CONSOL Energy Inc
Form 10-Q
August 01, 2017

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

FORM 10-Q

(Mark One)
x QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934.
For the quarterly period ended June 30, 2017
OR
o 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

CONSOL Energy Inc.
(Exact name of registrant as specified in its charter)

Delaware	51-0337383
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer 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)

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 x No o
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 x No o
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," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one):
Large accelerated filer x Accelerated filer o Non-accelerated filer o Smaller Reporting Company o
Emerging Growth Company o If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. o
Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes o No x
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 July 17, 2017
Common stock, $0.01 par value	230,069,268

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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 - those hydrocarbons in natural gas that are separated from the gas as liquids through the process.
Net - “Net” natural gas or “net” acres are determined by adding the fractional ownership working interests the Company has in gross wells or acres.
Proved reserves - Quantities of oil, natural gas, and NGLs which, by analysis of geological and engineering data, can be estimated with reasonable certainty to be economically producible from a given date forward, from known reservoirs, and under existing economic conditions, operating methods and government regulations prior to the time at which contracts providing the right to operate expire, unless evidence indicates that renewal is reasonably certain, regardless of whether deterministic or probabilistic methods are used for the estimation.
Proved developed reserves - Proved reserves which can be expected to be recovered through existing wells with existing equipment and operating methods.
Proved undeveloped reserves (PUDs) - Proved reserves that can be estimated with reasonable certainty to be recovered from new wells on undrilled proved acreage or from existing wells where a relatively major expenditure is required for completion.
Reservoir - A porous and permeable underground formation containing a natural accumulation of producible natural gas and/or oil that is confined by impermeable rock or water barriers and is separate from other reservoirs.
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)	Three Months Ended		Six Months Ended	
(Unaudited)	June 30,		June 30,	
Revenues and Other Income:	2017	2016	2017	2016
Natural Gas, NGLs and Oil Sales	$260,305	$167,931	$578,068	$349,188
Gain (Loss) on Commodity Derivative Instruments	83,788	(199,380)	61,325	(144,320)
Coal Sales	303,707	250,562	620,155	476,726
Other Outside Sales	15,974	8,207	29,027	15,973
Purchased Gas Sales	10,316	7,929	19,294	16,547
Freight-Outside Coal	17,763	11,447	30,045	24,557
Miscellaneous Other Income	33,937	33,636	74,633	81,766
Gain (Loss) on Sale of Assets	140,162	5,614	152,113	(1,662)
Total Revenue and Other Income	865,952	285,946	1,564,660	818,775
Costs and Expenses:				
Exploration and Production Costs				
Lease Operating Expense	21,072	23,655	42,705	51,394
Transportation, Gathering and Compression	86,599	90,983	180,931	184,957
Production, Ad Valorem, and Other Fees	4,606	6,402	13,935	14,705
Depreciation, Depletion and Amortization	91,287	105,151	186,635	210,866
Exploration and Production Related Other Costs	19,715	2,905	29,501	4,652
Purchased Gas Costs	10,194	8,884	19,089	16,752
Other Corporate Expenses	23,398	21,422	41,328	44,220
Impairment of Exploration and Production Properties	—	—	137,865	—
Selling, General, and Administrative Costs	20,672	25,411	42,162	47,869
Total Exploration and Production Costs	277,543	284,813	694,151	575,415
PA Mining Operations Costs				
Operating and Other Costs	201,091	184,459	400,905	338,560
Depreciation, Depletion and Amortization	41,402	41,698	83,703	82,964
Freight Expense	17,763	11,447	30,045	24,557
Selling, General, and Administrative Costs	17,104	6,779	31,972	12,554
Total PA Mining Operations Costs	277,360	244,383	546,625	458,635
Other Costs				
Miscellaneous Operating Expense	38,731	51,776	81,493	86,923
Selling, General, and Administrative Costs	3,654	4,075	6,286	6,128
Depreciation, Depletion and Amortization (See Note 1)	(15,620)	(11,629)	(4,499)	(3,622)
Loss (Gain) on Debt Extinguishment	36	—	(786)	—
Interest Expense	43,432	47,428	87,865	97,292
Total Other Costs	70,233	91,650	170,359	186,721
Total Costs And Expenses	625,136	620,846	1,411,135	1,220,771
Earnings (Loss) From Continuing Operations Before Income Tax	240,816	(334,900)	153,525	(401,996)
Income Tax Expense (Benefit)	66,993	(100,856)	13,204	(124,656)
Income (Loss) From Continuing Operations	173,823	(234,044)	140,321	(277,340)
Loss From Discontinued Operations, net	—	(234,605)	—	(287,772)
Net Income (Loss)	173,823	(468,649)	140,321	(565,112)

Less: Net Income Attributable to Noncontrolling Interest	4,313	1,179	9,777	2,293
Net Income (Loss) Attributable to CONSOL Energy Shareholders	$169,510	$(469,828)	$130,544	$(567,405)

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 June 30, 2017	2016	Six Months Ended June 30, 2017	2016
Earnings (Loss) Per Share				
Basic				
Income (Loss) from Continuing Operations	$0.74	$(1.03)	$0.57	$(1.22)
Loss from Discontinued Operations	—	(1.02)	—	(1.25)
Total Basic Earnings (Loss) Per Share	$0.74	$(2.05)	$0.57	$(2.47)
Dilutive				
Income (Loss) from Continuing Operations	$0.73	$(1.03)	$0.56	$(1.22)
Loss from Discontinued Operations	—	(1.02)	—	(1.25)
Total Dilutive Earnings (Loss) Per Share	$0.73	$(2.05)	$0.56	$(2.47)
Dividends Declared Per Share	$—	$—	$—	$0.01

CONSOL ENERGY INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Dollars in thousands) (Unaudited)	Three Months Ended June 30, 2017	2016	Six Months Ended June 30, 2017	2016
Net Income (Loss)	$173,823	$(468,649)	$140,321	$(565,112)
Other Comprehensive Income (Loss):				
Actuarially Determined Long-Term Liability Adjustments (Net of tax: ($2,034), ($5,008), ($4,086), ($4,326))	3,464	8,045	6,966	5,561
Reclassification of Cash Flow Hedges from OCI to Earnings (Net of tax: $6,521, $12,145)	—	(11,203)	—	(21,017)
Other Comprehensive Income (Loss)	3,464	(3,158)	6,966	(15,456)
Comprehensive Income (Loss)	177,287	(471,807)	147,287	(580,568)
Less: Comprehensive Income Attributable to Noncontrolling Interest	4,302	1,179	9,754	2,293
Comprehensive Income (Loss) Attributable to CONSOL Energy Inc. Shareholders	$172,985	$(472,986)	$137,533	$(582,861)

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

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CONSOL ENERGY INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

(Dollars in thousands)	(Unaudited) June 30, 2017	December 31, 2016
ASSETS		
Current Assets:		
Cash and Cash Equivalents	$299,135	$60,475
Accounts and Notes Receivable:		
Trade	215,650	220,222
Other Receivables	77,609	69,901
Inventories	74,965	65,461
Recoverable Income Taxes	115,558	116,851
Prepaid Expenses	64,177	93,146
Current Assets of Discontinued Operations	—	83
Total Current Assets	847,094	626,139
Property, Plant and Equipment:		
Property, Plant and Equipment	13,619,819	13,771,388
Less—Accumulated Depreciation, Depletion and Amortization	5,825,601	5,630,949
Total Property, Plant and Equipment—Net	7,794,218	8,140,439
Other Assets:		
Deferred Income Taxes	—	4,290
Investment in Affiliates	188,649	190,964
Other	195,231	222,149
Total Other Assets	383,880	417,403
TOTAL ASSETS	$9,025,192	$9,183,981

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

CONSOL ENERGY INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

(Dollars in thousands, except per share data)	(Unaudited) June 30, 2017	December 31, 2016
LIABILITIES AND EQUITY		
Current Liabilities:		
Accounts Payable	$265,125	$241,616
Current Portion of Long-Term Debt	11,385	12,000
Other Accrued Liabilities	543,511	680,348
Current Liabilities of Discontinued Operations	5,692	6,050
Total Current Liabilities	825,713	940,014
Long-Term Debt:		
Long-Term Debt	2,596,055	2,722,995
Capital Lease Obligations	34,053	39,074
Total Long-Term Debt	2,630,108	2,762,069
Deferred Credits and Other Liabilities:		
Deferred Income Taxes	17,084	—
Postretirement Benefits Other Than Pensions	652,206	659,474
Pneumoconiosis Benefits	107,321	108,073
Mine Closing	200,132	218,631
Gas Well Closing	224,327	223,352
Workers' Compensation	66,009	67,277
Salary Retirement	104,463	112,543
Other	110,282	151,660
Total Deferred Credits and Other Liabilities	1,481,824	1,541,010
TOTAL LIABILITIES	4,937,645	5,243,093
Stockholders' Equity:		
Common Stock, $.01 Par Value; 500,000,000 Shares Authorized, 230,067,466 Issued and Outstanding at June 30, 2017; 229,443,008 Issued and Outstanding at December 31, 2016	2,304	2,298
Capital in Excess of Par Value	2,476,552	2,460,864
Preferred Stock, 15,000,000 shares authorized, None issued and outstanding	—	—
Retained Earnings	1,852,048	1,727,789
Accumulated Other Comprehensive Loss	(385,567)	(392,556)
Total CONSOL Energy Inc. Stockholders' Equity	3,945,337	3,798,395
Noncontrolling Interest	142,210	142,493
TOTAL EQUITY	4,087,547	3,940,888
TOTAL LIABILITIES AND EQUITY	$9,025,192	$9,183,981

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

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

(Dollars in thousands)	Common Stock	Capital in Excess of Par Value	Retained Earnings	Accumulated Other Comprehensive Loss	Total CONSOL Energy Inc. Stockholders' Equity	Non-Controlling Interest	Total Equity
Balance at December 31, 2016	$ 2,298	$2,460,864	$1,727,789	$ (392,556)	$3,798,395	$142,493	$3,940,888
(Unaudited)							
Net Income	—	—	130,544	—	130,544	9,777	140,321
Other Comprehensive Income (Loss) (Net of ($4,086) Tax)	—	—	—	6,989	6,989	(23)	6,966
Comprehensive Income	—	—	130,544	6,989	137,533	9,754	147,287
Issuance of Common Stock	6	717	—	—	723	—	723
Treasury Stock Activity	—	—	(6,285)	—	(6,285)	(808)	(7,093)
Amortization of Stock-Based Compensation Awards	—	14,971	—	—	14,971	1,706	16,677
Distributions to Noncontrolling Interest	—	—	—	—	—	(10,935)	(10,935)
Balance at June 30, 2017	$ 2,304	$2,476,552	$1,852,048	$ (385,567)	$3,945,337	$142,210	$4,087,547

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

CONSOL ENERGY INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

(Dollars in thousands)	Six Months Ended	
(Unaudited)	June 30,	
Cash Flows from Operating Activities:	2017	2016
Net Income (Loss)	$140,321	$(565,112)
Adjustments to Reconcile Net Income (Loss) to Net Cash Provided By Operating Activities:		
Net Loss from Discontinued Operations	—	287,772
Depreciation, Depletion and Amortization	265,839	290,208
Impairment of Exploration and Production Properties	137,865	—
Stock-Based Compensation	16,677	16,054
(Gain) Loss on Sale of Assets	(152,113)	1,662
Gain on Debt Extinguishment	(786)	—
(Gain) Loss on Commodity Derivative Instruments	(61,325)	144,320
Net Cash (Paid) Received in Settlement of Commodity Derivative Instruments	(79,388)	164,666
Deferred Income Taxes	17,288	(124,516)
Equity in Earnings of Affiliates	(22,385)	(25,884)
Return on Equity Investment	—	9,192
Changes in Operating Assets:		
Accounts and Notes Receivable	(4,103)	18,101
Inventories	(9,798)	(7,947)
Prepaid Expenses	11,515	47,136
Changes in Other Assets	25,652	(15,298)
Changes in Operating Liabilities:		
Accounts Payable	2,524	(44,124)
Accrued Interest	(1,444)	(807)
Other Operating Liabilities	(8,029)	(14,069)
Changes in Other Liabilities	(21,331)	15,343
Other	37,192	9,648
Net Cash Provided by Continuing Operating Activities	294,171	206,345
Net Cash (Used in) Provided by Discontinued Operating Activities	(275)	19,053
Net Cash Provided by Operating Activities	293,896	225,398
Cash Flows from Investing Activities:		
Capital Expenditures	(273,326)	(115,257)
Proceeds from Sales of Assets	345,151	18,284
Net Distributions from (Investments in) Equity Affiliates	24,700	(5,578)
Net Cash Provided by (Used in) Continuing Investing Activities	96,525	(102,551)
Net Cash Provided by Discontinued Investing Activities	—	394,511
Net Cash Provided by Investing Activities	96,525	291,960
Cash Flows from Financing Activities:		
Payments on Short-Term Borrowings	—	(486,000)
Payments on Miscellaneous Borrowings	(5,973)	(4,459)
Payments on Long-Term Notes	(117,185)	—
Net (Payments on) Proceeds from Revolver - CNX Coal Resources LP	(11,000)	13,000
Distributions to Noncontrolling Interest	(10,935)	(10,825)
Dividends Paid	—	(2,294)
Issuance of Common Stock	723	4
Treasury Stock Activity	(7,093)	(1,657)
Debt Repurchase and Financing Fees	(298)	—

Net Cash Used in Continuing Financing Activities	(151,761)	(492,231)
Net Cash Used in Discontinued Financing Activities	—	(75)
Net Cash Used in Financing Activities	(151,761)	(492,306)
Net Increase in Cash and Cash Equivalents	238,660	25,052
Cash and Cash Equivalents at Beginning of Period	60,475	72,574
Cash and Cash Equivalents at End of Period	$299,135	$97,626

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 and six months ended June 30, 2017 are not necessarily indicative of the results that may be expected for future periods.

