CONSOL Energy Inc
Form 424B3
March 22, 2010
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The information in this preliminary prospectus supplement is not complete and may be changed. This preliminary prospectus supplement is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

Filed Pursuant to Rule 424(b)(3)
Registration Statement No. 333-151292

Subject to Completion

Preliminary Prospectus dated March 22, 2010

PROSPECTUS SUPPLEMENT

(To prospectus dated May 30, 2008)

38,500,000 Shares

CONSOL Energy Inc.

Common Stock

We are selling 38,500,000 shares of our common stock.

The net proceeds from this offering will be used to fund, in part, the proposed acquisition of certain assets from Dominion Resources, Inc., to fund a portion of the acquisition of shares of CNX Gas Corporation, which we do not own and for other general corporate purposes.

Our shares trade on the New York Stock Exchange under the symbol CNX. On March 19, 2010, the last sale price of the shares as reported on the New York Stock Exchange was $45.55 per share.

Investing in the common stock involves risks that are described in the Risk Factors section beginning on page S-17 of this prospectus supplement.

	Per Share	Total
Public offering price	$	$
Underwriting discount	$	$
Proceeds, before expenses, to us	$	$

The underwriters may also purchase up to an additional 5,775,000 shares from us, at the public offering price, less the underwriting discount, within 30 days from the date of this prospectus supplement to cover over-allotments, if any.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement is truthful or complete. Any representation to the contrary is a criminal offense.

The shares will be ready for delivery on or about , 2010.

Joint Book-Running Managers

BofA Merrill Lynch

PNC Capital Markets LLC

Scotia Capital

Stifel Nicolaus

Senior Co-Managers

BMO Capital Markets	**Credit Agricole Securities (USA) Inc.**	**RBS**

Co-Managers

Brean Murry, Carret & Co. LLC	**FBR Capital Markets**
Pritchard Capital Partners, LLC	**Howard Weil Incorporated**

The date of this prospectus supplement is March , 2010.

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Prospectus Supplement

Prospectus

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ABOUT THIS PROSPECTUS SUPPLEMENT

This prospectus supplement supplements the accompanying prospectus. The accompanying prospectus is part of a registration statement that we filed with the Securities and Exchange Commission, or SEC, using a shelf registration process. Under this shelf registration process, we may offer from time to time common stock, senior or subordinated debt securities, preferred stock, warrants, purchase contracts, units or depositary shares. The accompanying prospectus provides you with a general description of these securities, and this prospectus supplement contains specific information about the terms of this offering of shares of our common stock. Both this prospectus supplement and the accompanying prospectus include important information about us, our securities and other information you should know before investing.

This prospectus supplement, or the information incorporated by reference, may add, update or change information in the accompanying prospectus. If information in this prospectus supplement, or the information incorporated by reference, is inconsistent with the accompanying prospectus, this prospectus supplement, or the information incorporated by reference, will apply and will supersede that information in the accompanying prospectus.

It is important for you to read and consider all information contained or incorporated by reference in this prospectus supplement and the accompanying prospectus in making your investment decision. You should also read and consider the information in the documents we have referred you to under Where You Can Find More Information in this prospectus supplement.

When used in this prospectus supplement, unless the context requires otherwise, the terms we, our, us, the Company, and CONSOL Energy to CONSOL Energy and its subsidiaries. Unless otherwise specified, any reference to a year is to a fiscal year ended December 31.

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FORWARD-LOOKING STATEMENTS

We are including the following cautionary statement in this prospectus supplement to make applicable and take advantage of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995 for any forward-looking statements made by, or on behalf of us. With the exception of historical matters, the matters discussed in this prospectus supplement, the accompanying prospectus and the documents incorporated by reference herein and therein are forward-looking statements (within the meaning of Section 27A of the Securities Act of 1933, as amended, Section 21E of the Exchange Act of 1934, as amended, and the Private Securities Litigation Reform Act of 1995) that involve risks and uncertainties that could cause actual results to differ materially from projected results. Accordingly, investors should not place undue reliance on forward-looking statements as a prediction of actual results. The forward-looking statements may include projections and estimates concerning the timing and success of specific projects and our future production, revenues, income and capital spending. When we use the words believe, intend, expect, may, should, anticipate, could, estimate, plan, predict, project, or their negatives, or other similar e statements which include those words are usually forward-looking statements. When we describe strategy that involves risks or uncertainties, we are making forward-looking statements. The forward-looking statements in this prospectus supplement, the accompanying prospectus and the documents incorporated by reference herein and therein speak only as of the date of this prospectus supplement; we disclaim any obligation to update these statements unless required by securities law, and we caution you not to rely on them unduly. We have based these forward-looking statements on our current expectations and assumptions about future events. While our management considers these expectations and assumptions to be reasonable, they are inherently subject to significant business, economic, competitive, regulatory and other risks, contingencies and uncertainties, most of which are difficult to predict and many of which are beyond our control. These risks, contingencies and uncertainties relate to, among other matters, the following:

- the continued weakness in global economic conditions or in any industry in which our customers operate, or sustained uncertainty in financial markets cause conditions we cannot predict;

- an extended decline in prices we receive for our coal and gas affecting our operating results and cash flows;

- reliance on customers honoring existing contracts, extending existing contracts or entering into new long-term contracts for coal;

- reliance on major customers;

- our inability to collect payments from customers if their creditworthiness declines;

- the disruption of rail, barge and other systems that deliver our coal;

- a loss of our competitive position because of the competitive nature of the coal and gas industries, or a loss of our competitive position because of overcapacity in these industries impairing our profitability;

- our inability to hire qualified people to meet replacement or expansion needs;

- our inability to maintain satisfactory labor relations;

- coal users switching to other fuels in order to comply with various environmental standards related to coal combustion;

the inability to produce a sufficient amount of coal to fulfill our customers requirements which could result in our customers initiating claims against us;

foreign currency fluctuations could adversely affect the competitiveness of our coal abroad;

the risks inherent in coal mining being subject to unexpected disruptions, including geological conditions, equipment failure, timing of completion of significant construction or repair of equipment, fires, accidents and weather conditions which could impact financial results;

increases in the price of commodities used in our mining operations could impact our cost of production;

obtaining governmental permits and approvals for our operations;

the effects of proposals to regulate greenhouse gas emissions;

the effects of government regulation;

the effects of stringent federal and state employee health and safety regulations;

the effects of mine closing, reclamation and certain other liabilities;

uncertainties in estimating our economically recoverable coal and gas reserves;

the outcomes of various legal proceedings, which are more fully described in our reports filed under the Securities Exchange Act of 1934;

changes in existing federal and state income tax regulations;

increased exposure to employee related long-term liabilities;

