499	(14 )	66,195	(50,286 )
Loss From Discontinued Operations, net	—	—	—	—	(46,172 )	—	(46,172 )
Net (Loss) Income	(97,572 )	(14,186 )	(7,208 )	2,499	(46,186 )	66,195	(96,458 )
Less: Net Income Attributable to Noncontrolling Interest	—	—	—	—	—	1,114	1,114
Net (Loss) Income Attributable to CONSOL Energy Shareholders	\$(97,572)	\$(14,186 )	\$(7,208 )	\$ 2,499	\$(46,186 )	\$ 65,081	\$(97,572 )

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Balance Sheet at March 31, 2016 (unaudited):

	Parent Issuer	CNX Gas Guarantor	Other Subsidiary Guarantors	CNXC Non-Guarantor	Other Subsidiary Non-Guarantors	Elimination	Consolidated
Assets:							
Current Assets:							
Cash and Cash Equivalents	\$415,915	\$78	\$—	\$9,095	\$1,562	\$—	\$426,650
Accounts and Notes Receivable:							
Trade	—	58,580	88,216	19,145	—	—	165,941
Other Receivables	46,837	95,831	6,450	372	—	—	149,490
Inventories	—	12,646	53,683	10,901	—	—	77,230
Recoverable Income Taxes	60,897	(59,026 )	—	—	—	—	1,871
Prepaid Expenses	21,552	238,549	18,470	3,643	—	—	282,214
Current Assets of Discontinued Operations	—	—	—	—	43,047	—	43,047
Total Current Assets	545,201	346,658	166,819	43,156	44,609	—	1,146,443
Property, Plant and Equipment:							
Property, Plant and Equipment	144,621	8,911,548	4,889,452	694,369	—	—	14,639,990
Less-Accumulated Depreciation, Depletion and Amortization	104,960	2,799,666	2,316,190	328,783	—	—	5,549,599
Total Property, Plant and Equipment-Net	39,661	6,111,882	2,573,262	365,586	—	—	9,090,391
Other Assets:							
Investment in Affiliates	9,760,389	248,034	13,025	—	—	(9,769,820 )	251,628
Other	52,786	49,218	109,371	16,021	—	—	227,396
Other Assets of Discontinued Operations	—	—	—	—	12	—	12
Total Other Assets	9,813,175	297,252	122,396	16,021	12	(9,769,820 )	479,036
Total Assets	\$10,398,037	\$6,755,792	\$2,862,477	\$424,763	\$44,621	\$(9,769,820)	\$10,715,870
Liabilities and Equity:							
Current Liabilities:							
Accounts Payable	\$41,785	\$122,153	\$33,888	\$12,645	\$—	\$11,154	\$221,625
Accounts Payable (Recoverable)-Related Parties	2,386,429	1,474,748	(3,642,464 )	1,280	(208,839 )	(11,154 )	—
Current Portion of Long-Term Debt	(2,759 )	6,266	1,762	47	—	—	5,316
Short-Term Notes Payable	851,500	—	—	—	—	—	851,500
Other Accrued Liabilities	93,867	113,531	249,586	29,922	—	—	486,906

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Current Liabilities of Discontinued Operations	—	—	—	—	19,584	—	19,584
Total Current Liabilities	3,370,822	1,716,698	(3,357,228 )	43,894	(189,255 )	—	1,584,931
Long-Term Debt:	2,423,952	31,746	106,998	196,265	—	—	2,758,961
Deferred Credits and Other Liabilities:							
Deferred Income Taxes	(129,353 )	182,197	—	—	—	—	52,844
Postretirement Benefits Other Than Pensions	—	—	623,525	—	—	—	623,525
Pneumoconiosis Benefits	—	—	116,477	1,701	—	—	118,178
Mine Closing	—	—	283,243	6,865	—	—	290,108
Gas Well Closing	—	135,212	28,834	78	—	—	164,124
Workers' Compensation	—	—	66,451	2,395	—	—	68,846
Salary Retirement	86,369	—	—	—	—	—	86,369
Reclamation	—	—	34,490	—	—	—	34,490
Other	56,917	132,686	4,251	552	—	—	194,406
Total Deferred Credits and Other Liabilities	13,933	450,095	1,157,271	11,591	—	—	1,632,890
Total CONSOL Energy Inc. Stockholders' Equity	4,589,330	4,557,253	4,955,436	173,013	233,876	(9,919,578 )	4,589,330
Noncontrolling Interest	—	—	—	—	—	149,758	149,758
Total Liabilities and Equity	\$ 10,398,037	\$ 6,755,792	\$ 2,862,477	\$ 424,763	\$ 44,621	\$ (9,769,820)	\$ 10,715,870