The Consolidated Balance Sheet at December 31, 2016 has been derived from the Audited Consolidated Financial Statements at that date but does 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, 2016 included in CONSOL Energy Inc.'s Annual Report on Form 10-K.

Certain amounts in prior periods, primarily relating to discontinued operations, have been reclassified to conform with the report classifications of the year ended December 31, 2016, with no effect on previously reported net income or stockholders' equity.

In March 2016, the Financial Accounting Standards Board (FASB) issued an Accounting Standards Update on stock compensation that intends to simplify and improve the accounting and statement of cash flow presentation for income taxes at settlement, forfeitures, and net settlements for withholding tax. The guidance is effective for public entities for fiscal years beginning after December 15, 2016. In accordance with this Update, $(44) and $4,565 of additional income tax (benefit) expense was recognized in the Consolidated Statements of Income for the three and six months ended June 30, 2017, respectively. Also in accordance with this Update, the value of shares withheld for employee tax withholding purposes of $7,093 and $1,657 for the six months ended June 30, 2017 and 2016, respectively, were reclassified between Net Cash Provided by Operating Activities and Net Cash Used in Financing Activities of the Consolidated Statements of Cash Flows. As permitted by this Update, the Company has elected to account for forfeitures of stock compensation as they occur. The cumulative effect of the policy election to recognize forfeitures as they occur was immaterial.

Basic earnings per share are computed by dividing net income attributable to CONSOL Energy Inc. ("CONSOL Energy" or the "Company") 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.

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 June 30,	For the Six Months Ended June 30,

	2017	2016	2017	2016
Anti-Dilutive Options	2,360,193	6,348,665	2,360,193	6,348,665
Anti-Dilutive Restricted Stock Units	194,077	742,868	190,657	742,868
Anti-Dilutive Performance Share Units	1,284,921	951,541	1,284,921	951,541
Anti-Dilutive Performance Stock Options	802,804	802,804	802,804	802,804
	4,641,995	8,845,878	4,638,575	8,845,878

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

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2017	2016	2017	2016
Options	28,838	—	90,462	—
Restricted Stock Units	221	83,710	334,821	568,390
Performance Share Units	—	—	560,936	—
	29,059	83,710	986,219	568,390

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

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2017	2016	2017	2016
Numerator:				
Income (Loss) from Continuing Operations	$ 173,823	$ (234,044)	$ 140,321	$ (277,340)
Less: Net Income Attributable to Non-Controlling Interest	4,313	1,179	9,777	2,293
Net Income (Loss) from Continuing Operations Attributable to CONSOL Energy Shareholders	$ 169,510	$ (235,223)	$ 130,544	$ (279,633)
Loss from Discontinued Operations	—	(234,605)	—	(287,772)
Net Income (Loss) Attributable to CONSOL Energy Shareholders	$ 169,510	$ (469,828)	$ 130,544	$ (567,405)
Denominator:				
Weighted-average shares of common stock outstanding	230,058,422	229,409,325	229,938,462	229,334,277
Effect of dilutive shares	2,139,974	—	2,286,571	—
Weighted-average diluted shares of common stock outstanding	232,198,396	229,409,325	232,225,033	229,334,277
Earnings (Loss) per Share:				
Basic (Continuing Operations)	$ 0.74	$ (1.03)	$ 0.57	$ (1.22)
Basic (Discontinued Operations)	—	(1.02)	—	(1.25)
Total Basic	$ 0.74	$ (2.05)	$ 0.57	$ (2.47)
Dilutive (Continuing Operations)	$ 0.73	$ (1.03)	$ 0.56	$ (1.22)
Dilutive (Discontinued Operations)	—	(1.02)	—	(1.25)
Total Dilutive	$ 0.73	$ (2.05)	$ 0.56	$ (2.47)

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

	Long-Term Liabilities
Balance at December 31, 2016	$ (392,556)
Amounts Reclassified from Accumulated Other Comprehensive Loss	6,966
Add: Other Comprehensive Loss Attributable to Non-Controlling Interest	23
Balance at June 30, 2017	$ (385,567)

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

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2017	2016	2017	2016
Derivative Instruments (Note 13)				
Natural Gas Price Swaps and Options	$ —	$ (17,724)	$ —	$ (33,162)
Tax Expense	—	6,521	—	12,145
Net of Tax	$ —	$ (11,203)	$ —	$ (21,017)
Actuarially Determined Long-Term Liability Adjustments* (Note 5 and Note 6)				
Amortization of Prior Service Costs	$ (749)	$ (148)	$ (1,498)	$ (295)
Recognized Net Actuarial Loss	6,247	5,706	12,550	11,217
Settlement Loss	—	13,696	—	13,696
Total	5,498	19,254	11,052	24,618
Tax Benefit	(2,034)	(7,178)	(4,086)	(9,196)
Net of Tax	$ 3,464	$ 12,076	$ 6,966	$ 15,422

*Excludes amounts related to the remeasurement of the Actuarially Determined Long-Term Liabilities for the six months ended June 30, 2016.

Depreciation, Depletion, and Amortization in the Total Other Costs section of the Consolidated Statements of Income includes reductions of $22,479 and $20,639 for the three months ended June 30, 2017 and 2016, respectively, related to changes in the Company's Mine Closing liability at several closed mine locations. For the six months ended June 30, 2017 and 2016, the reductions related to the Mine Closing liability were $19,220 and $21,210, respectively.

NOTE 2—DISCONTINUED OPERATIONS:

In August 2016, CONSOL Energy completed the sale of the Miller Creek and Fola Mining Complexes. In the transaction, the buyer acquired the Miller Creek and Fola assets and assumed the Miller Creek and Fola mine closing and reclamation liabilities. In order to equalize the value exchange, CONSOL Energy paid $28,271 of cash at closing, which included property taxes associated with the properties sold and other closing costs (a portion of which will be held in escrow for purposes of obtaining the surety bonds required for the permits to transfer). CONSOL Energy will also pay a total of $13,700 in remaining installments over the next three years ending in January 2020.

In March 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 ("Coronado"). 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. Total royalty income recognized under this agreement was $1,162 and $6,424 for the three and six months ended June 30, 2017, respectively, and was included in Miscellaneous Other Income on the Consolidated Statements of Income. 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 are included in Net Cash Provided by Discontinued Investing Activities on the Consolidated Statements of Cash Flows for the six months ended June 30, 2016. The net loss on the sale was $38,364 and was included in Loss from Discontinued Operations, net on the Consolidated Statements of Income for the six months ended June 30, 2016.

For all periods presented in the accompanying Consolidated Statements of Income, BMC along with the various other assets and the Miller Creek and Fola Mining Complexes are classified as discontinued operations.

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

	For the Three Months Ended June 30, 2016	For the Six Months Ended June 30, 2016
Coal Sales	$19,411	$95,930
Freight-Outside Coal	5	1,017
Miscellaneous Other Income	2	33
Gain (Loss) on Sale of Assets	100	(38,253)
Total Revenue and Other Income	$19,518	$58,727
Total Costs	25,010	113,076
Loss From Operations Before Income Taxes	$(5,492)	$(54,349)
Impairment on Assets Held for Sale	355,681	355,681
Income Tax Benefit	(126,568)	(122,258)
Loss From Discontinued Operations, net	$(234,605)	$(287,772)

The following table details the major classes of assets and liabilities of discontinued operations:

	June 30, 2017	December 31, 2016
Assets:		
Accounts Receivable - Trade	$—	$ 83
Total Current Assets	$—	$ 83
Total Assets of Discontinued Operations	$—	$ 83
Liabilities:		
Accounts Payable	$—	$ 36
Other Current Liabilities	5,692	6,014
Total Current Liabilities	$5,692	$ 6,050
Total Liabilities of Discontinued Operations	$5,692	$ 6,050

NOTE 3—ACQUISITIONS AND DISPOSITIONS:

In June 2017, CONSOL Energy closed on the sale of approximately 11,100 net undeveloped acres of the Marcellus and Utica Shale in Allegheny, Washington, and Westmoreland counties, Pennsylvania. CONSOL Energy received total cash proceeds of $83,500 which is included in cash flows from investing activities. The net gain on the sale of these assets was $58,541 and was included in the Gain on Sale of Assets in the Consolidated Statements of Income.

In June 2017, the Company finalized the sale of 12 producing wells, 15 drilled but uncompleted wells (DUCs), and approximately 11,000 net developed and undeveloped Marcellus and Utica acres in Doddridge and Wetzel Counties in West Virginia that were previously classified as Held for Sale. CONSOL Energy received total cash proceeds of $129,651 which is included in cash flows from investing activities, as well as undeveloped acreage. The net loss on the sale was $4,897 and was included in the Gain on Sale of Assets in the Consolidated Statements of Income.

In May 2017, CONSOL Energy finalized the sale of approximately 6,300 net undeveloped acres of the Utica-Point Pleasant Shale in Jefferson, Belmont and Guernsey counties, Ohio that were previously classified as Held for Sale. CONSOL Energy received total cash proceeds of $76,696 which is included in cash flows from investing activities. The net gain on the sale of these assets was $72,457 and was included in the Gain on Sale of Assets in the

Consolidated Statements of Income.

In April 2017, CONSOL Energy finalized the sale of its Knox Energy LLC and Coalfield Pipeline Company subsidiaries that were previously classified as Held for Sale. At closing, CONSOL Energy received net cash proceeds of $18,944 which is included in cash flows from investing activities. Due to various post closing adjustments, the net gain on the sale of these assets was $606 and was included in the Gain on Sale of Assets in the Consolidated Statements on Income.

NOTE 4—MISCELLANEOUS OTHER INCOME:

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2017	2016	2017	2016
Equity in Earnings of Affiliates - CONE	$9,996	$8,205	$21,934	$22,556
Interest Income	6,533	547	8,076	761
Royalty Income - Non-Operated Coal	3,498	2,423	12,283	4,653
Rental Income	2,833	9,079	11,675	18,275
Purchased Coal Sales	2,558	604	6,099	604
Gathering Revenue	2,548	2,648	5,701	5,396
Right of Way Issuance	771	2,070	1,772	17,803
Equity in Earnings of Affiliates - Other	59	1,014	451	3,328
Coal Contract Buyout	—	6,288	—	6,288
Other	5,141	758	6,642	2,102
Miscellaneous Other Income	$33,937	$33,636	$74,633	$81,766

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

Components of Net Periodic Benefit (Credit) Cost are as follows:

	Pension Benefits				Other Post-Employment Benefits			
	For the Three Months Ended June 30,		For the Six Months Ended June 30,		For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2017	2016	2017	2016	2017	2016	2017	2016
Service Cost	$846	$482	$1,691	$963	$—	$—	$—	$—
Interest Cost	6,428	6,841	12,856	13,683	5,986	6,060	11,972	12,121
Expected Return on Plan Assets	(10,596)	(11,869)	(21,191)	(23,738)	—	—	—	—
Amortization of Prior Service Credits	(148)	(148)	(295)	(295)	(601)	—	(1,203)	—
Recognized Net Actuarial Loss	2,351	2,116	4,701	4,232	5,778	4,792	11,556	9,584
Settlement Loss	—	13,696	—	13,696	—	—	—	—
Net Periodic Benefit (Credit) Cost	$(1,119)	$11,118	$(2,238)	$8,541	$11,163	$10,852	$22,325	$21,705

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

Components of Net Periodic Benefit Cost are as follows:

	CWP				Workers' Compensation			
	For the Three Months Ended June 30,		For the Six Months Ended June 30,		For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2017	2016	2017	2016	2017	2016	2017	2016
Service Cost	$1,129	$1,041	$2,259	$2,244	$1,463	$1,904	$2,926	$3,809
Interest Cost	1,013	1,053	2,025	2,176	592	638	1,184	1,275
Amortization of Actuarial Gain	(1,908)	(1,188)	(3,816)	(2,571)	(153)	(101)	(305)	(202)
Administrative Fees	151	—	303	—	138	—	275	—
State Administrative Fees and Insurance Bond Premiums	—	—	—	—	590	968	1,388	1,699
Curtailment Gain	—	—	—	(1,307)	—	—	—	—

Net Periodic Benefit Cost	$385	$906	$771	$542	$2,630	$3,409	$5,468	$6,581

Income attributable to discontinued operations included in the CWP net periodic cost above was $1,290 for the six months ended June 30, 2016 and was included in Loss from Discontinued Operations, net on the Consolidated Statements of Income.
On March 31, 2016, CONSOL Energy completed the sale of its membership interests in BMC (See Note 2 - Discontinued Operations). As a result of the sale, certain obligations of the CWP plan were transferred to the buyer. This transfer triggered a curtailment gain of $1,307 which was included in Loss from Discontinued Operations, net on the Consolidated Statements of Income. The curtailment resulted in a plan remeasurement which increased the plan liabilities by $7,713 at March 31, 2016.