minimum funding requirements by the Pension Protection Act of 2006 (the Pension Act) coupled with the significant investment and plan asset losses suffered during the recent economic decline has exposed us to making additional required cash contributions to fund the pension benefit plans which we sponsor and the multi-employer pension benefit plans in which we participate;

lump sum payments made to retiring salaried employees pursuant to our defined benefit pension plan;

our ability to comply with laws or regulations requiring that we post security for workers compensation and other statutory requirements;

acquisitions that we recently have made or may make in the future including the accuracy of our assessment of the acquired businesses and their risks, achieving any anticipated synergies, integrating the acquisitions and unanticipated changes that could affect assumptions we may have made;

the anti-takeover effects of our rights plan could prevent a change of control;

risks in exploring for and producing gas;

new gas development projects and exploration for gas in areas where we have little or no proven gas reserves;

the disruption of pipeline systems which deliver our gas;

the availability of field services, equipment and personnel for drilling and producing gas;

replacing our natural gas reserves which if not replaced will cause our gas reserves and gas production to decline;

costs associated with perfecting title for gas rights in some of our properties;

other persons could have ownership rights in our advanced gas extraction techniques which could force us to cease using those techniques or pay royalties;

our ability to acquire water supplies needed for drilling, or our ability to dispose of water used or removed from strata at a reasonable cost and within applicable environmental rules;

the coalbeds and other strata from which we produce methane gas frequently contain impurities that may hamper production;

the enactment of severance tax on natural gas in states in which we operate may impact results of existing operations and impact the economic viability of exploiting new gas drilling and production opportunities;

prior to the Acquisition, the location of a vast majority of our gas producing properties are in three counties in southwestern Virginia, making us vulnerable to risks associated with having our gas production concentrated in one area;

our hedging activities may prevent us from benefiting from price increases and may expose us to other risks;

our ability to extend the maturities of and increase the sizes of our revolving credit facilities; and

other factors discussed under Risk Factors, in this prospectus supplement, including our ability to close under the purchase agreement and integrate the acquired business.

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WHERE YOU CAN FIND MORE INFORMATION

We file annual, quarterly and current reports, proxy statements and other information with the SEC. You may read and copy any reports, statements or other information we file with the SEC at the SEC s Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549. You may obtain information about the operation of the SEC Public Reference Room in Washington, D.C. by calling the SEC at (800) 732-0330. Our filings are also available to the public from the website maintained by the SEC at *http://www.sec.gov*. Our common stock is listed and traded on the New York Stock Exchange, or the NYSE, under the trading symbol CNX. Our reports, proxy statements and other information can also be read at the offices of the NYSE, 20 Broad Street, New York, New York 10005.

The SEC s rules allow us to incorporate by reference information into this prospectus supplement and the accompanying prospectus, which means that we can disclose important information to you by referring you to other documents that CONSOL Energy has filed separately with the SEC. The information incorporated by reference is deemed to be part of this prospectus supplement. Information that CONSOL Energy files later with the SEC will automatically update and supersede the information contained in documents filed earlier with the SEC or contained in this prospectus supplement. We incorporate by reference into this prospectus supplement the documents listed below and any future filings made by us with the SEC under Sections 13(a), 13(c), 14 and 15(d) of the Securities Exchange Act of 1934, as amended, after the initial filing of this prospectus supplement and prior to the time that we sell all of the securities offered by this prospectus supplement:

- our Annual Report on Form 10-K for the year ended December 31, 2009;

- our Current Reports on Forms 8-K with report dates as follows: March 12, 2010, March 19, 2010 (2 reports), March 21, 2010 and March 22, 2010;

- the description of CONSOL Energy s common stock contained in its registration statement on Form 8-A12B filed with the SEC on March 24, 1999 (file no. 001-14901) together with the description of the associated preferred stock purchase rights included in CONSOL S registration statement on Form 8-A12G filed with the SEC on December 22, 2003 as amended on February 26, 2009 and October 28, 2009; and

- all documents filed by CONSOL Energy pursuant to Section 13(a), 13(c), 14 or 15(d) of the Exchange Act with the SEC from the date of this prospectus supplement.

You may obtain copies, without charge, of documents incorporated by reference in this prospectus supplement and the accompanying prospectus, by requesting them from us in writing or by telephone as follows:

CNX Center

1000 CONSOL Energy Drive

Canonsburg, PA 15317-6506

Telephone: 724-485-4000

www.consolenergy.com

Exhibits to the filings will not be sent, unless those exhibits have been specifically incorporated by reference in this prospectus supplement.

General information about CONSOL Energy, including our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K, as well as any amendments and exhibits to those reports, are available free of charge through our website at *www.consolenergy.com* as soon as reasonably practicable after we file them with, or furnish them to, the SEC. Other information contained on our website is not incorporated into this prospectus supplement or our other securities filings and is not a part of these filings.

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PROSPECTUS SUPPLEMENT SUMMARY

This summary highlights selected information contained elsewhere in this prospectus supplement, the accompanying prospectus and the documents incorporated herein and therein by reference. Because it is a summary, it does not contain all of the information that you should consider before investing in our securities. You should read carefully this prospectus supplement and the accompanying prospectus, including the section entitled Risk Factors and the financial statements and related notes to those financial statements, together with the documents incorporated by reference, before making an investment decision.

Our Company

We are a multi-fuel energy producer and energy services provider serving the domestic electric power generation industry and the global raw materials markets. We produce high-Btu thermal coal used in the electric power generation industry, high-quality metallurgical coal used in steelmaking, and pipeline-quality natural gas from our coalbed methane (CBM), unconventional shale, and conventional gas operations.

We operate two principal business units: coal and gas. Our coal operations include the mining, preparation, and marketing of thermal coal and metallurgical coal and are comprised of four reportable segments: Northern Appalachian, Central Appalachian, Metallurgical, and Other Coal. For 2009, we produced approximately 57.2 million tons and 2.1 million tons of thermal and metallurgical coal, respectively, which accounted for approximately 6% of the total tons produced in the United States and approximately 13% of the total tons produced east of the Mississippi River. Our historical gas operations relate to our majority interest (83.3%) in CNX Gas Corporation (CNX Gas), which is one of the largest producers of natural gas in the Appalachian Basin. During 2009, CNX Gas produced 94.4 Bcfe from a combination of CBM, Marcellus Shale, and other gas activities.

On March 15, 2010, we announced the signing of a definitive purchase agreement with Dominion Resources, Inc. (DRI or Dominion) and its subsidiaries, Dominion Transmission, Inc. (DTI) and Dominion Energy, Inc. (DEI) (collectively the Sellers) to acquire certain oil and gas properties in the Appalachian Basin for $3.475 billion, which we refer to herein as the Acquisition. We anticipate the Acquisition will close on or before April 30, 2010, and will be financed with proceeds from this offering as well as those from our concurrent senior notes offering.

