

# CONSOL Energy Inc – Corporate Profile

The leading diversified fuel producer in the Eastern United States



- Ticker: CNX
- Headquartered in Pittsburgh, Pennsylvania
- Founded in 1860
- 9,164 Employees
- Market Cap = \$7.2 Billion
- EV = \$9.9 Billion
- 2011 Revenue = \$6.1 Billion



## CONSOL Energy Inc

### Coal

- 4.5 BTs of proven and probable coal reserves
- Raised 2012 estimated coal exports of approximately to 11-12 MTs from 9-11 MTs
- Trimmed 2012 sales guidance by about 1 MTs to 58.9 – 60.9 MTs
- 2Q12 sales guidance of 14.2 – 14.9 MTs

### Natural Gas

- 3.5 Tcfe of proved reserves
- 628,000 gross Marcellus Shale acres in the JV with Noble Energy
- 200,000 gross Utica Shale acres in Ohio in the JV with Hess Corporation
- 2Q12 production guidance of 37 - 38 Bcf
- 50% of shale wells targeting liquids-rich strata

### Other

#### Midstream

Manages gas gathering assets of the Company

#### CNX Land Resources Inc.

Manages land assets of the Company

#### Research & Development

R&D facility devoted to coal, gas, and energy utilization and production

#### Fairmont Supply Company

Distributor of mining, gas drilling, and industrial supplies

#### River & Dock Services

Fleet of 625 barges, 22 towboats and 5 harbor boats

#### CNX Marine Terminals Inc.

Baltimore Port with capacity to load 14 million tons of coal per year

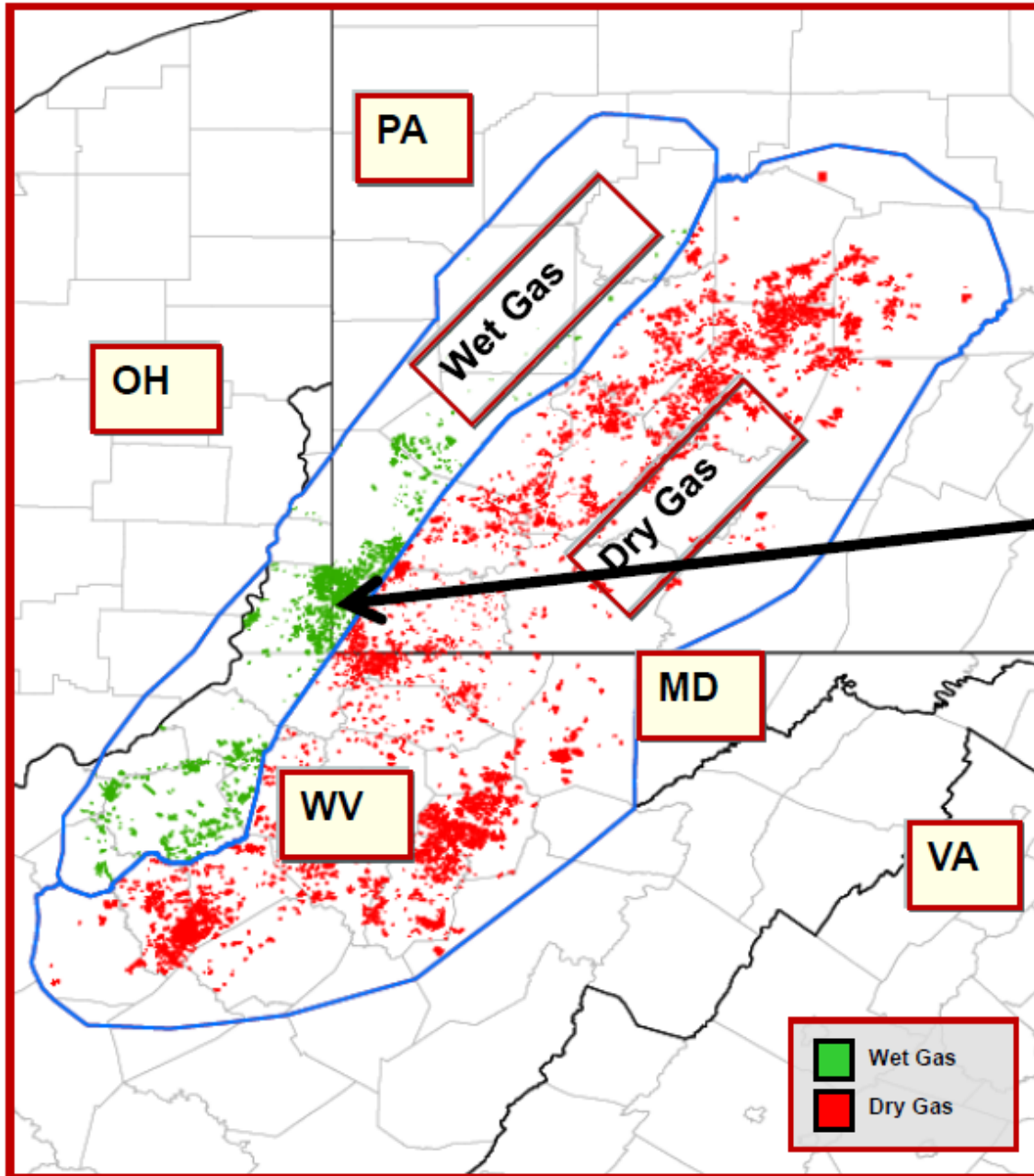
- **Safety**
  - ❑ CONSOL has invested over \$1 billion since 2006 on coal-related safety projects
  - ❑ Commitment to “Absolute Zero”