NOTE 7—INCOME TAXES:

The effective tax rate for the three and six months ended June 30, 2017 was 28.3% and 9.2%, respectively. The effective tax rate differs from the U.S. federal statutory rate of 35% primarily due to the income tax benefit for excess percentage depletion.

The effective tax rate for the three and six months ended June 30, 2016 was 30.0% and 30.8%, respectively. The effective tax rate differs from the U.S. federal statutory rate of 35% primarily due to charges to record state valuation allowances and the effects of the 2010-2013 Federal tax audit still in progress in 2016, partially offset by a larger anticipated book loss and the income tax benefit for excess percentage depletion.

The total amount of uncertain tax positions at June 30, 2017 and December 31, 2016 was $8,437 and $9,103, respectively. If these uncertain tax positions were recognized, there would be no effect on CONSOL Energy's effective tax rate at June 30, 2017 and December 31, 2016.

CONSOL Energy recognizes accrued interest related to uncertain tax positions in interest expense. As of June 30, 2017 and December 31, 2016, the Company reported an accrued interest liability relating to uncertain tax positions of $461 and $305, respectively, in Other Liabilities on the Consolidated Balance Sheets. The accrued interest liability includes $156 of accrued interest expense that is reflected in the Company's Consolidated Statements of Income for the six months ended June 30, 2017.
CONSOL Energy recognizes penalties accrued related to uncertain tax positions in its income tax expense. As of June 30, 2017 and December 31, 2016, CONSOL Energy 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 tax 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 Joint Committee on Taxation to conclude its review of the audit of tax years 2010 through 2014 in the third quarter of 2017.

NOTE 8—INVENTORIES:

Inventory components consist of the following:

	June 30, 2017	December 31, 2016
Coal	$17,170	$ 7,800
Supplies	57,795	57,661
Total Inventories	$74,965	$ 65,461

Inventories are stated at the lower of cost or net realizable value. 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. The cost of supplies inventory is determined by the average cost method and includes operating and maintenance supplies to be used in the Company's E&P and coal operations.

NOTE 9—PROPERTY, PLANT AND EQUIPMENT:

	June 30, 2017	December 31, 2016
E&P Property, Plant and Equipment		
Intangible drilling cost	$3,552,047	$3,583,565
Proved gas properties	1,967,327	2,016,916
Unproved gas properties	1,031,106	1,116,282
Gas gathering equipment	1,133,382	1,138,299
Gas wells and related equipment	790,635	791,996
Other gas assets	189,783	190,406
Gas advance royalties	13,353	13,762
Total E&P Property, Plant and Equipment	$8,677,633	$8,851,226
Less: Accumulated Depreciation, Depletion and Amortization	3,216,357	3,106,296
Total E&P Property, Plant and Equipment - Net	$5,461,276	$5,744,930
PA Mining Operations Property, Plant and Equipment		
Coal and other plant and equipment	$2,330,678	$2,307,668
Coal properties and surface lands	458,788	458,398
Airshafts	374,956	371,752
Mine development	326,152	326,152
Coal advance mining royalties	16,240	16,224
Leased coal lands	26,556	26,566
Total PA Mining Operations and Other Property, Plant and Equipment	$3,533,370	$3,506,760
Less: Accumulated Depreciation, Depletion and Amortization	1,850,348	1,768,712
Total PA Mining Operations and Other Property, Plant and Equipment - Net	$1,683,022	$1,738,048
Other Property, Plant and Equipment		
Coal and other plant and equipment	528,397	532,919
Coal properties and surface lands	480,307	481,126
Airshafts	10,003	10,003
Mine development	17,988	17,988
Coal advance mining royalties	311,285	310,530
Leased coal lands	60,836	60,836
Total Other Property, Plant and Equipment	$1,408,816	$1,413,402
Less: Accumulated Depreciation, Depletion and Amortization	758,896	755,941
Total Other Property, Plant and Equipment - Net	$649,920	$657,461
Total Company Property, Plant and Equipment - Continuing Operations	$13,619,819	$13,771,388
Less - Total Company Accumulated Depreciation, Depletion and Amortization	5,825,601	5,630,949
Total Property, Plant and Equipment of Continuing Operations - Net	$7,794,218	$8,140,439

Impairment of Long-Lived Assets

In February 2017, the Company approved a plan to sell subsidiaries Knox Energy LLC and Coalfield Pipeline Company (collectively, “Knox”). Knox met all of the criteria to be classified as held for sale in February 2017. The potential disposal of Knox did not represent a strategic shift that will have a major effect on the Company’s operations and financial results and is, therefore, not classified as discontinued operations in accordance with ASU 2014-08, Presentation of Financial Statements (Topic 205) and Property, Plant and Equipment (Topic 360). As part of the required evaluation under the held for sale guidance, the asset’s book value is to be evaluated and adjusted to the lower of its carrying amount or fair value less cost to sell. The Company determined that the approximate fair value less costs to sell Knox was less than the carrying value of the net assets which resulted in an impairment of $137,865 in the six months ended June 30, 2017, included in Impairment of Exploration and Production Properties within the Other Gas segment of the Consolidated Statements of Income. The sale of Knox closed in the second quarter of 2017 (See Note 3 - Acquisitions and Dispositions for more information).

Industry Participation Agreements

CONSOL Energy had 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 was 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 December 31, 2016, Hess' entire carry obligation has been met.

CNX Gas Company was party to a joint development agreement with Noble Energy, Inc. (Noble) with respect to approximately 700 thousand net Marcellus Shale oil and gas acres in West Virginia and Pennsylvania, in which each party owned a 50% undivided interest. On October 29, 2016, CNX Gas entered into an Exchange Agreement with Noble Energy, which terminated the joint development agreement related to the jointly owned gas assets held in connection with the joint venture with Noble and divided such jointly owned gas assets among CNX Gas and Noble Energy. The transactions contemplated by the Exchange Agreement were closed on December 1, 2016 with an effective date of October 1, 2016. As part of the exchange: each party now owns and operates a 100% interest in properties and wells in two separate operating areas; each party has independent control and flexibility with respect to the scope and timing of future development over its operating area; and all acreage operated by CONSOL Energy and Noble Energy, Inc. in their respective operating areas will remain fully dedicated to CONE Midstream Partners LP. The exchange was accounted for as a mineral conveyance, thus no gain or loss was recorded in connection with the transaction. On June 28, 2017, Noble Energy announced that it has closed on a transaction divesting its upstream assets in northern West Virginia and southern Pennsylvania to HG Energy II Appalachia, LLC, a portfolio company of Quantum Energy Partners.

NOTE 10—SHORT-TERM NOTES PAYABLE:

CONSOL Energy's 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 also request an additional $500,000 increase in the aggregate borrowing limit amount.

The 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 April 2016, the facility was amended to require that the Company must: (i) prepay outstanding loans under the revolving credit facility to the extent that cash on hand exceeds $150,000 for two consecutive business days; (ii) mortgage 85% of its proved reserves and 80% of its proved developed producing reserves, in each case, which are included in the borrowing base; (iii) maintain applicable deposit, securities and commodities accounts with the lenders or affiliates thereof; and (iv) enter into control agreements with respect to such applicable accounts. In addition, the Company pledged the equity interest it holds in CONE Gathering, LLC, and CONE Midstream Partners, LP as collateral to secure loans under the credit agreement.

The facility also requires that CONSOL Energy maintain a minimum interest coverage ratio of no less than 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 no less than 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 June 30, 2017, the interest coverage ratio was 5.00 to 1.00 and the current ratio was 3.28 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 exclude CNX Coal Resources LP ("CNXC").

At June 30, 2017, the $2,000,000 facility had no borrowings outstanding and $313,760 of letters of credit outstanding, leaving $1,686,240 of unused capacity. At December 31, 2016, the $2,000,000 facility had no borrowings outstanding and $325,676 of letters of credit outstanding, leaving $1,674,324 of unused capacity.

NOTE 11—LONG-TERM DEBT:

	June 30, 2017	December 31, 2016
Debt:		
Senior Notes due April 2022 at 5.875% (Principal of $1,730,975 and $1,850,000 plus Unamortized Premium of $4,012 and $4,731, respectively)	$1,734,987	$ 1,854,731
Senior Notes due April 2023 at 8.00% (Principal of $500,000 less Unamortized Discount of $5,204 and $5,656, respectively)	494,796	494,344
Revolving Credit Facility - CNX Coal Resources LP	190,000	201,000
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 (7.73% Weighted Average Interest Rate)	2,678	2,678
Other Long-Term Note Maturing in 2018 (Principal of $1,073 and $1,789 less Unamortized Discount of $47 and $117, respectively)	1,026	1,672
Less: Unamortized Debt Issuance Costs	24,054	27,699
	2,597,379	2,724,672
Less: Amounts Due in One Year*	1,324	1,677
Long-Term Debt	$2,596,055	$ 2,722,995

* Excludes current portion of Capital Lease Obligations of $10,061 and $10,323 at June 30, 2017 and December 31, 2016, respectively.

During the three and six months ended June 30, 2017, CONSOL Energy purchased $19,069 and $119,025, respectively, of its outstanding 5.875% senior notes due in 2022. As part of this transaction, $36 and $(786), respectively, was included in Loss (Gain) on Debt Extinguishment on the Consolidated Statements of Income.

NOTE 12—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 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 force-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, which CNX opposed. On March 29, 2017, the Court issued an Order certifying four issues for class treatment: (1) allegedly excessive deductions; (2) royalties based on purported improperly low prices; (3) deduction of severance taxes; and (4) Plaintiffs' request for an accounting. On April 13, 2017, CNX filed a Petition for Allowance of Appeal with the Fourth Circuit, and on May 22, 2017 the Petition was denied. The case is now back in the trial court for further proceedings. 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 U.S. 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. 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, which CNX opposed. On March 29, 2017, the Court issued an Order denying class certification in this matter. CONSOL Energy 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.

The following royalty, land rights and other lawsuits and claims include those for which a loss is reasonably possible, but not probable, and accordingly, an accrual has not 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.

Fitzwater Litigation: Three nonunion retired coal miners have sued CONSOL Energy Inc., Fola Coal Company (AMVEST), Consolidation Coal Company and CONSOL of Kentucky Inc. (COK) in West Virginia Federal Court alleging ERISA violations in the termination of retiree health care benefits. The Plaintiffs contend they relied to their detriment on oral statements and promises of "lifetime health benefits" allegedly made by various members of management during Plaintiffs' employment and that they were allegedly denied access to Summary Plan Documents that clearly reserved to the Company the right to modify or terminate the CONSOL Energy Inc. Retiree Health and Welfare Plan. Pursuant to plaintiffs amended complaint filed on April 24, 2017, plaintiffs request that retiree health benefits be reinstated and seek to represent a class of all nonunion retirees who were associated with AMVEST and COK areas of operation.The Company believes it has meritorious defense and intends to vigorously defend this suit.

At June 30, 2017, 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 of total future payments that the Company 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	$83,836	$39,934	$43,902	$—	$ —
Environmental	998	998	—	—	—
Other	228,926	195,113	33,813	—	—
Total Letters of Credit	313,760	236,045	77,715	—	—
Surety Bonds:					
Employee-Related	112,460	112,460	—	—	—
Environmental	511,621	505,923	5,698	—	—
Other	21,658	19,624	2,033	1	—
Total Surety Bonds	645,739	638,007	7,731	1	—
Guarantees:					
Other	38,373	10,227	16,426	10,840	880
Total Guarantees	38,373	10,227	16,426	10,840	880
Total Commitments	$997,872	$884,279	$101,872	$ 10,841	$ 880

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 June 30, 2017 and December 31, 2016, the fair value of these guarantees was $1,285 and $1,362, respectively, and is 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.