Pro forma for the Acquisition, we believe we are one of the premier coal and gas producers in the United States. Some of the highlights of our company include:

- Largest producer of high-Btu bituminous coal in the United States;
- Largest coal producer east of the Mississippi River;
- Largest United States producer of coal from underground mines;
- Second largest holder of recoverable coal reserves among United States coal producers;
- Largest Appalachian gas producer; and
- A leading Marcellus Shale acreage position with approximately 742,000 net acres.

In addition to our coal and gas operations, we provide other energy services such as terminal services, river and dock services, industrial supply services, and land resource management services.

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Coal Operations

Our coal operations include production from both thermal and metallurgical coal. During 2009, we sold approximately 59 million tons of coal (96% thermal and 4% metallurgical) from 16 active mines across the United States. In 2009, 91% of our coal was produced from underground mines, of which 87% came from highly-productive, low-cost longwall mining systems. For 2010, nearly all of our coal production has already been committed.

The following table sets forth our proven and probable coal reserves as of December 31, 2009:

Proven and Probable Recoverable Coal Reserves by Producing Region

(tons in millions)

	Relative Btu Values, per pound of coal						Total	Percent By
Coal Producing Regions	**Low**	**Med**		**High**	**Metallurgical**	**Thermal**	**Tons**	**Region**
Northern Appalachia	<12,500	12,500	13,000	>13,000	162.3	2,650.4*	2,812.7	62.2%
Central Appalachia	<12,500	12,500	13,000	>13,000	319.3	303.8	623.1	13.9%
Midwest Illinois Basin	<11,600	11,600	12,000	>12,000		807.8	807.8	17.9%
Northern Powder River Basin	<8,400	8,400	8,800	> 8,800		169.1	169.1	3.7%
Utah Emery	<11,000	11,000	12,000	>12,000		29.2	29.2	0.6%
Western Canada	<12,500	12,500	13,000	>13,000	77.9		77.9	1.7%
					559.5	**3,960.3**	**4,519.8**	**100.0%**

* Reserves categorized as thermal coal may be redirected into high-volatile, metallurgical coal markets.

Thermal Coal

Our thermal coal operations serve the domestic electric power generation industry and are comprised of production from Northern Appalachia, Central Appalachia, and Utah. We intend to sell 58 million tons of thermal coal in 2010, primarily under long-term contracts with terms of one year or more. Given their proximity to both high population density areas and high electricity demand locations, our thermal coal operations experience relatively low transportation costs providing us with a significant cost advantage over many of our competitors. For 2010, we have contracted to sell 57.5 million tons at an average price of $53.12 per ton.

Metallurgical Coal

Our metallurgical coal business serves the global raw materials markets and is comprised of our low- volatile and high-volatile operations. We intend to sell approximately 8 million tons of metallurgical coal in 2010.

Low-Volatile Metallurgical Coal

Our low-volatile metallurgical coal business consists primarily of our underground Buchanan Mine in Central Appalachia. The Buchanan Mine produces approximately 5 million tons per year of some of the highest quality metallurgical coal in the world. We believe the Buchanan Mine ranks among the lowest-cost metallurgical coal mines in the world due to its highly-productive, low-cost longwall mining system. Buchanan production serves both domestic and international steelmaking markets. Buchanan coal exports are transported through various export facilities in the eastern United States. For 2010, we have contracted to sell 4.0 million tons. The most recent 2.2 million tons committed were priced between $165-$175 per ton, at the mine.

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High-Volatile Metallurgical Coal

Our high-volatile metallurgical coal business consists of our underground mines in Northern Appalachia and Central Appalachia. We expect to export 3 million tons of high-volatile metallurgical coal in 2010 and approximately 6-8 million tons in 2011, which will be sourced primarily from our highly-productive, low-cost longwall mines in Northern Appalachia. These exports will ship primarily through our wholly-owned coal export facility in Baltimore, MD. For 2010, we have contracted to sell 1.3 million tons to seaborne markets at an average price of $73.70 per ton.

Existing Gas Operations

Our existing gas operations are conducted by CNX Gas, of which we are currently the majority shareholder with approximately 83.3% ownership.

CNX Gas is engaged in the exploration, development, production, and gathering of natural gas primarily in the Appalachian Basin. In particular, CNX Gas is a leading developer of CBM and Marcellus Shale. We have been active in the Appalachian Basin since the early 1980 s supplying pipeline-quality natural gas. As of December 31, 2009, CNX Gas had 1.9 trillion cubic feet equivalent (Tcfe) of net proved reserves, as audited by its independent reserve engineering firm, Netherland, Sewell & Associates (NSAI), with a pre-tax (PV-10) value of $1.5 billion and a standardized measure of discounted after tax future net cash flows attributable to its proved reserves of $0.9 billion.

Within the Appalachian Basin, CNX Gas operates principally in Central and Northern Appalachia. Our Central Appalachian operations include Virginia CBM in southwest Virginia and Chattanooga Shale operations in Tennessee. Our Northern Appalachian operations include Mountaineer CBM operations in northwestern West Virginia and southwestern Pennsylvania, Marcellus Shale operations in southwestern Pennsylvania, Nittany CBM operations in central Pennsylvania, and the development of conventional gas assets in Ohio and northwestern West Virginia. The following table provides an overview of our existing natural gas and oil reserves:

	Central Appalachia	Northern Appalachia	Other	Total
Estimated Net Proved Reserves (billion cubic feet equivalent)	1,551	332	28	1,911
Percent Developed	56%	42%	100%	54%
Net Producing Wells (including gob wells)	3,363	492	71	3,926

Until recently, CNX Gas operations have primarily targeted CBM within the Appalachian Basin. As a result, 86% of our total proved reserves are associated with CBM. Most of these reserves lie within our Virginia CBM operations in Central Appalachia, where we have drilled over 2,400 CBM wells. In addition to the producing wells in this area, we control over 115,000 net undrilled acres and estimate that there are over 3,000 drillable locations on this property. We also have proved reserves associated with our Mountaineer and Nittany CBM operations in Northern Appalachia. We have identified nearly 1,000 prospective drillable locations in these two areas of operation and have on-going plans to delineate additional CBM resources associated with the more than 1,000,000 net undrilled acres that we control across Northern Appalachia.

CNX Gas is currently directing a substantial portion of its drilling budget toward the development of the Marcellus Shale, where it controls approximately 250,000 net acres in Pennsylvania, West Virginia, New York, and Ohio. CNX Gas has identified 2,500 net Marcellus Shale locations (assuming 80-acre spacing) on this acreage. To date, CNX Gas has drilled and completed 16 horizontal wells and 8 vertical wells in the Marcellus Shale in southwestern Pennsylvania making it one of the leading Marcellus Shale operators.