- **Compliance**
- **Continuous Improvement**



# 2012 Marcellus Shale Drilling Program: 91 Wells



## CONSOL Drills in Dry Gas

- 13 wells in Central Pa.
- 41 wells in Southwest Pa.
- 6 wells in Northern W. Va.

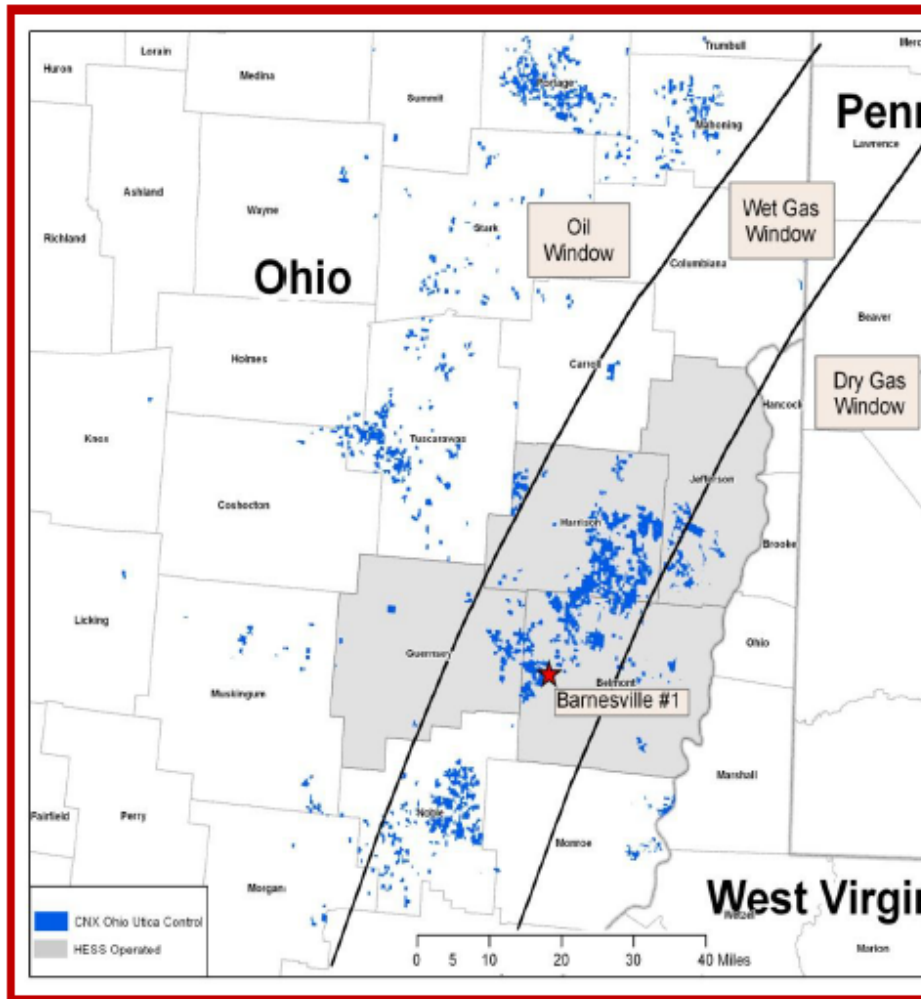
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## Noble Energy Drills in Wet Gas

- 31 wells in West Virginia

# CONSOL Energy & Hess Corporation JV

Total Deal Consideration of \$594 million or \$6,000 per acre



## Sold 50% of 200,000 Gross Ohio Utica

- Cash: \$60 Million
- Carry: \$554 million covering 50% of CNX's share of drilling and completion costs.