As part of the sale of the Buchanan Mine (See Note 2 - Discontinued Operations), CONSOL Energy has guaranteed certain equipment lease obligations that were assumed by Coronado. In the event that Coronado would default on the obligations defined in the agreements, CONSOL Energy would be required to perform under the guarantees. 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 June 30, 2017, the purchase obligations for each of the next five years and beyond were as follows:

Obligations Due	Amount
Less than 1 year	$197,860
1 - 3 years	276,358
3 - 5 years	247,277

More than 5 years	569,703
Total Purchase Obligations	$1,291,198

NOTE 13—DERIVATIVE INSTRUMENTS:

CONSOL Energy enters into financial derivative instruments to manage its exposure to commodity price volatility. These natural gas and NGL commodity hedges are accounted for on a mark-to-market basis with changes in fair value recorded in current period 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.

The total notional amounts of production of CONSOL Energy's derivative instruments at June 30, 2017 and December 31, 2016 were as follows:

	June 30, 2017	December 31, 2016	Forecasted to Settle Through
Natural Gas Commodity Swaps (Bcf)	840.9	744.7	2021
Natural Gas Basis Swaps (Bcf)	506.2	482.0	2021
Propane Commodity Swaps (Mbbls)	—	126.0	—

The gross fair value of CONSOL Energy's derivative instruments at June 30, 2017 and December 31, 2016 was as follows:

Asset Derivative Instruments			Liability Derivative Instruments		
	June 30, 2017	December 31, 2016		June 30, 2017	December 31, 2016
Commodity Swaps:					
Prepaid Expense	$26,606	$ 16	Other Accrued Liabilities	$61,803	$209,980
Other Assets	50,897	29,596	Other Liabilities	29,172	67,139
Total Asset	$77,503	$ 29,612	Total Liability	$90,975	$277,119
Basis Only Swaps:					
Prepaid Expense	$12,871	$ 56,916	Other Accrued Liabilities	$39,853	$21,593
Other Assets	11,811	35,603	Other Liabilities	18,799	11,575
Total Asset	$24,682	$ 92,519	Total Liability	$58,652	$33,168

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

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2017	2016	2017	2016
Cash (Paid) Received in Settlement of Commodity Derivative Instruments:				
Commodity Swaps:				
Natural Gas	$(15,509)	$91,302	$(40,116)	$173,449
Propane	—	(114)	(1,216)	(114)
Natural Gas Basis Swaps	(16,776)	(10,853)	(38,056)	(8,669)
Total Cash (Paid) Received in Settlement of Commodity Derivative Instruments	(32,285)	80,335	(79,388)	164,666
Unrealized Gain (Loss) on Commodity Derivative Instruments:				
Commodity Swaps:				
Natural Gas	70,282	(306,376)	232,886	(344,398)
Propane	—	(526)	1,147	(792)
Natural Gas Basis Swaps	45,791	9,463	(93,320)	3,042
Reclassified from Accumulated OCI	—	17,724	—	33,162
Total Unrealized Gain (Loss) on Commodity Derivative Instruments	116,073	(279,715)	140,713	(308,986)
Gain (Loss) on Commodity Derivative Instruments:				
Commodity Swaps:				
Natural Gas	54,773	(215,074)	192,770	(170,949)
Propane	—	(640)	(69)	(906)
Natural Gas Basis Swaps	29,015	(1,390)	(131,376)	(5,627)
Reclassified from Accumulated OCI	—	17,724	—	33,162
Total Gain (Loss) on Commodity Derivative Instruments	$83,788	$(199,380)	$61,325	$(144,320)

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

	For the Three Months Ended June 30, 2016	For the Six Months Ended June 30, 2016
Beginning Balance – Accumulated OCI	$33,656	$43,470
Less: Gain Reclassified from Accumulated OCI (Net of tax: $6,521, $12,145)	11,203	21,017
Ending Balance – Accumulated OCI	$22,453	$22,453

The Company also enters into fixed price natural gas sales agreements that are satisfied by physical delivery. These physical commodity contracts qualify for the normal purchases and sales exception and are not subject to derivative instrument accounting.

NOTE 14—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:

	Fair Value Measurements at June 30, 2017			Fair Value Measurements at December 31, 2016		
Description	(Level 1)	(Level 2)	(Level 3)	(Level 1)	(Level 2)	(Level 3)
Gas Derivatives	$—	$(47,442)	$—	$—	$(188,156)	$—
Murray Energy Guarantees	$—	$—	$(1,285)	$—	$—	$(1,362)

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.

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:

	June 30, 2017		December 31, 2016	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Cash and Cash Equivalents	$299,135	$299,135	$60,475	$60,475

Long-Term Debt	$2,621,433	$2,610,785	$2,752,371	$2,717,582

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, constitute Level 1 fair value measurements. 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, constitute Level 2 fair value measurements.

NOTE 15—SEGMENT INFORMATION:

CONSOL Energy consists of two principal business divisions: Exploration and Production (E&P) and Pennsylvania (PA) Mining Operations. 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 Shale, Utica Shale, Coalbed Methane, and Other Gas. The Other Gas segment is primarily related to shallow oil and gas production which is not significant to the Company. It also includes the Company's purchased gas activities, unrealized gain or loss on commodity derivative instruments, exploration and production related other costs, other corporate expenses, selling, general and administrative activities, as well as various other activities assigned to the E&P division but not allocated to each individual segment. The principal activities of the PA Mining Operations division are mining, preparation and marketing of thermal coal, sold primarily to power generators. It also includes selling, general and administrative activities, as well as various other activities assigned to the PA Mining Operations division.

CONSOL Energy's Other division includes expenses from various corporate and diversified business activities that are not allocated to the E&P or PA Mining Operations divisions. The diversified business activities include CNX Marine Terminal, closed and idle mine activities, water operations, selling, general and administrative activities, as well as various other non-operated activities, none of which are individually significant to the Company.

Prior to the sale of the Buchanan Mine on March 31, 2016 and the Miller Creek and Fola Complexes on August 1, 2016 (see Note 2 - Discontinued Operations), CONSOL Energy had a Coal division. The Coal division had three reportable segments; PA Operations, Virginia (VA) Operations and Other Coal. The VA Operations segment included the Buchanan Mine and the Other Coal segment was primarily comprised of the assets and operations of the Miller Creek and Fola Complexes, as well as coal terminal operations, closed and idle mine activities, selling, general and administrative activities and various other non-operated activities. PA Operations now constitutes its own division and reportable segment, and the remaining activity in the Other Coal segment became part of CONSOL Energy's diversified business activities in the Other division.

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.

Industry segment results for the three months ended June 30, 2017:

	Marcellus Shale	Utica Shale	Coalbed Methane	Other Gas	Total E&P	PA Mining Operations	Other	Adjustments and Eliminations	Consolidated	
Sales—Outside	$154,424	$39,450	$51,974	$14,457	$260,305	$303,707	$—	$—	$564,012	
(Loss) Gain on Commodity Derivative Instruments	(21,545)	(2,063)	(6,789)	114,185	83,788	—	—	—	83,788	
Other Outside Sales	—	—	—	—	—	—	15,974	—	15,974	
Sales—Purchased Gas	—	—	—	10,316	10,316	—	—	—	10,316	
Freight—Outside	—	—	—	—	—	17,763	—	—	17,763	
Intersegment Transfers	—	—	—	—	—	—	1,711	(1,711)	—	
Total Sales and Freight	$132,879	$37,387	$45,185	$138,958	$354,409	$321,470	$17,685	$(1,711)	$691,853	
Earnings (Loss) From Continuing Operations Before Income Tax	$16,411	$9,063	$(36)	$201,975	$227,413	$49,643	$(34,529)	$(1,711)	$240,816	(A)
Segment Assets					$5,924,105	$1,931,502	$1,163,299	$6,286	$9,025,192	(B)
Depreciation, Depletion and Amortization					$91,287	$41,402	$(15,620)	$—	$117,069	
Capital Expenditures					$142,304	$13,770	$4,274	$—	$160,348	

(A) Includes equity in earnings of unconsolidated affiliates of $10,055 for Total E&P.
(B) Includes investments in unconsolidated equity affiliates of $185,871 and $2,778 for Total E&P and Other, respectively.

Industry segment results for the three months ended June 30, 2016:

	Marcellus Shale	Utica Shale	Coalbed Methane	Other Gas	Total E&P	PA Mining Operations	Other	Adjustments and Eliminations	Consolidated
Sales—Outside	$83,651	$41,037	$33,574	$9,669	$167,931	$250,562	$—	$—	$418,493
Gain (Loss) on Commodity Derivative Instruments	48,870	10,019	16,478	(274,747)	(199,380)	—	—	—	(199,380)
	—	—	—	—	—	—	8,207	—	8,207

Other Outside Sales										
Sales—Purchased Gas	—	—	—	7,929	7,929	—	—	—	7,929	
Freight—Outside	—	—	—	—	—	11,447	—	—	11,447	
Intersegment Transfers	—	—	—	—	—	—	—	—	—	
Total Sales and Freight	$132,521	$51,056	$50,052	$(257,149)	$(23,520)	$262,009	$8,207	$—	$246,696	
Earnings (Loss) From Continuing Operations Before Income Tax	$13,304	$9,923	$5,218	$(323,028)	$(294,583)	$22,773	$(63,090)	$—	$(334,900)	(C)
Segment Assets					$6,507,684	$2,029,307	$1,125,351	$122,419	$9,784,761	(D)
Depreciation, Depletion and Amortization					$105,151	$41,698	$(11,629)	$—	$135,220	
Capital Expenditures					$23,360	$13,099	$1,142	$—	$37,601	

(C) Includes equity in earnings of unconsolidated affiliates of $9,163 and $56 for Total E&P and Other, respectively.

(D) Includes investments in unconsolidated equity affiliates of $252,517 and $3,650 for Total E&P and Other, respectively.

Industry segment results for the six months ended June 30, 2017:

	Marcellus Shale	Utica Shale	Coalbed Methane	Other Gas	Total E&P	PA Mining Operations	Other	Adjustments and Eliminations	Consolidated	
Sales—Outside	$343,599	$93,118	$110,600	$30,751	$578,068	$620,155	$—	$—	$1,198,223	
(Loss) Gain on Commodity Derivative Instruments	(54,211)	(4,751)	(15,987)	136,274	61,325	—	—	—	61,325	
Other Outside Sales	—	—	—	—	—	—	29,027	—	29,027	
Sales—Purchased Gas	—	—	—	19,294	19,294	—	—	—	19,294	
Freight—Outside	—	—	—	—	—	30,045	—	—	30,045	
Intersegment Transfers	—	—	—	—	—	—	6,286	(6,286)	—	
Total Sales and Freight	$289,388	$88,367	$94,613	$186,319	$658,687	$650,200	$35,313	$(6,286)	$1,337,914	
Earnings (Loss) From Continuing Operations Before Income Tax	$46,380	$26,870	$3,572	$57,089	$133,911	$110,658	$(84,758)	$(6,286)	$153,525	(E)
Segment Assets					$5,924,105	$1,931,502	$1,163,299	$6,286	$9,025,192	(F)
Depreciation, Depletion and Amortization					$186,635	$83,703	$(4,499)	$—	$265,839	
Capital Expenditures					$243,097	$21,888	$8,341	$—	$273,326	

(E) Includes equity in earnings of unconsolidated affiliates of $22,195 and $190 for Total E&P and Other, respectively.
(F) Includes investments in unconsolidated equity affiliates of $185,871 and $2,778 for Total E&P and Other, respectively.

Industry segment results for the six months ended June 30, 2016:

	Marcellus Shale	Utica Shale	Coalbed Methane	Other Gas	Total E&P	PA Mining Operations	Other	Adjustments and Eliminations	Consolidated
Sales—Outside	$179,789	$75,298	$75,493	$18,608	$349,188	$476,726	$—	$—	$825,914
Gain (Loss) on Commodity Derivative Instruments	97,434	20,028	35,599	(297,381)	(144,320)	—	—	—	(144,320)

Other Outside Sales	—	—	—	—	—	—	15,973	—	15,973	
Sales—Purchased Gas	—	—	—	16,547	16,547	—	—	—	16,547	
Freight—Outside	—	—	—	—	—	24,557	—	—	24,557	
Intersegment Transfers	—	—	424	—	424	—	—	(424)	—	
Total Sales and Freight	$277,223	$95,326	$111,516	$(262,226)	$221,839	$501,283	$15,973	$(424)	$738,671	
Earnings (Loss) From Continuing Operations Before Income Tax	$32,786	$13,179	$17,824	$(381,251)	$(317,462)	$45,847	$(129,957)	$(424)	$(401,996)	(G)
Segment Assets					$6,507,684	$2,029,307	$1,125,351	$122,419	$9,784,761	(H)
Depreciation, Depletion and Amortization					$210,866	$82,964	$(3,622)	$—	$290,208	
Capital Expenditures					$86,222	$26,003	$3,032	$—	$115,257	

(G) Includes equity in earnings of unconsolidated affiliates of $24,761 and $1,123 for Total E&P and Other, respectively.