For 2010, CNX Gas intends to drill an additional 19 horizontal Marcellus Shale wells as well as extend the lateral lengths in order to further maximize returns. In addition to our Marcellus Shale position, CNX Gas currently has proved reserves associated with its drilling activities in the Chattanooga Shale. We project there to be over 3,000 prospective drilling sites available on the 269,000 net acres we control in the Chattanooga Shale. Finally, we are also conducting exploration activities on our extensive resource holdings within the Huron and New Albany Shales in which we control 224,000 and 338,000 net acres, respectively.

Acquired Gas Operations

The Acquisition includes approximately 1 Tcfe of net proved reserves (66% developed) and 1.45 million acres of oil and gas rights within the Appalachian Basin. Included in the acreage holdings are approximately 491,000 prospective net Marcellus Shale acres located predominantly in southwestern Pennsylvania and northern West Virginia. The Acquisition also includes an overriding royalty interest from a farm-out agreement with Antero Resources, approximately 1,400 miles of gathering pipelines, and over 9,000 operating wells, which produced approximately 41 billion cubic feet equivalent (Bcfe) in 2009. Seventeen of the operating wells are vertical Marcellus wells drilled by Dominion to delineate its Marcellus Shale position. The 491,000 net Marcellus Shale acres provide us with an additional 5,000 net potential Marcellus Shale well locations (assuming an 80-acre well spacing). The Acquisition adds 195 professional and technical employees, including 41 geologists, engineers, and technicians, and an extensive Appalachian gas reserve library, which will further enhance our in-house expertise. We believe the Acquisition enhances our position as a leading unconventional gas producer and as a leading producer of gas in Appalachia overall.

Competitive Strengths

We will be the largest producer of Appalachian coal and gas. We have historically ranked among the leading coal and gas producers in Appalachia, and the Acquisition solidifies our leadership in both industries. Our 4.5 billion tons of domestic coal reserves ranks first in Appalachia and provides our coal customers with long-term security by ensuring the sustainability and reliability of the electric power sector for decades to come. On the natural gas side, we will control approximately 2.9 Tcfe of net proved reserves at December 31, 2009, pro forma for the Acquisition, along with a significant amount of gas resources.

Our high-quality coal reserves allow us to command a premium in the market. Our Appalachian coal generates more energy per ton than coals with lower-Btu contents. This allows our coal to command premium pricing, compete economically in international markets, and blend with lower-Btu coals to increase efficiency and provide variety for our customers.

Our low-cost coal and natural gas operations allow us to attain higher margins than our peers. Our coal operations incorporate state-of-the-art longwall mining systems that provide us with a low-cost structure. Our diverse coal product mix ensures that we are able to capture the upside potential in all major coal markets including low-volatile metallurgical, high-volatile metallurgical, and thermal coal markets. Our natural gas operations provide advantages over our peers by focusing on low-cost production techniques to extract CBM and by concentrating our efforts on high-margin development areas such as our existing and acquired acreage in the Marcellus Shale.

Our operations are favorably located near primary-energy consuming markets in the northeastern United States. Our coal reserves and production operations are near areas with high population densities, and consequently, high electricity demand. Thus, we have a significant advantage over many of our competitors as we are able to deliver high-quality coal products with relatively low transportation costs. Our natural gas reserves are also located near areas with high population densities and near major interstate pipelines, giving us access to

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major natural gas demand centers in the northeastern United States. Our extensive transportation network amplifies the advantage of our proximity to northeastern markets. This network includes a coal export facility in Baltimore and a barging company on the upper Ohio River, allowing us to extract value in multiple areas of the energy supply chain.

We are an industry leader in both mining and gas industry safety. CONSOL Energy is recognized as a leader in the advancement of safety in the mining industry and has established itself as an industry leader in the gas industry. In 2009, CONSOL Energy continued to improve in safety and statistically achieved its best safety performance in the history of the Company. Since 2004, the Company s incidence rate has improved by approximately 50%. The CONSOL coal group safety performance in 2009 was 2.6 times better than preliminary reported statistics for the underground coal industry. Our gas business has worked over 4 million man-hours without a lost-time accident and operated since 1994 without a lost-time accident.

Our management team has a proven track record. Our management team has a proven track record of increasing productivity, making strategic acquisitions, developing and maintaining strong customer relationships and effectively positioning us for future growth. Our senior executives have a combined average of 28 years of experience in the coal and gas industries. We emphasize the value of teamwork and the importance of safety and accountability in every aspect of our business.

Strategy

Our objective is to be the leading multi-fuel energy supplier to the northeastern United States and to expand our global coal exports. We intend to use our financial strength, our strategically located and abundant energy reserves, and our technological expertise to profitably grow both our coal and gas operations.

Maintain our low-volatile metallurgical coal position. We believe that our Buchanan Mine in Virginia produces the highest quality low-volatile metallurgical coal in the United States. This mine is a highly-productive longwall mine with a low-cost structure and produces approximately 5 million tons of coal per year. We believe the growing global demand for metallurgical coal will result in expanding margins for our premium low-volatile product and provide greater opportunities for marketing this coal.

Optimize Northern Appalachian coal margins by redirecting coal into international metallurgical coal markets. We believe that we can continue to expand the markets for our Northern Appalachian coal into higher-margin metallurgical markets in Asia and South America. The low-cost structure in our Northern Appalachian mines allows us to be competitive in global markets. We recently entered into an exclusive arrangement with an international commodities broker, Xcoal, to market our high-volatile Pittsburgh 8 coal to Asian markets.

Strengthen our thermal coal position. We believe that there will continue to be strong demand for the high-Btu thermal coal we produce in Northern Appalachia given our proximity to high-energy use markets. We will continue to improve our low-cost position by investing in our existing mining operations and developing new mines to replace existing, less efficient operations.

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Accelerate development of our leading Marcellus Shale position. After the Acquisition, we will control approximately 742,000 net Marcellus Shale gas acres including our ownership in CNX Gas. The Acquisition provides us with a leading position in the Marcellus Shale which we plan to aggressively develop through the use of horizontal drilling techniques.

Organically grow our CBM and other shale business. We believe that our CBM operations will continue to provide stable, low-cost, and high-margin gas production, particularly at our Virginia CBM operations. We intend to continue to grow our Virginia CBM production and develop our other CBM and shale holdings.

Enhance our position as a low-cost producer of both coal and gas. We currently have a strong ownership position in high-Btu thermal coal, high-vol metallurgical coal, low-vol metallurgical coal, CBM, and Marcellus Shale. Our strategy is to develop multiple formations of coal and gas in the same stratigraphic column. We believe this will create cost advantages that will be difficult for pure coal or gas producers to replicate. For example, our CBM and Marcellus Shale production are operated by the same personnel, the gas flows through the same lines, and by blending CBM and Marcellus Shale gas, we have been able to reduce or eliminate the processing required to produce pipeline-quality gas.