## Income Statement for the Three Months Ended March 31, 2015 (unaudited):

	Parent Issuer	CNX Gas Guarantor	Other Subsidiary Guarantors	CNXC Non-Guarantor	Other Subsidiary Non-Guarantors	Elimination	Consolidated
<b>Revenues and Other Income:</b>							
Natural Gas, NGLs and Oil Sales	\$	-\$224,985	\$	—	—	—\$ (547 )	\$ 224,438
Gain on Commodity Derivative Instruments	—	90,145	—	—	—	—	90,145
Coal Sales	—	—	339,264	76,887	—	—	416,151
Other Outside Sales	—	—	13,130	—	—	—	13,130
Purchased Gas Sales	—	3,597	—	—	—	—	3,597
Freight-Outside Coal	—	—	6,051	474	—	—	6,525
Miscellaneous Other Income	162,197	14,606	21,631	216	2,300	(164,427)	36,523
Gain on Sale of Assets	—	641	1,489	15	—	—	2,145
<b>Total Revenue and Other Income</b>	<b>162,197</b>	<b>333,974</b>	<b>381,565</b>	<b>77,592</b>	<b>2,300</b>	<b>(164,974)</b>	<b>792,654</b>
<b>Costs and Expenses:</b>							
<b>Exploration and Production Costs</b>							
Lease Operating Expense	—	37,256	—	—	—	—	37,256
Transportation, Gathering and Compression	—	75,521	—	—	—	—	75,521
Production, Ad Valorem, and Other Fees	—	9,192	—	—	—	—	9,192
Depreciation, Depletion and Amortization	—	87,444	—	—	—	—	87,444
Exploration and Production Related Other Costs	—	2,040	—	—	5	(5 )	2,040
Purchased Gas Costs	—	2,957	—	—	—	—	2,957
Other Corporate Expenses Selling, General, and Administrative	—	19,096	—	—	—	—	19,096
	—	21,824	—	—	—	—	21,824
<b>Total Exploration and Production Costs</b>	<b>—</b>	<b>255,330</b>	<b>—</b>	<b>—</b>	<b>5</b>	<b>(5 )</b>	<b>255,330</b>
<b>Coal Costs</b>							
Operating and Other Costs	1,648	—	243,645	46,114	—	—	291,407
Depreciation, Depletion and Amortization	146	—	52,963	9,149	—	—	62,258
Freight Expense	—	—	6,051	474	—	—	6,525
Selling, General, and Administrative Other Corporate Expenses	34	—	5,043	2,125	—	—	7,202
	—	—	6,074	—	—	—	6,074
<b>Total Coal Costs</b>	<b>1,828</b>	<b>—</b>	<b>313,776</b>	<b>57,862</b>	<b>—</b>	<b>—</b>	<b>373,466</b>
<b>Other Costs</b>							
Miscellaneous Operating Expense	10,062	—	95	—	227	—	10,384
Depreciation, Depletion and Amortization	2	—	5	—	—	—	7
Loss on Debt Extinguishment	67,734	—	—	—	—	—	67,734
Interest Expense	52,846	2,655	1,561	2,381	46	(4,367 )	55,122
<b>Total Other Costs</b>	<b>130,642</b>	<b>2,655</b>	<b>1,661</b>	<b>2,381</b>	<b>273</b>	<b>(4,367 )</b>	<b>133,247</b>
<b>Total Costs And Expenses</b>	<b>132,472</b>	<b>257,985</b>	<b>315,437</b>	<b>60,243</b>	<b>278</b>	<b>(4,372 )</b>	<b>762,043</b>

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Earnings (Loss) Before Income Tax	29,725,989	66,128	17,349	2,022	(160,602)	30,611
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