## Partnered with top tier Oil Operator with Marketing History

## Structured as an Exploration Play

## Raises CONSOL's Exposure to Liquids/Oil

## Targeting 22 gross wells in 2012

## First well to be completed in April

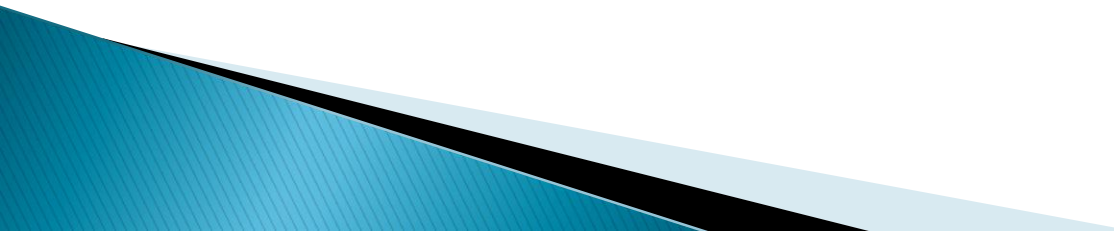


# Some Factors Driving Our Businesses

- Over-supply of natural gas and resulting low price, partly driven by warm winter and slow economy, but mostly by technology improvements
- Expected plentiful future supply and low or moderate future price for natural gas
- Decreasing coal demand, and thus selling price
  - Recession-driven low demand for electric energy and thus, for thermal coal
  - Recession-driven low demand for world-wide steel and metallurgical coal
  - Loss of 40 - 60 GWe of coal-fired power plant capacity by 2016, largely due to EPA regs ( GHG NSPS, MATS, CSAPR/CAIR, 316b, Coal Ash, TR2, TR3, etc.) and low forecasted gas price
  - Prevention of new coal-fired power plants for next ~10 years
- Mining costs increasing, largely due to MSHA and EPA regs
- Water sourcing, use, treatment and disposal becoming increasingly important



# CONSOL R&D Research Focus 2009

- Coal-fueled power plant emissions reduction
  - Greenhouse gas emissions control
  - Ambient air quality
  - Waste coal utilization
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# CONSOL R&D Research Focus 2012

- Coal-fueled power plant emissions reduction
- Greenhouse gas emissions control
- Ambient air quality
- Waste coal utilization
- **New focus on reducing operating costs**
  - **Substitution of natural gas for liquid fuels**
  - **Water use and treatment, including by-product use**
  - **Technical support to E&P and mid-stream operations**

# Substitution of Natural Gas for Liquid Fuels

- Currently converting drilling rigs to dual-fuel operation (LNG or field gas + diesel fuel)
- Frac pumper trucks likely next target...
- ...then off-road vehicles
- ...then highway vehicles (probably bi-fuel)
- Long-term target: towboats

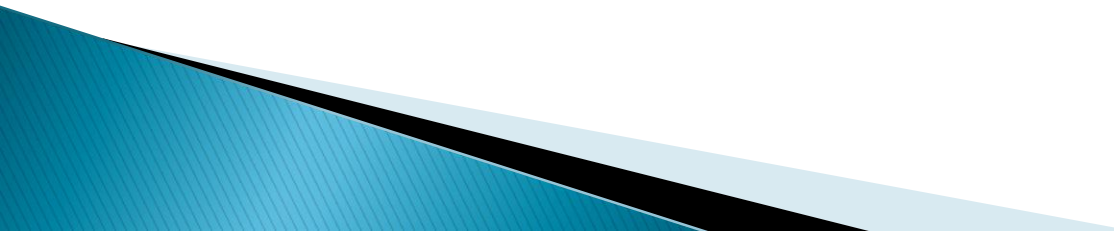


# Water Use and Treatment, Including By-Product Use

- Control of sulfate in AMD for use as frac water
- Novel evaporative methods to treat saline waters
- Use of salt and other by-products from treatment systems
- Tech support to evaluate water sourcing, recycle, disposal options, corrosion, fouling, etc.



# Additional Projects Relevant to O&G

- ▶ Enhanced coal bed methane recovery with simultaneous CO<sub>2</sub> sequestration (with DOE)
  - ▶ CO<sub>2</sub>-Enhanced recovery of wet shale gas (with Virginia Tech and DOE)
  - ▶ Electric power generation from waste methane
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Thank You