Recent Developments

The Acquisition

On March 15, 2010, we announced the signing of a definitive purchase agreement with Dominion and its subsidiaries, DTI and DEI, to acquire oil and gas properties in the Appalachian Basin for $3.475 billion, subject to customary closing conditions, including clearance under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, and purchase price adjustments. We anticipate the Acquisition will close before April 30, 2010, and will be financed with proceeds from this offering as well as from our concurrent senior notes offering. For more detail on the Acquisition, see The Acquisition and Related Financing Transactions.

CNX Gas Developments

On March 21, 2010, the Company announced that it had entered into an agreement dated March 21, 2010 with T. Rowe Price Associates, Inc., on behalf of its investment advisory clients owning 9,474,116 shares (of which 2,642,000 shares are discretionary account shares) of CNX Gas (the TRP Shares), or approximately 37% of the outstanding shares that the Company does not currently own. Under the agreement, CONSOL Energy has agreed to commence a tender offer by May 5, 2010 to acquire all of the shares of CNX Gas common stock that the Company does not currently own at a price of $38.25 in cash per share, and T. Rowe Price has agreed to tender the TRP Shares into the offer. While the Company believes that most, if not all, of the discretionary account shares will be tendered into the tender offer, each unaffiliated third party with respect to its discretionary account shares has the right to instruct T. Rowe Price that its shares be sold or not be tendered. The Company s obligation to commence the tender offer is subject to several conditions, including the raising of $4.5 billion from offerings of common stock and debt securities, the closing of the Acquisition and an increase in the amount available for borrowing under the Company s and CNX Gas credit facilities to an aggregate of $2.0 billion. The Company anticipates financing the acquisition of the shares of CNX Gas which it does not currently own from a mixture of the net proceeds from this common stock offering, internally generated funds and borrowings under its credit facilities.

Recent Marcellus Well Result

CNX Gas achieved record company results from its latest horizontal Marcellus Shale well, GH 2BCV. The well has average production of approximately 4.9 MMcf per day for its first 16 days and a current daily production rate of approximately 5.5 MMcf.

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Update on Low-Vol Met Contracting

We have concluded the majority of our low-volatile coking coal negotiations for fiscal year 2010-2011. Negotiations covered nearly 3.0 million (short) tons at a selling price of $165 to $175 per ton, FOB from our Buchanan Mine, which produces a premium low-volatile coking coal for the global market. The coal is destined for customers in North America, Europe, and Asia.

Concurrent Offering

Concurrently with this offering of common stock, we are offering $2,750,000 aggregate principal amount of senior notes, which we refer to as the senior notes in this prospectus supplement, in accordance with Rule 144A and Regulation S under the Securities Act of 1933, as amended. All of our subsidiaries that guarantee indebtedness under our revolving credit facility will guarantee the senior notes. Neither the completion of the senior notes offering nor the completion of this offering is contingent on the completion of the other. The net proceeds of the senior notes will be deposited into escrow pending completion of the Acquisition. We plan to use the net proceeds from the senior notes offering together with the net proceeds of this offering as described under Use of Proceeds.

The concurrent offering of senior notes will not be registered under the Securities Act of 1933, as amended, or the securities laws of any other jurisdiction, and the senior notes may not be offered or sold in the United States absent registration or an applicable exemption from registration requirements. The senior notes will only be offered to qualified institutional buyers in the United States pursuant to Rule 144A under the Securities Act and outside the United States pursuant to Regulation S under the Securities Act. This description and other information in this prospectus supplement regarding our concurrent offering of senior notes is included in this prospectus supplement solely for informational purposes. Nothing in this prospectus supplement should be construed as an offer to sell, or the solicitation of an offer to buy, any senior notes.

Additional Financings

We are negotiating with the lenders under our revolving credit facility to increase the aggregate amount which we may borrow at any one time outstanding up to $1.5 billion and to extend its maturity date to 2014. We are also negotiating with the lenders under CNX Gas revolving credit facility to increase the aggregate amount which we may borrow at any one time outstanding up to $500 million and extend its maturity date to 2014. There can be no assurances that we will be able to increase these facilities or extend their maturities.

Additional Information

CONSOL Energy was organized as a Delaware corporation in 1991. We use CONSOL Energy to refer to CONSOL Energy Inc. and our subsidiaries, unless the context otherwise requires. Unless otherwise stated or the context otherwise requires, references in this prospectus to we, our, us or similar references are to CONSOL Energy Inc. and its consolidated subsidiaries.

The address of our principal executive offices is CNX Center, 1000 CONSOL Energy Drive, Canonsburg, PA 15317-6505, and our telephone number at our principal executive offices is 724-485-4000.

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THE OFFERING

Issuer	CONSOL Energy Inc.
Common stock offered by us	38,500,000 shares
Shares outstanding after the offering	219,921,854 shares(1)
Over-allotment option	We have granted the underwriters the right to purchase up to an additional 5,775,000 shares to cover over-allotments, if any, within 30 days from the date of this prospectus supplement.

Except as otherwise indicated, all information in this prospectus supplement reflects no exercise of the underwriters over-allotment option.

Use of proceeds	We estimate that our net proceeds from this offering, assuming no exercise of the over-allotment option, will be approximately $ million. We intend to use the net proceeds from this common stock offering and the senior notes offering to fund the consideration for the Acquisition and pay related fees and expenses. We also intend to use a portion of the net proceeds from this offering to fund a portion of the acquisition of the shares of CNX Gas which we do not own and for general corporate purposes. If the Acquisition is not consummated, we intend to use the net proceeds from this offering to fund the acquisition of the shares of CNX Gas which we do not own and for general corporate purposes, which may include the financing of future acquisitions, capital expenditures, additions to working capital and repayment or refinancing of debt. See Use of Proceeds.
Risk Factors	See Risk Factors and other information included in this prospectus supplement and the accompanying prospectus for a discussion of factors you should carefully consider before deciding to invest in shares of our common stock.
New York Stock Exchange Symbol	CNX

(1) The number of shares outstanding after the offering excludes 12,727,672 shares reserved for issuance under our equity incentive plans, of which securities to purchase 6,972,581 shares covered by options, warrants and rights (including 5,387,141 shares underlying outstanding stock options which have been issued at a weighted-average exercise price of $26.86) are outstanding at December 31, 2009. This number assumes that the underwriters over-allotment option is not exercised. If the over-allotment option is exercised in full, we will issue and sell an additional 5,775,000 shares.

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SUMMARY HISTORICAL CONSOLIDATED FINANCIAL AND OPERATING DATA

CONSOL Energy Inc.