(H) Includes investments in unconsolidated equity affiliates of $252,517 and $3,650 for Total E&P and Other, respectively.

Reconciliation of Segment Information to Consolidated Amounts:

Income (Loss) From Continuing Operations Before Income Tax:

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2017	2016	2017	2016
Segment Income (Loss) Before Income Taxes for reportable business segments	$277,056	$(271,810)	$244,569	$(271,615)
Segment Income (Loss) Before Income Taxes for all other business segments	8,939	(15,662)	2,321	(32,665)
Interest expense	(43,432)	(47,428)	(87,865)	(97,292)
Eliminations	(1,711)	—	(6,286)	(424)
(Loss) Gain on debt extinguishment	(36)	—	786	—
Income (Loss) From Continuing Operations Before Income Tax	$240,816	$(334,900)	$153,525	$(401,996)

Total Assets:

	June 30,	
	2017	2016
Segment assets for total reportable business segments	$7,855,607	$8,536,991
Segment assets for all other business segments	761,613	860,866
Items excluded from segment assets:		
Cash and other investments	292,414	88,556
Recoverable income taxes	115,558	—
Deferred tax assets	—	175,929
Discontinued Operations	—	122,419
Total Consolidated Assets	$9,025,192	$9,784,761

NOTE 16—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 $1,734,987, 5.875% per annum senior notes due April 15, 2022, and the $494,796, 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.

On September 30, 2016, CNXC acquired an additional 5% undivided interest in the Pennsylvania Mining Complex from CONSOL Energy, increasing their total undivided interest to 25%. To account for the acquisition, CNXC recast its consolidated financial statements to retrospectively reflect the additional 5% interest as if the business was owned for all periods presented. This resulted in corresponding retrospective adjustments between the Other Subsidiary Guarantors and the CNXC Non-Guarantor columns below. See Note 17 - Related Party Transactions for additional information.

Income Statement for the Three Months Ended June 30, 2017 (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	$—	$260,305	$—	$ —	$ —	$—	$260,305
Gain on Commodity Derivative Instruments	—	83,788	—	—	—	—	83,788
Coal Sales	—	—	227,780	75,927	—	—	303,707
Other Outside Sales	—	—	16,563	—	(589)	—	15,974
Purchased Gas Sales	—	10,316	—	—	—	—	10,316
Freight-Outside Coal	—	—	13,322	4,441	—	—	17,763
Miscellaneous Other Income	201,817	16,768	16,468	701	—	(201,817)	33,937
Gain on Sale of Assets	—	134,377	4,382	1,403	—	—	140,162
Total Revenue and Other Income	201,817	505,554	278,515	82,472	(589)	(201,817)	865,952
Costs and Expenses:							
Exploration and Production Costs							
Lease Operating Expense	—	21,072	—	—	—	—	21,072
Transportation, Gathering and Compression	—	86,599	—	—	—	—	86,599
Production, Ad Valorem, and Other Fees	—	4,606	—	—	—	—	4,606
Depreciation, Depletion and Amortization	—	91,287	—	—	—	—	91,287
Exploration and Production Related Other Costs	—	19,715	—	—	—	—	19,715
Purchased Gas Costs	—	10,194	—	—	—	—	10,194
Other Corporate Expenses	—	23,398	—	—	—	—	23,398
Selling, General, and Administrative Costs	—	20,672	—	—	—	—	20,672
Total Exploration and Production Costs	—	277,543	—	—	—	—	277,543
PA Mining Operations Costs							
Operating and Other Costs	—	—	150,859	50,232	—	—	201,091
Depreciation, Depletion and Amortization	—	—	31,125	10,277	—	—	41,402
Freight Expense	—	—	13,322	4,441	—	—	17,763
Selling, General, and Administrative Costs	—	—	13,452	3,652	—	—	17,104
Total PA Mining Operations Costs	—	—	208,758	68,602	—	—	277,360
Other Costs							
Miscellaneous Operating Expense	13,270	—	25,461	—	—	—	38,731
Selling, General, and Administrative Costs	—	—	3,654	—	—	—	3,654
	—	—	(15,620)	—	—	—	(15,620)

Depreciation, Depletion and Amortization							
Loss on Debt Extinguishment	36	—	—	—	—	—	36
Interest Expense	38,659	598	1,779	2,396	—	—	43,432
Total Other Costs	51,965	598	15,274	2,396	—	—	70,233
Total Costs And Expenses	51,965	278,141	224,032	70,998	—	—	625,136
Earnings (Loss) from Continuing Operations Before Income Tax	149,852	227,413	54,483	11,474	(589)	(201,817)	240,816
Income Tax (Benefit) Expense	(19,658)	90,374	(3,500)	—	(223)	—	66,993
Income (Loss) From Continuing Operations	169,510	137,039	57,983	11,474	(366)	(201,817)	173,823
Less: Net Income Attributable to Noncontrolling Interest	—	—	—	—	—	4,313	4,313
Net Income (Loss) Attributable to CONSOL Energy Shareholders	$ 169,510	$ 137,039	$ 57,983	$ 11,474	$ (366)	$ (206,130)	$ 169,510

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Balance Sheet at June 30, 2017 (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	$291,566	$100	$—	$ 6,608	$ 861	$—	$299,135
Accounts and Notes Receivable:							
Trade	—	108,622	81,003	26,025	—	—	215,650
Other Receivables	22,824	40,224	13,409	1,152	—	—	77,609
Inventories	—	14,679	46,279	14,007	—	—	74,965
Recoverable Income Taxes	175,775	39,477	(99,694)	—	—	—	115,558
Prepaid Expenses	9,869	2,923	48,705	2,680	—	—	64,177
Total Current Assets	500,034	206,025	89,702	50,472	861	—	847,094
Property, Plant and Equipment:							
Property, Plant and Equipment	113,126	8,683,919	3,939,431	883,343	—	—	13,619,819
Less-Accumulated Depreciation, Depletion and Amortization	86,148	3,216,357	2,060,509	462,587	—	—	5,825,601
Total Property, Plant and Equipment-Net	26,978	5,467,562	1,878,922	420,756	—	—	7,794,218
Other Assets:							
Investment in Affiliates	7,522,579	185,871	44,433	—	—	(7,564,234)	188,649
Other	7,310	64,647	104,167	19,107	—	—	195,231
Total Other Assets	7,529,889	250,518	148,600	19,107	—	(7,564,234)	383,880
Total Assets	$8,056,901	$5,924,105	$2,117,224	$ 490,335	$ 861	$(7,564,234)	$9,025,192
Liabilities and Equity:							
Current Liabilities:							
Accounts Payable	$19,001	$166,915	$52,758	$ 16,003	$ —	$10,448	$265,125
Accounts Payable (Recoverable)-Related Parties	1,655,538	714,950	(2,331,192)	2,196	(31,044)	(10,448)	—
Current Portion of Long-Term Debt	1,131	6,590	3,575	89	—	—	11,385
Accrued Income Taxes	—	60,217	(60,217)	—	—	—	—
Other Accrued Liabilities	68,024	201,202	229,972	44,314	(1)	—	543,511
Current Liabilities of Discontinued Operations	—	—	5,690	—	1	1	5,692
Total Current Liabilities	1,743,694	1,149,874	(2,099,414)	62,602	(31,044)	1	825,713
Long-Term Debt:	2,304,912	23,635	114,160	187,401	—	—	2,630,108
Deferred Credits and Other Liabilities:							
Deferred Income Taxes	(57,746)	—	74,830	—	—	—	17,084
Postretirement Benefits Other Than Pensions	—	—	652,206	—	—	—	652,206
Pneumoconiosis Benefits	—	—	104,708	2,613	—	—	107,321

Mine Closing	—	—	190,914	9,218	—	—	200,132
Gas Well Closing	—	195,743	28,482	102	—	—	224,327
Workers' Compensation	—	—	62,878	3,131	—	—	66,009
Salary Retirement	104,463	—	—	—	—	—	104,463
Other	16,241	156,207	(62,604)	437	1	—	110,282
Total Deferred Credits and Other Liabilities	62,958	351,950	1,051,414	15,501	1	—	1,481,824
Total CONSOL Energy Inc. Stockholders' Equity	3,945,337	4,398,646	3,051,064	224,831	31,904	(7,706,445)	3,945,337
Noncontrolling Interest	—	—	—	—	—	142,210	142,210
Total Liabilities and Equity	$8,056,901	$5,924,105	$2,117,224	$490,335	$861	$(7,564,234)	$9,025,192

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Income Statement for the Three Months Ended June 30, 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	$—	$167,931	$—	$ —	$—	$—	$167,931
Loss on Commodity Derivative Instruments	—	(199,380)	—	—	—	—	(199,380)
Coal Sales	—	—	187,922	62,640	—	—	250,562
Other Outside Sales	—	—	8,207	—	—	—	8,207
Purchased Gas Sales	—	7,929	—	—	—	—	7,929
Freight-Outside Coal	—	—	8,650	2,797	—	—	11,447
Miscellaneous Other Income	(431,586)	12,258	19,597	1,780	—	431,587	33,636
Gain on Sale of Assets	—	2,247	3,367	—	—	—	5,614
Total Revenue and Other Income	(431,586)	(9,015)	227,743	67,217	—	431,587	285,946
Costs and Expenses:							
Exploration and Production Costs							
Lease Operating Expense	—	23,655	—	—	—	—	23,655
Transportation, Gathering and Compression	—	90,983	—	—	—	—	90,983
Production, Ad Valorem, and Other Fees	—	6,402	—	—	—	—	6,402
Depreciation, Depletion and Amortization	—	105,151	—	—	—	—	105,151
Exploration and Production Related Other Costs	—	2,905	—	—	—	—	2,905
Purchased Gas Costs	—	8,884	—	—	—	—	8,884
Other Corporate Expenses	—	21,422	—	—	—	—	21,422
Selling, General, and Administrative Costs	—	25,411	—	—	—	—	25,411
Total Exploration and Production Costs	—	284,813	—	—	—	—	284,813
PA Mining Operations Costs							
Operating and Other Costs	—	—	138,413	46,046	—	—	184,459
Depreciation, Depletion and Amortization	—	—	31,276	10,422	—	—	41,698
Freight Expense	—	—	8,650	2,797	—	—	11,447
Selling, General, and Administrative Costs	—	—	4,810	1,969	—	—	6,779
Total PA Mining Operations Costs	—	—	183,149	61,234	—	—	244,383
Other Costs							
Miscellaneous Operating Expense	18,374	—	33,394	—	8	—	51,776
	—	—	4,075	—	—	—	4,075

Selling, General, and Administrative Costs							
Depreciation, Depletion and Amortization	149	—	(11,778)	—	—	—	(11,629)
Interest Expense	42,991	755	1,606	2,076	—	—	47,428
Total Other Costs	61,514	755	27,297	2,076	8	—	91,650
Total Costs And Expenses	61,514	285,568	210,446	63,310	8	—	620,846
(Loss) Earnings From Continuing Operations Before Income Tax	(493,100)	(294,583)	17,297	3,907	(8)	431,587	(334,900)
Income Tax (Benefit) Expense	(23,272)	(117,034)	39,453	—	(3)	—	(100,856)
(Loss) Income From Continuing Operations	(469,828)	(177,549)	(22,156)	3,907	(5)	431,587	(234,044)
Loss From Discontinued Operations, net	—	—	—	—	(234,605)	—	(234,605)
Net (Loss) Income	(469,828)	(177,549)	(22,156)	3,907	(234,610)	431,587	(468,649)
Less: Net Income Attributable to Noncontrolling Interest	—	—	—	—	—	1,179	1,179
Net (Loss) Income Attributable to CONSOL Energy Shareholders	$(469,828)	$(177,549)	$(22,156)	$ 3,907	$ (234,610)	$ 430,408	$(469,828)

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Balance Sheet at December 31, 2016:

	Parent Issuer	CNX Gas Guarantor	Other Subsidiary Guarantors	CNXC Non-Guarantor	Other Subsidiary Non-Guarantors	Elimination	Consolidated
Assets:							
Current Assets:							
Cash and Cash Equivalents	$49,722	$83	$—	$ 9,785	$ 885	$—	$60,475
Accounts and Notes Receivable:							
Trade	—	124,509	72,295	23,418	—	—	220,222
Other Receivables	20,097	34,773	14,516	515	—	—	69,901
Inventories	—	15,301	38,669	11,491	—	—	65,461
Recoverable Income Taxes	175,877	(59,026)	—	—	—	—	116,851
Prepaid Expenses	12,828	60,500	16,306	3,512	—	—	93,146
Current Assets of Discontinued Operations	—	—	—	—	83	—	83
Total Current Assets	258,524	176,140	141,786	48,721	968	—	626,139
Property, Plant and Equipment:							
Property, Plant and Equipment	114,611	8,851,226	3,928,861	876,690	—	—	13,771,388
Less-Accumulated Depreciation, Depletion and Amortization	84,788	3,106,296	1,997,687	442,178	—	—	5,630,949
Total Property, Plant and Equipment-Net	29,823	5,744,930	1,931,174	434,512	—	—	8,140,439
Other Assets:							
Deferred Income Taxes	25,904	(21,614)	—	—	—	—	4,290
Investment in Affiliates	7,974,260	188,376	27,269	—	—	(7,998,941)	190,964
Other	19,960	67,096	114,030	21,063	—	—	222,149
Total Other Assets	8,020,124	233,858	141,299	21,063	—	(7,998,941)	417,403
Total Assets	$8,308,471	$6,154,928	$2,214,259	$ 504,296	$ 968	$(7,998,941)	$9,183,981
Liabilities and Equity:							
Current Liabilities:							
Accounts Payable	$48,666	$127,309	$36,039	$ 18,797	$ —	$10,805	$241,616
Accounts Payable (Recoverable)-Related Parties	1,832,908	1,034,138	(2,648,416)	1,666	(209,491)	(10,805)	—
Current Portion of Long-Term Debt	1,533	6,369	4,010	88	—	—	12,000
Other Accrued Liabilities	75,039	337,374	223,705	44,230	—	—	680,348
Current Liabilities of Discontinued Operations	—	—	—	—	6,050	—	6,050
Total Current Liabilities	1,958,146	1,505,190	(2,384,662)	64,781	(203,441)	—	940,014
Long-Term Debt:	2,421,511	26,884	115,685	197,989	—	—	2,762,069
Deferred Credits and Other Liabilities:							
	—	—	659,474	—	—	—	659,474

Postretirement Benefits Other Than Pensions							
Pneumoconiosis Benefits	—	—	106,016	2,057	—	—	108,073
Mine Closing	—	—	209,384	9,247	—	—	218,631
Gas Well Closing	—	195,704	27,549	99	—	—	223,352
Workers' Compensation	—	—	64,187	3,090	—	—	67,277
Salary Retirement	112,543	—	—	—	—	—	112,543
Other	17,876	117,658	15,663	463	—	—	151,660
Total Deferred Credits and Other Liabilities	130,419	313,362	1,082,273	14,956	—	—	1,541,010
Total CONSOL Energy Inc. Stockholders' Equity	3,798,395	4,309,492	3,400,963	226,570	204,409	(8,141,434)	3,798,395
Noncontrolling Interest	—	—	—	—	—	142,493	142,493
Total Liabilities and Equity	$8,308,471	$6,154,928	$2,214,259	$ 504,296	$ 968	$(7,998,941)	$9,183,981

Income Statement for the Six Months Ended June 30, 2017 (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	$—	$ 578,068	$—	$ —	$ —	$—	$ 578,068
Gain on Commodity Derivative Instruments	—	61,325	—	—	—	—	61,325
Coal Sales	—	—	465,116	155,039	—	—	620,155
Other Outside Sales	—	—	29,616	—	(589)	—	29,027
Purchased Gas Sales	—	19,294	—	—	—	—	19,294
Freight-Outside Coal	—	—	22,534	7,511	—	—	30,045
Miscellaneous Other Income	193,331	32,611	40,220	1,802	—	(193,331)	74,633
Gain on Sale of Assets	—	137,983	12,730	1,400	—	—	152,113
Total Revenue and Other Income	193,331	829,281	570,216	165,752	(589)	(193,331)	1,564,660
Costs and Expenses:							
Exploration and Production Costs							
Lease Operating Expense	—	42,705	—	—	—	—	42,705
Transportation, Gathering and Compression	—	180,931	—	—	—	—	180,931
Production, Ad Valorem, and Other Fees	—	13,935	—	—	—	—	13,935
Depreciation, Depletion and Amortization	—	186,635	—	—	—	—	186,635
Exploration and Production Related Other Costs	—	29,501	—	—	—	—	29,501
Purchased Gas Costs	—	19,089	—	—	—	—	19,089
Other Corporate Expenses	—	41,328	—	—	—	—	41,328
Impairment of Exploration and Production Properties	—	137,865	—	—	—	—	137,865
Selling, General, and Administrative Costs	—	42,162	—	—	—	—	42,162
Total Exploration and Production Costs	—	694,151	—	—	—	—	694,151
PA Mining Operations Costs							
Operating and Other Costs	—	—	300,790	100,115	—	—	400,905
Depreciation, Depletion and Amortization	—	—	62,905	20,798	—	—	83,703
Freight Expense	—	—	22,534	7,511	—	—	30,045
Selling, General, and Administrative Costs	—	—	25,037	6,935	—	—	31,972
Total PA Mining Operations Costs	—	—	411,266	135,359	—	—	546,625
Other Costs							
Miscellaneous Operating Expense	23,548	—	57,945	—	—	—	81,493

Selling, General, and Administrative Costs	—	—	6,286	—	—	—	6,286
Depreciation, Depletion and Amortization	—	—	(4,499)	—	—	—	(4,499)
Gain on Debt Extinguishment	(786)	—	—	—	—	—	(786)
Interest Expense	78,230	1,219	3,563	4,853	—	—	87,865
Total Other Costs	100,992	1,219	63,295	4,853	—	—	170,359
Total Costs And Expenses	100,992	695,370	474,561	140,212	—	—	1,411,135
Earnings (Loss) From Continuing Operations Before Income Tax	92,339	133,911	95,655	25,540	(589)	(193,331)	153,525
Income Tax (Benefit) Expense	(38,205)	53,216	(1,584)	—	(223)	—	13,204
Income (Loss) from Continuing Operations	130,544	80,695	97,239	25,540	(366)	(193,331)	140,321
Less: Net Income Attributable to Noncontrolling Interest	—	—	—	—	—	9,777	9,777
Net Income (Loss) Attributable to CONSOL Energy Shareholders	$130,544	$80,695	$97,239	$ 25,540	$ (366)	$(203,108)	$130,544

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Income Statement for the Six Months Ended June 30, 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	$—	$349,611	$—	$ —	$—	$(423)	$349,188
Loss on Commodity Derivative Instruments	—	(144,320)	—	—	—	—	(144,320)
Coal Sales	—	—	357,545	119,181	—	—	476,726
Other Outside Sales	—	—	15,973	—	—	—	15,973
Purchased Gas Sales	—	16,547	—	—	—	—	16,547
Freight-Outside Coal	—	—	18,491	6,066	—	—	24,557
Miscellaneous Other Income	(498,206)	42,419	37,580	1,768	—	498,205	81,766
(Loss) Gain on Sale of Assets	—	(4,896)	3,234	—	—	—	(1,662)
Total Revenue and Other Income	(498,206)	259,361	432,823	127,015	—	497,782	818,775
Costs and Expenses:							
Exploration and Production Costs							
Lease Operating Expense	—	51,394	—	—	—	—	51,394
Transportation, Gathering and Compression	—	184,957	—	—	—	—	184,957
Production, Ad Valorem, and Other Fees	—	14,705	—	—	—	—	14,705
Depreciation, Depletion and Amortization	—	210,866	—	—	—	—	210,866
Exploration and Production Related Other Costs	—	4,652	—	—	—	—	4,652
Purchased Gas Costs	—	16,752	—	—	—	—	16,752
Other Corporate Expenses	—	44,220	—	—	—	—	44,220
Selling, General, and Administrative Costs	—	47,869	—	—	—	—	47,869
Total Exploration and Production Costs	—	575,415	—	—	—	—	575,415
PA Mining Operations Costs							
Operating and Other Costs	1,935	—	252,089	84,536	—	—	338,560
Depreciation, Depletion and Amortization	302	—	61,923	20,739	—	—	82,964
Freight Expense	—	—	18,491	6,066	—	—	24,557
Selling, General, and Administrative Costs	—	—	8,657	3,897	—	—	12,554
Total PA Mining Operations Costs	2,237	—	341,160	115,238	—	—	458,635

Other Costs							
Miscellaneous Operating Expense	20,450	—	66,443	—	30	—	86,923
Depreciation, Depletion and Amortization	—	—	(3,622)	—	—	—	(3,622)
Selling, General, and Administrative Costs	—	—	6,128	—	—	—	6,128
Interest Expense	88,619	1,408	3,211	4,054	—	—	97,292
Total Other Costs	109,069	1,408	72,160	4,054	30	—	186,721
Total Costs And Expenses	111,306	576,823	413,320	119,292	30	—	1,220,771
(Loss) Earnings From Continuing Operations Before Income Tax	(609,512)	(317,462)	19,503	7,723	(30)	497,782	(401,996)
Income Tax (Benefit) Expense	(42,107)	(126,389)	43,851	—	(11)	—	(124,656)
(Loss) Income From Continuing Operations	(567,405)	(191,073)	(24,348)	7,723	(19)	497,782	(277,340)
Loss From Discontinued Operations, net	—	—	—	—	(287,772)	—	(287,772)
Net (Loss) Income	(567,405)	(191,073)	(24,348)	7,723	(287,791)	497,782	(565,112)
Less: Net Income Attributable to Noncontrolling Interest	—	—	—	—	—	2,293	2,293
Net (Loss) Income Attributable to CONSOL Energy Shareholders	$(567,405)	$(191,073)	$(24,348)	$ 7,723	$ (287,791)	$495,489	$(567,405)

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Cash Flow for the Six Months Ended June 30, 2017 (unaudited):

	Parent	CNX Gas Guarantor	Other Subsidiary Guarantors	CNXC Non-Guarantor	Other Subsidiary Non-Guarantors	Elimination	Consolidated
Net Cash Provided by (Used in) Continuing Operating Activities	$367,073	$(104,963)	$8,221	$40,754	$251	$(17,165)	$294,171
Net Cash Used in Discontinued Operating Activities	—	—	—	—	(275)	—	(275)
Net Cash Provided by (Used in) Operating Activities	$367,073	$(104,963)	$8,221	$40,754	$(24)	$(17,165)	$293,896
Cash Flows from Investing Activities:							
Capital Expenditures	$(1,355)	$(243,097)	$(24,902)	$(3,972)	$—	$—	$(273,326)
Proceeds From Sales of Assets	—	326,521	18,630	—	—	—	345,151
Net Distributions from Equity Affiliates	—	24,700	—	—	—	—	24,700
Net Cash (Used in) Provided by Investing Activities	$(1,355)	$108,124	$(6,272)	$(3,972)	$—	$—	$96,525
Cash Flows from Financing Activities:							
Payments on Miscellaneous Borrowings	$(828)	$(3,144)	$(1,949)	$(52)	$—	$—	$(5,973)
Payments on Long-Term Notes	(117,185)	—	—	—	—	—	(117,185)
Net Payments on Revolver - CNX Coal Resources LP	—	—	—	(11,000)	—	—	(11,000)
Distributions to Noncontrolling Interest	—	—	—	(28,100)	—	17,165	(10,935)
Issuance of Common Stock	723	—	—	—	—	—	723
Treasury Stock Activity	(6,286)	—	—	(807)	—	—	(7,093)
Debt Repurchase and Financing Fees	(298)	—	—	—	—	—	(298)
Net Cash (Used in) Provided by Financing Activities	$(123,874)	$(3,144)	$(1,949)	$(39,959)	$—	$17,165	$(151,761)

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Cash Flow for the Six Months Ended June 30, 2016 (unaudited):

	Parent	CNX Gas Guarantor	Other Subsidiary Guarantors	CNXC Non-Guarantor	Other Subsidiary Non-Guarantors	Elimination	Consolidated
Net Cash Provided by (Used in) Continuing Operating Activities	$513,672	$81,153	$12,179	$ 24,831	$(412,027)	$(13,463)	$206,345
Net Cash Provided by Discontinued Operating Activities	—	—	—	—	19,053	—	19,053
Net Cash Provided by (Used in) Operating Activities	$513,672	$81,153	$12,179	$ 24,831	$(392,974)	$(13,463)	$225,398
Cash Flows from Investing Activities:							
Capital Expenditures	$(1,899)	$(86,222)	$(20,635)	$ (6,501)	$—	$—	$(115,257)
Proceeds From Sales of Assets	—	13,700	4,565	19	—	—	18,284
Net Investments in Equity Affiliates	—	(5,578)	—	—	—	—	(5,578)
Net Cash Used in Continuing Investing Activities	(1,899)	(78,100)	(16,070)	(6,482)	—	—	(102,551)
Net Cash Provided by Discontinued Investing Activities	—	—	—	—	394,511	—	394,511
Net Cash (Used in) Provided by Investing Activities	$(1,899)	$(78,100)	$(16,070)	$ (6,482)	$394,511	$—	$291,960
Cash Flows from Financing Activities:							
Payments on Short-Term Borrowings	$(486,000)	$—	$—	$ —	$—	$—	$(486,000)
Payments on Miscellaneous Borrowings	(803)	(3,053)	(568)	(35)	—	—	(4,459)
Net Proceeds from Revolver - CNX Coal Resources LP	—	—	—	13,000	—	—	13,000
Distributions to Noncontrolling Interest	—	—	—	(24,288)	—	13,463	(10,825)
Net Change in Parent Advancements	—	—		(4,597)	—	4,597	—
Dividends Paid	(2,294)	—	—	—	—	—	(2,294)
Issuance of Common Stock	4	—	—	—	—	—	4
Treasury Stock Activity	(1,657)	—	—	—	—	—	(1,657)
Net Cash (Used in) Provided by Continuing Financing Activities	(490,750)	(3,053)	(568)	(15,920)	—	18,060	(492,231)
Net Cash Used in Discontinued Financing Activities	—	—	—	—	(75)	—	(75)