The following table presents our summary historical consolidated financial and operating data for, and as of the end of, each of the periods indicated. The summary historical consolidated financial and operating data for, and as of the end of, each of the years ended December 31, 2009, 2008 and 2007 are derived from our audited Consolidated Financial Statements included in this prospectus supplement. Certain reclassifications of prior year data have been made to conform to the year ended December 31, 2009 as required by the Noncontrolling Interest Topic of the Financial Accounting Standards Board Accounting Standards Codification. The summary historical consolidated financial and operating data does not include the effects of the Acquisition. The summary historical consolidated financial and operating data are not necessarily indicative of the results that may be expected for any future period. The summary historical consolidated financial and operating data should be read in conjunction with Management s Discussion and Analysis of Financial Condition and Results of Operations and the financial statements and related notes included in CONSOL Energy s Annual Report on Form 10-K for the year ended December 31, 2009 and incorporated by reference into this prospectus supplement.

STATEMENT OF INCOME DATA

(In thousands except per share data)

	Year Ended December 31, 2009	2008	2007
Sales Outside	$ 4,311,791	$ 4,181,569	$ 3,324,346
Sales Purchased Gas	7,040	8,464	7,628
Sales Gas Royalty Interests	40,951	79,302	46,586
Freight Outside	148,907	216,968	186,909
Other Income	113,186	166,142	196,728
Total Revenue and Other Income	4,621,875	4,652,445	3,762,197
Cost of Goods Sold and Other Operating Charges (exclusive of depreciation, depletion and amortization shown below)	2,757,052	2,843,203	2,352,000
Purchased Gas Costs	6,442	8,175	7,162
Gas Royalty Interests Costs	32,376	73,962	39,921
Freight Expense	148,907	216,968	186,909
Selling, General and Administrative Expenses	130,704	124,543	108,664
Depreciation, Depletion and Amortization	437,417	389,621	324,715
Interest Expense	31,419	36,183	30,851
Taxes Other Than Income	289,941	289,990	258,926
Black Lung Excise Tax Refund	(728)	(55,795)	24,092
Total Costs	3,833,530	3,926,850	3,333,240
Earnings Before Income Taxes	788,345	725,595	428,957
Income Taxes	221,203	239,934	136,137
Net Income	567,142	485,661	292,820
Less: Net Income Attributable to Noncontrolling Interest	(27,425)	(43,191)	(25,038)
Net Income Attributable to CONSOL Energy Inc. Shareholders	$ 539,717	$ 442,470	$ 267,782
Earnings Per Share:			
Basic	$ 2.99	$ 2.43	$ 1.47
Dilutive	$ 2.95	$ 2.40	$ 1.45

Weighted Average Number of Common Shares Outstanding:			
Basic	180,693,243	182,386,011	182,050,627
Dilutive	182,821,136	184,679,592	184,149,751
Dividends Paid Per Share	$ 0.40	$ 0.40	$ 0.31

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BALANCE SHEET DATA

(In thousands)

	As of December 31, 2009	2008	2007
Working (deficiency) capital	$ (487,550)	$ (527,926)	$ (333,242)
Total assets	7,725,401	7,370,458	6,208,090
Short-term debt(G)	472,850	557,700	247,500
Total long-term debt (including current portion)	468,302	490,752	507,208
Total deferred credits and other liabilities	3,849,428	3,716,021	3,325,231
CONSOL Energy Inc. Stockholders equity	1,785,548	1,462,187	1,214,419

OTHER OPERATING DATA

(Unaudited)

	Year Ended December 31, 2009	2008	2007
Coal:			
Tons sold (in thousands)(A)(B)	58,123	66,236	65,462
Tons produced (in thousands)(B)	59,389	65,077	64,617
Productivity (tons per man day)(B)	38.21	36.80	41.29
Average production cost ($ per ton produced)(B)	$ 44.87	$ 41.08	$ 33.68
Average sales price of tons produced ($ per ton produced)(B)	$ 58.28	$ 48.77	$ 40.60
Recoverable coal reserves (tons in millions)(B)(C)	4,520	4,543	4,526
Number of active mining complexes (at end of period)	11	17	15
Gas:			
Net sales volumes produced (in Bcf)(B)	94.4	76.6	58.3
Average sales price ($ per Mcf)(B)(D)	$ 6.68	$ 8.99	$ 7.20
Average cost ($ per Mcf)(B)	$ 3.44	$ 3.67	$ 3.33
Proved reserves (in Bcf)(B)(E)	1,911	1,422	1,343

OTHER FINANCIAL DATA

(In thousands)

	Year Ended December 31, 2009	2008	2007
Capital expenditures	$ 920,080	$ 1,061,669	$ 1,039,838
EBITDA(F)	1,223,937	1,075,195	746,693

CASH FLOW STATEMENT DATA

(In thousands)

	Year Ended December 31, 2009	2008	2007
Net cash provided by operating activities	$ 945,451	$ 1,029,464	$ 684,033
Net cash used in investing activities	(845,341)	(1,098,856)	(972,104)

Net cash (used in) provided by financing activities	(173,015)	166,253	105,839

(A) Includes sales of coal produced by CONSOL Energy and purchased from third parties. Of the tons sold, CONSOL Energy purchased the following amount from third parties: 0.3 million tons in the year ended December 31, 2009, 1.7 million tons in the year ended December 31, 2008 and 0.5 million tons in the year ended December 31, 2007.

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(B) Amounts include intersegment transactions. For entities that are not wholly owned but in which CONSOL Energy owns an equity interest, includes a percentage of their net production, sales and reserves equal to CONSOL Energy s percentage equity ownership. For coal, the proportionate share of recoverable reserves for equity affiliates was 170, 171 and 179 thousand tons at December 31, 2009, 2008 and 2007, respectively. Sales of coal produced by equity affiliates were 0.4 million tons in the year ended December 31, 2009, 0.2 million tons in the year ended December 31, 2008 and 0.1 million ton in the year ended December 31, 2007. For gas, amounts include 100% of CNX Gas basis; they exclude the noncontrolling interest reduction. There was no equity in affiliates at December 31, 2009 and 2008. The proportionate share of proved gas reserves for equity affiliates was 3.6 Bcfe at December 31, 2007. Sales of gas produced by equity affiliates were 0.32 Bcfe for the year ended December 31, 2007.

(C) Represents proven and probable coal reserves at period end.

(D) Represents average net sales price including the effect of derivative transactions.

(E) Represents proved developed and undeveloped gas reserves at period end.

(F) EBITDA is defined as earnings before deducting net interest expense (interest expense less interest income), income taxes and depreciation, depletion and amortization. Although EBITDA is not a measure of performance calculated in accordance with generally accepted accounting principles, management believes that it is useful to an investor in evaluating CONSOL Energy because it is widely used in the coal industry as a measure to evaluate a company s operating performance before debt expense and cash flow. Financial covenants in our credit facility include ratios based on EBITDA. EBITDA does not purport to represent cash generated by operating activities and should not be considered in isolation or as a substitute for measures of performance in accordance with generally accepted accounting principles. In addition, because EBITDA is not calculated identically by all companies, the presentation here may not be comparable to other similarly titled measures of other companies. Management s discretionary use of funds depicted by EBITDA may be limited by working capital, debt service and capital expenditure requirements, and by restrictions related to legal requirements, commitments and uncertainties. A reconcilement of EBITDA to financial net income is as follows:

(In thousands)

	Year Ended December 31, 2009	2008	2007
Net Income attributable to CONSOL Energy Inc. shareholders	$ 539,717	$ 442,470	$ 267,782
Add: Interest expense, net*	25,600	3,170	18,059
Add: Income tax expense	221,203	239,934	136,137
Add: Depreciation, depletion and amortization	437,417	389,621	324,715
EBITDA	$ 1,223,937	$ 1,075,195	$ 746,693

* Interest expense, net means interest expense, net of interest income (including interest income included in black lung excise tax refund).

(G) The Company classifies its revolving credit facility as short-term debt. See footnote 11 to its audited financial statements included in this prospectus supplement.

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Dominion E&P Business

The following table presents summary financial and operating data for, and as of the end of, each of the periods indicated for the Dominion E&P Business. The summary financial data for, and as of the end of, each of the years ended December 31, 2009, 2008 and 2007 are derived from the audited Combined Financial Statements of the Dominion E&P Business. The summary consolidated financial and operating data should be read in conjunction with the audited financial statements and related notes included in CONSOL Energy s Form 8-K with a report date of March 19, 2010 and included in this prospectus supplement.

The summary consolidated financial data does not include the effects of the Acquisition and the summary financial data is not necessarily indicative of the financial condition or results of operations of the Dominion E&P Business gas and oil properties going forward because of changes in the business and the exclusion of certain corporate-related expenses such as corporate governance, investor relations, and legal fees related to debt issuances and other exclusions in the purchase agreement. See Summary Unaudited Pro Forma Combined Financial Information for more information.

STATEMENT OF INCOME DATA:

(In thousands)

	Year Ended December 31,		
	2009	**2008**	**2007**
Operating Revenue			
Affiliated sales, net	$ 298,599	$ 361,907	$ 415,635
Other(A)	44,358	(314)	211,119
Total operating revenue	$ 342,957	$ 361,593	$ 626,754
Operating Expenses			
Purchased commodities:			
Affiliated suppliers			39,664
Other			45,060
Production (lifting)	66,115	69,815	248,441
General and administrative:			
Affiliated services	19,648	22,975	54,271
Other	16,740	29,920	131,518
Ceiling test impairment	282,775		
Depreciation, depletion and amortization	72,497	84,350	295,656
Total operating expenses	457,775	207,060	814,610
Gain on sale of non-Appalachian E&P business			(3,175,618)
Income (loss) from operations	(114,818)	154,533	2,987,762
Other Expense			
Net interest expense (income):			
Affiliated	35,125	36,687	42,368
Other	(941)	(1,800)	(14,018)
Total other expense	34,184	34,887	28,350
Income (loss) before income taxes	(149,002)	119,646	2,959,412
Income taxes	(61,394)	41,856	1,111,125

Net Income (Loss)	$ (87,608)	$ 77,790	$ 1,848,287

(A) The Other losses in 2008 are due to losses on derivative positions with non-affiliates of $28 million.

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BALANCE SHEET DATA

(In thousands)

	At December 31,	
	2009	**2008**
Total assets	$ 1,157,231	$ 1,844,028
Total liabilities	1,192,002	1,609,562
Total common shareholders equity	(34,771)	234,466

OTHER OPERATING DATA

(unaudited)

	At Year Ended December 31,	
	2009	**2008**
Net sales volumes produced (in Bcfe)	47.6	44.6
Average sales price ($ per Mcf)	$ 7.15	$ 8.10
Total operating cost ($ per Mcf)	$ 3.67	$ 4.65
Proved gas reserves (in Bcfe)	1,170	1,097
Proved oil reserves (in millions of barrels)	14.8	12.4

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Summary Unaudited Pro Forma Combined Financial Information

The following summary unaudited pro forma combined financial information does not include the full unaudited pro forma combined financial information set forth in the section of this prospectus supplement captioned Unaudited Pro Forma Combined Financial Information. The summary unaudited pro forma combined financial information for the year ended December 31, 2009 gives effect to the Acquisition and related financing transactions as if they had occurred on January 1, 2009. The summary unaudited pro forma combined balance sheet gives effect to the Acquisition as if it had occurred on December 31, 2009. The pro forma adjustments are based upon available information and certain assumptions that we believe are reasonable. The summary unaudited pro forma combined financial information does not purport to represent what our results of operations or financial position actually would have been if the relevant transactions had occurred at any date, and such information does not purport to project our financial position as of any date or our future results of operations for any future period. See Unaudited Pro Forma Combined Financial Information for a complete description of the adjustments and assumptions underlying this summary unaudited pro forma combined financial information. The unaudited pro forma combined financial information should be read together with the historical financial statements and related notes of CONSOL Energy Inc. and the Dominion E&P Business included in this prospectus supplement.

Unaudited pro forma combined statement of operations

	Year Ended December 31, 2009
Sales Outside	$ 4,571,924
Sales Purchased Gas	7,040
Sales Gas Royalty Interests	40,951
Freight Outside	148,907
Other Income	158,485
Total Revenue and Other Income	4,927,307
Cost of Goods Sold and Other Operating Charges	2,868,137
Purchased Gas Costs	6,442
Gas Royalty Interests Costs	32,376
Freight Expense	148,907
Selling, General and Administrative Expense	158,468
Depreciation, Depletion and Amortization	557,601
Interest Expense	252,127
Taxes Other Than Income	293,411
Total Costs	4,317,469
Earnings Before Income Taxes	609,838
Income Taxes	160,387
Net Income	449,451
Less: Net Income Attributable to Non Controlling Shareholders	(27,425)
Net Income Attributable to CONSOL Energy Inc. Shareholders	$ 422,026
Earnings Per Share:	
Basic	$ 1.93
Dilutive	$ 1.91
Weighted Average Number of Common Shares Outstanding:	

Basic		219,193,243
Dilutive		221,321,136
Dividends Paid Per Share	$	0.40

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Unaudited pro forma combined balance sheet

(in thousands)	As of December 31, 2009
Assets	
Cash and cash equivalents	$ 976,243
Other current assets	884,631
Total property, plant and equipment, net	9,706,252
Total other assets	705,760
	$ 12,272,886
Liabilities and equity	
Total current liabilities	$ 1,444,116
Total long-term debt	3,172,908
Total deferred credits and other liabilities	3,943,783
Total equity	3,712,079
	$ 12,272,886