Net Cash (Used in) Provided by Financing Activities	$(490,750)	$(3,053)	$(568)	$(15,920)	$(75)	$18,060	$(492,306)

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Statement of Comprehensive Income for the Three Months Ended June 30, 2017 (unaudited):

	Parent	CNX Gas Guarantor	Other Subsidiary Guarantors	CNXC Non-Guarantor	Other Subsidiary Non-Guarantors	Elimination	Consolidated
Net Income (Loss)	$169,510	$137,039	$ 57,983	$11,474	$ (366)	$(201,817)	$ 173,823
Other Comprehensive Income (Loss):							
Actuarially Determined Long-Term Liability Adjustments	3,464	—	3,504	(40)	—	(3,464)	3,464
Other Comprehensive Income (Loss):	3,464	—	3,504	(40)	—	(3,464)	3,464
Comprehensive Income (Loss)	172,974	137,039	61,487	11,434	(366)	(205,281)	177,287
Less: Comprehensive Income Attributable to Noncontrolling Interest	—	—	—	—	—	4,302	4,302
Comprehensive Income (Loss) Attributable to CONSOL Energy Inc. Shareholders	$172,974	$137,039	$ 61,487	$11,434	$ (366)	$(209,583)	$ 172,985

Statement of Comprehensive Income for the Three Months Ended June 30, 2016 (unaudited):

	Parent	CNX Gas Guarantor	Other Subsidiary Guarantors	CNXC Non-Guarantor	Other Subsidiary Non-Guarantors	Elimination	Consolidated
Net (Loss) Income	$(469,828)	$(177,549)	$(22,156)	$ 3,907	$(234,610)	$431,587	$(468,649)
Other Comprehensive (Loss) Income:							
Actuarially Determined Long-Term Liability Adjustments	8,045	—	8,067	(22)	—	(8,045)	8,045
Reclassification of Cash Flow Hedges from OCI to Earnings	(11,203)	(11,203)	—	—	—	11,203	(11,203)
Other Comprehensive (Loss) Income:	(3,158)	(11,203)	8,067	(22)	—	3,158	(3,158)
Comprehensive (Loss) Income	(472,986)	(188,752)	(14,089)	3,885	(234,610)	434,745	(471,807)
Less: Comprehensive Income Attributable to Noncontrolling Interest	—	—	—	—	—	1,179	1,179
Comprehensive (Loss) Income Attributable to CONSOL Energy Inc. Shareholders	$(472,986)	$(188,752)	$(14,089)	$ 3,885	$(234,610)	$433,566	$(472,986)

Statement of Comprehensive Income for the Six Months Ended June 30, 2017 (unaudited):

	Parent	CNX Gas Guarantor	Other Subsidiary Guarantors	CNXC Non-Guarantor	Other Subsidiary Non-Guarantors	Elimination	Consolidated
Net Income (Loss)	$130,544	$80,695	$97,239	$25,540	$(366)	$(193,331)	$140,321
Other Comprehensive Income (Loss):							
Actuarially Determined Long-Term Liability Adjustments	6,966	—	7,045	(79)	—	(6,966)	6,966
Other Comprehensive Income (Loss):	6,966	—	7,045	(79)	—	(6,966)	6,966
Comprehensive Income (Loss)	137,510	80,695	104,284	25,461	(366)	(200,297)	147,287
Less: Comprehensive Income Attributable to Noncontrolling Interest	—	—	—	—	—	9,754	9,754
Comprehensive Income (Loss) Attributable to CONSOL Energy Inc. Shareholders	$137,510	$80,695	$104,284	$25,461	$(366)	$(210,051)	$137,533

Statement of Comprehensive Income for the Six Months Ended June 30, 2016 (unaudited):

	Parent	CNX Gas Guarantor	Other Subsidiary Guarantors	CNXC Non-Guarantor	Other Subsidiary Non-Guarantors	Elimination	Consolidated
Net (Loss) Income	$(567,405)	$(191,073)	$(24,348)	$7,723	$(287,791)	$497,782	$(565,112)
Other Comprehensive (Loss) Income:							
Actuarially Determined Long-Term Liability Adjustments	5,561	—	5,608	(47)	—	(5,561)	5,561
Reclassification of Cash Flow Hedges from OCI to Earnings	(21,017)	(21,017)	—	—	—	21,017	(21,017)
Other Comprehensive (Loss) Income:	(15,456)	(21,017)	5,608	(47)	—	15,456	(15,456)
Comprehensive (Loss) Income	(582,861)	(212,090)	(18,740)	7,676	(287,791)	513,238	(580,568)
Less: Comprehensive Income Attributable to Noncontrolling Interest	—	—	—	—	—	2,293	2,293
Comprehensive (Loss) Income Attributable to CONSOL Energy Inc. Shareholders	$(582,861)	$(212,090)	$(18,740)	$7,676	$(287,791)	$510,945	$(582,861)

NOTE 17—RELATED PARTY TRANSACTIONS:
CONE Gathering LLC and CONE Midstream Partners LP

In September 2011, CNX Gas Company, a wholly owned subsidiary of CONSOL Energy, and Noble Energy, Inc. (Noble Energy), an unrelated third-party, formed CONE Gathering LLC (CONE) to develop and operate each company's gas gathering system needs in the Marcellus Shale play. CONSOL Energy accounts for CNX Gas Company's 50% ownership interest in CONE under the equity method of accounting.

In May 2014, CONSOL Energy and Noble Energy (collectively, the "Sponsors") formed CONE Midstream Partners LP (the Partnership), a master limited partnership, to own, operate, develop and acquire natural gas gathering and other midstream energy assets to service each company's production in the Marcellus Shale in Pennsylvania and West Virginia. The Partnership's general partner is CONE Midstream GP LLC, a wholly owned subsidiary of CONE.

In September 2014, the Partnership closed its initial public offering (IPO) of 20,125,000 common units representing limited partnership interests, which included a 2,625,000 common unit over-allotment option that was exercised in full by the underwriters. Following the IPO, CONE had a 2% general partner interest in the Partnership, while each sponsor had a 32.1% limited partner interest. CONSOL Energy accounts for CNX Gas Company's portion of the earnings in the Partnership under the equity method of accounting.

In November 2016, the Partnership acquired from CONE an additional 25% ownership interest in CONE Midstream DevCo 1 LP, commonly referred to as the "Anchor Systems." The transaction included a total purchase consideration of $248,000, comprised of $140,000 in cash and issuance of approximately 5,200,000 common limited partnership units to the Sponsors. Following the acquisition, CONE continues to have a 2% general partner interest in the Partnership, while each Sponsor's limited partner interest increased to 33.5%. At June 30, 2017, CNX Gas Company and Noble Energy each continue to own a 50% interest in the assets of CONE that were not contributed to the Partnership. On June 28, 2017, Noble Energy announced that a sale of its interest in CONE to a portfolio company of Quantum Energy Partners is expected to occur in the third quarter of 2017.

The following is a summary of the Company's Investment in Affiliates balances included within the Consolidated Balance Sheets associated with CONE and the Partnership, respectively:

	CONE	The Partnership	Total
Balance at December 31, 2016	$151,075	$ 18,133	$169,208
Equity in Earnings	2,150	19,784	21,934
Distributions	(12,672)	(12,028)	(24,700)
Balance at June 30, 2017	$140,553	$ 25,889	$166,442

The following transactions were included within Miscellaneous Other Income and Transportation, Gathering and Compression within the Consolidated Statements of Income:

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2017	2016	2017	2016
Miscellaneous Other Income:				
Equity in Earnings of Affiliates - CONE	$284	$753	$2,150	$7,146
Equity in Earnings of Affiliates - the Partnership	$9,712	$7,452	$19,784	$15,410
Transportation, Gathering and Compression:				
Gathering Services - CONE	$232	$152	$485	$369

Gathering Services - the Partnership	$31,695	$29,565	$65,749	$61,210

At June 30, 2017 and December 31, 2016, CONSOL Energy had a net payable of $7,885 and $5,815 respectively, due to both the Partnership and CONE primarily for accrued but unpaid gathering services.

CNX Coal Resources LP

In July 2015, CNXC closed its IPO of 5,000,000 common units representing limited partnership interests at a price to the public of $15.00 per unit. Additionally, Greenlight Capital entered into a common unit purchase agreement with CNXC pursuant to which Greenlight Capital agreed to purchase, and CNXC agreed to sell, 5,000,000 common units at a price per unit equal to $15.00, which equates to $75,000 in net proceeds. CNXC's general partner is CNX Coal Resources GP, a wholly owned subsidiary of CONSOL Energy. The underwriters of the IPO filing exercised an over-allotment option of 561,067 common units to the public at $15.00 per unit.

In connection with the IPO, CNXC entered into a $400,000 senior secured revolving credit facility with certain lenders and PNC Bank, National Association (PNC), as administrative agent. Obligations under the revolving credit facility are guaranteed by CNXC's subsidiaries (the "guarantor subsidiaries") and are secured by substantially all of CNXC's and CNXC's subsidiaries' assets pursuant to a security agreement and various mortgages. Under the new revolving credit facility, CNXC made an initial draw of $200,000, and after origination fees of $3,000, the net proceeds were $197,000.

The total net proceeds related to these transactions that were distributed to CONSOL Energy were $342,711.

In September 2016, CNXC and its wholly owned subsidiary, CNX Thermal Holdings LLC (CNX Thermal), entered into a Contribution Agreement with CONSOL Energy, CONSOL Pennsylvania Coal Company LLC and Conrhein Coal Company (the Contributing Parties) under which CNX Thermal acquired an additional 5% undivided interest in and to the Pennsylvania Mine Complex, in exchange for (i) cash consideration in the amount of $21,500 and (ii) CNXC's issuance of 3,956,496 Class A Preferred Units representing limited partner interests in CNXC at an issue price of $17.01 per Class A preferred Unit (the "Class A Preferred Unit Issue Price"), or an aggregate $67,300 in equity consideration. The Class A Preferred Unit Issue Price was calculated as the volume-weighted average trading price of CNXC's common units (the "Common Units") over the trailing 15-day trading period ending on September 29, 2016 (or $14.79 per unit), plus a 15% premium.

In connection with CNXC's Contribution Agreement, in September 2016, the General Partner and CNXC entered into the First Amended and Restated Omnibus Agreement (the "Amended Omnibus Agreement") with CONSOL Energy and certain of its subsidiaries. Under the Amended Omnibus Agreement, CONSOL Energy indemnified CNXC for certain liabilities. The Amended Omnibus Agreement also amended CNXC's obligations to CONSOL Energy with respect to the payment of an annual administrative support fee and reimbursement for the provisions of certain management and operating services provided, in each case to reflect structural changes in how those services are provided to CNXC by CONSOL Energy.

Charges for services from CONSOL Energy include the following:

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2017	2016	2017	2016
Operating and Other Costs	$867	$1,270	$1,739	$2,536
Selling, General and Administrative Expenses	737	1,190	1,454	2,305
Total Services from CONSOL Energy	$1,604	$2,460	$3,193	$4,841

At June 30, 2017 and December 31, 2016, CNXC had a net payable to CONSOL Energy in the amount of $2,196 and $1,666, respectively. This payable includes reimbursements for business expenses, executive fees, stock-based compensation and other items under the omnibus agreement.

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NOTE 18—RECENT ACCOUNTING PRONOUNCEMENTS:

In May 2017, the FASB issued Update 2017-09 - Compensation - Stock Compensation (Topic 718): Scope of Modification Accounting, which reduces diversity in practice and cost and complexity when applying the guidance in this Topic to a change to the terms or conditions of a share-based payment award. The amendments in this Update provide guidance about which changes to the terms or conditions of a share-based payment award require an entity to apply modification accounting in Topic 718. The amendments in the Update are effective for fiscal years beginning after December 15, 2017, including interim periods within those fiscal years, and should be applied prospectively to an award modified on or after the adoption date. Early adoption is permitted. The adoption of this guidance is not expected to have a material impact on CONSOL Energy's financial statements.

In March 2017, the FASB issued Update 2017-07 - Compensation - Retirement Benefits (Topic 715): Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost, which improves the presentation of net periodic pension cost and net periodic postretirement benefit cost. The amendments in the Update require that an employer report the service cost component in the same line item as other compensation costs arising from services rendered by the pertinent employees during the period. The other components of net benefit cost are required to be presented separately from the service cost component and outside a subtotal of income from operations, if one is presented. Because CONSOL Energy does not present an income from operations subtotal, that requirement is not applicable. Additionally, the Company's service cost component is deemed immaterial, and therefore, the other components of net benefit cost will not be presented separately. For public entities, the amendments in this Update are effective for fiscal years beginning after December 15, 2017, including interim periods within those fiscal years. Early adoption is permitted as of the beginning of a fiscal year for which financial statements have not been issued. The adoption of this guidance is not expected to have an impact on CONSOL Energy's financial statements.

In August 2016, the FASB issued Update 2016-15 - Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments, which addresses eight specific cash flow issues with the objective of reducing the existing diversity in practice. The amendments relate to debt prepayment or debt extinguishment costs, settlement of zero-coupon debt instruments or other debt instruments with coupon interest rates that are insignificant in relation to the effective interest rate of the borrowing, contingent consideration payments made after a business combination, proceeds from the settlement of insurance claims, proceeds from the settlement of corporate-owned life insurance policies, distributions received from equity method investees, and beneficial interests in securitization transactions. The Update also states that, in the absence of specific guidance for cash receipts and payments that have aspects of more than one class of cash flows, an entity should classify each separately identifiable source or use within the cash receipts and payments on the basis of their nature in financing, investing, or operating activities. In situations in which cash receipts or payments cannot be separated by source or use, the appropriate classification should depend on the activity that is likely to be the predominant source or use of cash flows for the item. The amendments in the Update will be applied using a retrospective transition method to each period presented and, for public entities, are effective for fiscal years beginning after December 15, 2017 and interim periods within those fiscal years. Early adoption is permitted, including adoption in an interim period. The Company is currently evaluating the impact this guidance may have on CONSOL Energy's financial statements.

In May 2014, the FASB issued Update 2014-09 - Revenue from Contracts with Customers (Topic 606), which supersedes the revenue recognition requirements in Topic 605 - Revenue Recognition and most industry-specific guidance throughout the Industry Topics of the Codification. The objective of the amendments in this Update is to improve financial reporting by creating common revenue recognition guidance for U.S. GAAP and International Financial Reporting Standards (IFRS). The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services and should disclose sufficient information, both qualitative and quantitative, to enable users of financial statements to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The following updates to Topic 606 were made during 2016:

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In March 2016, the FASB issued Update 2016-08 - Principal versus Agent Considerations (Reporting Revenue Gross versus Net), which clarifies how an entity determines whether it is a principal or an agent for goods or services promised to a customer as well as the nature of the goods or services promised to their customers.

- In April 2016, the FASB issued Update 2016-10 - Revenue from Contracts with Customers: Identifying Performance Obligations and Licensing, which seeks to address implementation issues in the areas of identifying performance obligations and licensing.
- In May 2016, the FASB issued Update 2016-12 - Revenue from Contracts with Customers: Narrow Scope Improvements and Practical Expedients, which seeks to address implementation issues in the areas of collectibility, presentation of sales taxes, noncash consideration, and completed contracts and contract modifications at transition.
- In December 2016, the FASB issued Update 2016-20 - Technical Corrections and Improvements to Topic 606, Revenue from Contracts with Customers, which includes amendments related to loan guarantee fees, contract costs, provisions

for losses on construction and production-type contracts, scope, disclosures, contract modification, contract asset versus receivable, refund liability and advertising costs.
The new standards are effective for annual reporting periods beginning after December 15, 2017, with the option to adopt as early as annual reporting periods beginning after December 15, 2016. Management continues to evaluate the impact that these standards will have on CONSOL Energy's financial statements, specifically as it relates to contracts that contain positive electric power price related adjustments. CONSOL Energy anticipates using the modified retrospective approach to adoption as it relates to ASU 2014-09. CONSOL Energy is currently performing a detailed analysis at the individual contract level and will continue to evaluate the impact on the financial statements which is expected to be immaterial.
In February 2016, the FASB issued Update 2016-02 - Leases (Topic 842), which increases transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. Update 2016-02 does retain a distinction between finance leases and operating leases, which is substantially similar to the classification criteria for distinguishing between capital leases and operating leases in the previous lease guidance. Retaining this distinction allows the recognition, measurement and presentation of expenses and cash flows arising from a lease to not significantly change from previous GAAP. For leases with a term of 12 months or less, a lessee is permitted to make an accounting policy election by class of underlying asset not to recognize lease assets and lease liabilities, but to recognize lease expense on a straight-line basis over the lease term. For both financing and operating leases, the right-to-use asset and lease liability will be initially measured at the present value of the lease payments in the statement of financial position.The accounting applied by a lessor is largely unchanged from that applied under previous GAAP. For public business entities, the amendments in this Update are effective for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years. Early application is permitted. In transition, lessees and lessors are required to recognize and measure leases at the beginning of the earliest period presented using a modified retrospective approach. CONSOL Energy is currently reviewing all existing leases an agreements that are covered by this standard and will continue to evaluate the impact on the financial statements and related disclosures.
NOTE 19—SUBSEQUENT EVENTS:

In May 2017, the Company sent notices to call the remaining $74,470 balance on its 8.25% senior notes due in April 2020 and the remaining $20,611 balance on its 6.375% senior notes due in March 2021. The call price was $101.375 for the 8.25% senior notes due in April 2020 and $102.125 for the 6.375%senior notes due in March 2021. The redemption occurred on July 14, 2017.

ITEM 2. MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

General

CONSOL Energy's strategy is to increase shareholder value through the development and growth of its existing natural gas assets, selective acquisition of natural gas and natural gas liquid acreage leases within its footprint, and through the participation in global coal markets. Ultimately, the intent is to separate the Exploration & Production (E&P) division and the Pennsylvania (PA) Mining Operations division while focusing on the growth of the E&P division. On July 10, 2017, a registration statement on Form 10 was filed with the U.S. Securities and Exchange Commission by CONSOL Mining Corporation, a wholly-owned subsidiary of CONSOL Energy, to furnish to shareholders the details surrounding a planned spin-off of the PA Mining Operations division and other coal related assets. The separation of the E&P and PA Mining Operations divisions would provide current shareholders ownership in two leading and focused companies, each positioned to capitalize on distinct opportunities for future growth and profitability.

CONSOL Energy's E&P Division had earnings before income tax of $227 million in the second quarter of 2017 due primarily to gains on the sale of assets of $134 million (See Note 3 - Acquisitions and Dispositions in the Notes to Unaudited Consolidated Financial Statements in Item 1 of this Form 10-Q for additional information), as well as unrealized gains on commodity derivative instruments of $116 million.

For the second quarter of 2017, CONSOL Energy's average sales price for natural gas, natural gas liquids (NGLs), oil, and condensate was $2.47 per Mcfe. CONSOL Energy's average price for natural gas was $2.81 per Mcf for the quarter and, including cash settlements from hedging, was $2.42 per Mcf. The average realized price for all liquids for the second quarter of 2017 was $17.81 per barrel.

During the second quarter of 2017, CONSOL's E&P Division sold 92.2 Bcfe, or a decrease of 7.2% from the 99.3 Bcfe sold in the year-earlier quarter, driven primarily by the sale of 12 wells in Doddridge County, West Virginia (See Note 3 - Acquisitions and Dispositions in the Notes to Unaudited Consolidated Financial Statements in Item 1 of this Form 10-Q for additional information), as well as normal production declines and temporary shut-ins. Also during the quarter, total production costs decreased to $2.20 per Mcfe, compared to the year-earlier quarter of $2.27 per Mcfe, driven primarily by reductions in deprecation, depletion and amortization as a result of increases in Marcellus reserves.

E&P Division capital expenditures in the second quarter were $142 million.

CONSOL Energy's PA Mining Operations sold 6.8 million tons in the second quarter of 2017, compared to 6.2 million tons during the year-earlier quarter. Total unit costs were $34.79 per ton, compared to $34.46 per ton in the year-earlier quarter. The PA Mining Operations division had earnings before income tax of $50 million.

CONSOL Energy 2017 - 2018 Guidance

E&P DIVISION GUIDANCE

CONSOL Energy maintains its E&P Division production guidance for 2017 of approximately 420-440 Bcfe, while increasing its total E&P capital expenditures in 2017 to approximately $635 million, compared to previous guidance of $555 million. The increase in 2017 capital is driven by increased land capital, modest service cost inflation, and additional drilling activity, which, in part, will drive increased 2018 production to 520-550 Bcfe, compared to previous guidance of 490-520 Bcfe. The company has added another layer of hedges on approximately 50% of the expected incremental production in 2018 to lock in returns and cash flows.

Total hedged natural gas production in the 2017 third quarter is 81.7 Bcf. The annual gas hedge position is shown in the table below:

	2017	2018
Volumes Hedged (Bcf), as of 7/12/17	315.2*	329.1

*Includes actual settlements of 177.3 Bcf.

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CONSOL Energy's hedged gas volumes include a combination of NYMEX financial hedges and index (NYMEX and basis) hedges and contracts. In addition, to protect the NYMEX hedge volumes from basis exposure, CONSOL enters into basis-only financial hedges and physical sales with fixed basis at certain sales points. CONSOL Energy's gas hedge position is shown in the table below:

GAS HEDGES

	Q3 2017	2017	2018	2019	2020
NYMEX Only Hedges					
Volumes (Bcf)	73.5	282.4	311.9	217.6	134.1
Average Prices ($/Mcf)	$3.15	$3.14	$3.14	$3.02	$3.05
Index Hedges and Contracts					
Volumes (Bcf)	8.2	32.8	17.2	13.0	7.8
Average Prices ($/Mcf)	$3.17	$3.15	$2.62	$2.47	$2.41
Total Volumes Hedged (Bcf)	81.7	315.2	329.1	230.6	141.9
NYMEX + Basis (fully-covered volumes)[1]					
Volumes (Bcf)	77.7	309.8	308.0	200.0	120.2
Average Prices ($/Mcf)	$2.54	$2.59	$2.81	$2.73	$2.78
NYMEX Only Hedges Exposed to Basis					
Volumes (Bcf)	4.0	5.4	21.1	30.6	21.7
Average Prices ($/Mcf)	$3.15	$3.14	$3.14	$3.02	$3.05
Total Volumes Hedged (Bcf)	81.7	315.2	329.1	230.6	141.9

[1]Includes physical sales with fixed basis in Q3 2017, 2017, 2018, 2019, and 2020 of 15.1 Bcf, 62.6 Bcf, 106.6 Bcf, 97.6 Bcf, and 48.1 Bcf, respectively.

During the second quarter of 2017, CONSOL Energy added additional NYMEX natural gas hedges of 40.5 Bcf, 27.6 Bcf, and 20.0 Bcf for 2018, 2019, and 2020, respectively. To help mitigate basis exposure on NYMEX hedges, in the second quarter CONSOL added 52.6 Bcf, 28.7 Bcf, 9.9 Bcf, and 9.4 Bcf of basis hedges for 2018, 2019, 2020, and 2021, respectively.

PA MINING OPERATIONS DIVISION GUIDANCE

CONSOL Energy maintains total consolidated PA Mining Operations annual sales to be approximately 25.6-27.6 million tons for 2017. Also, CONSOL Energy maintains total consolidated capital expenditures for PA Mining Operations to be $120-$136 million for 2017.

Results of Operations - Three Months Ended June 30, 2017 Compared with Three Months Ended June 30, 2016

Net Income (Loss) Attributable to CONSOL Energy Shareholders

CONSOL Energy reported net income attributable to CONSOL Energy shareholders of $170 million, or earnings of $0.73 per diluted share, for the three months ended June 30, 2017, compared to a net loss attributable to CONSOL Energy shareholders of $470 million, or a loss per diluted share of $2.05, for the three months ended June 30, 2016.

	For the Three Months Ended June 30,		
(Dollars in thousands)	2017	2016	Variance
Income (Loss) from Continuing Operations	$173,823	$(234,044)	$407,867
Loss from Discontinued Operations, net	—	(234,605)	234,605
Net Income (Loss)	$173,823	$(468,649)	$642,472
Less: Net Income Attributable to Noncontrolling Interest	4,313	1,179	3,134
Net Income (Loss) Attributable to CONSOL Energy Shareholders	$169,510	$(469,828)	$639,338

CONSOL Energy consists of two principal business divisions: Exploration and Production (E&P) and Pennsylvania (PA) Mining Operations. The E&P division includes four reportable segments: Marcellus, Utica, Coalbed Methane (CBM) and Other Gas.