Other Financial Data:

(unaudited)

(in thousands)	For the year ended December 31, 2009
Pro Forma EBITDA(A)	$ 1,385,555

(A) We define pro forma EBITDA as earnings before deducting net interest expense (interest expense less interest income) income taxes and depreciation, depletion and amortization. For limitations on the use of EBITDA, see footnote (F) on page S-11. A reconcilement of pro forma EBITDA to pro forma net income is as follows:

	For the year ended December 31, 2009
Net Income Attributable to CONSOL Energy Inc. Shareholders	$ 422,026
Add: Interest Expense, net*	245,541
Add: Income Taxes	160,387
Add: Depreciation, Depletion & Amortization	557,601
Pro Forma EBITDA	$ 1,385,555

* Interest expense, net means interest expense, net of interest income (including interest income related to black lung excise tax.)

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Summary pro forma combined oil and

natural gas reserve data

The following tables set forth summary pro forma information with respect to CONSOL Energy s and the Dominion E&P Business pro forma combined estimated net proved and proved developed oil and natural gas reserves as of December 31, 2009. This pro forma information gives effect to the Acquisition as if it occurred on December 31, 2009. Future exploration, exploitation and development expenditures, as well as future commodity prices and service costs, will affect the reserve volumes attributable to the acquired properties.

	As of December 31, 2009
Estimated proved reserves (Bcfe)	2,873
Estimated proved developed reserves (Bcfe)	1,678

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RISK FACTORS

Our business is subject to various risks and uncertainties. Any of these individual risks described below, or any number of these risks occurring simultaneously, could have a material effect on our Consolidated Financial Statements, business or results of operation. You should carefully consider these factors, as well as the other information contained or incorporated by reference in this document, when evaluating your investment in our securities.

Risks Related to our Business

Continued weakness in global economic conditions or in any of the industries in which our customers operate, or sustained uncertainty in financial markets may have material adverse impacts on our business and financial condition that we currently cannot predict.

As widely reported, economic conditions in the United States and globally have deteriorated and the extent and timing of a recovery, especially in the United States and Europe, is uncertain. Financial markets in the United States, Europe and Asia have also experienced a period of unprecedented turmoil and upheaval characterized by extreme volatility and declines in security prices, severely diminished liquidity and credit availability, inability to access capital markets, the bankruptcy, failure, collapse or sale of various financial institutions and an unprecedented level of intervention from the United States federal government and other governments. Unemployment has risen while business and consumer confidence have declined and there are fears of a prolonged recession in the United States and Europe. Although we cannot predict the impacts, continued weakness in the United States or global economies, in any of the industries we serve or in the financial markets could materially adversely affect our business and financial condition. For example:

- the demand for natural gas in the United States has declined and may remain at low levels or further decline if economic conditions remain weak and continue to negatively impact the revenues, margins and profitability of our natural gas business;

- the demand for electricity in the United States and for steel globally has declined and may remain at low levels or further decline if economic conditions remain weak and continue to negatively impact the revenues, margins and profitability of our steam and metallurgical coal businesses;

- the tightening of credit or lack of credit availability to our customers could adversely affect our ability to collect our trade receivables and the amount of receivables eligible for sale pursuant to our accounts receivable facility may decline;

- our ability to access the capital markets may be restricted at a time when we would like, or need, to raise capital for our business including for exploration and/or development of our coal or gas reserves; and

- our commodity hedging arrangements could become ineffective if our counterparties are unable to perform their obligations or seek bankruptcy protection.

A significant or extended decline in the prices CONSOL Energy receives for our coal and gas could adversely affect our operating results and cash flows.

Our financial results are significantly affected by the prices we receive for our coal and gas. Extended or substantial price declines for coal would adversely affect our operating results for future periods and our ability to generate cash flows necessary to improve productivity and expand operations. Prices of coal may fluctuate due to factors beyond our control such as overall domestic and global economic conditions; the consumption pattern of industrial consumers, electricity generators and residential users; technological advances affecting energy consumption; domestic and foreign government regulations; price and availability of alternative fuels; price of foreign imports and weather conditions. Any adverse change in these factors could result in weaker demand and possibly lower prices for our production, which would reduce our revenues.

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Gas prices are closely linked to consumption patterns of the electric generation industry and certain industrial and residential patterns where gas is the principal fuel. Natural gas prices are very volatile, and even relatively modest drops in prices can significantly affect our financial results and impede growth. Changes in natural gas prices have a significant impact on the value of our reserves and on our cash flow. In the past we have used hedging transactions to reduce our exposure to market price volatility when we deemed it appropriate. If we choose not to engage in, or reduce our use of hedging arrangements in the future, we may be more adversely affected by changes in natural gas and oil prices than our competitors who engage in hedging arrangements to a greater extent than we do. Prices for natural gas may fluctuate widely in response to relatively minor changes in the supply of and demand for natural gas, market uncertainty and a variety of additional factors that are beyond our control, such as: the domestic and foreign supply of natural gas; the price of foreign imports; overall domestic and global economic conditions; the consumption pattern of industrial consumers, electricity generators and residential users; weather conditions; technological advances affecting energy consumption; domestic and foreign governmental regulations; proximity and capacity of gas pipelines and other transportation facilities; and the price and availability of alternative fuels. Many of these factors may be beyond our control. Lower natural gas prices may not only decrease our revenues on a per unit basis, but may also limit our access to capital. A significant decrease in price levels for an extended period would negatively affect us in several ways including our cash flow would be reduced, decreasing funds available for capital expenditures employed to replace reserves or increase production; and access to other sources of capital, such as equity or long-term debt markets, could be severely limited or unavailable. Additionally, lower natural gas prices may reduce the amount of natural gas that we can produce economically. This may result in our having to make substantial downward adjustments to our estimated proved reserves. If this occurs or if our estimates of development costs increase, production data factors change or our exploration results deteriorate, accounting rules may require us to write down, as a non-cash charge to earnings, the carrying value of our natural gas properties. We are required to perform impairment tests on our assets whenever events or changes in circumstances lead to a reduction of the estimated useful life or estimated future cash flows that would indicate that the carrying amount may not be recoverable or whenever management s plans change with respect to those assets. We may incur impairment charges in the future, which could have a material adverse effect on our results of operations in the period taken.

If customers do not extend existing contracts, do not honor existing contracts, or do not enter into new long-term contracts for coal, profitability of CONSOL Energy s operations could be affected.

During the year ended December 31, 2009, approximately 91% of the coal CONSOL Energy produced was sold under long-term contracts (contracts with terms of one year or more). If a substantial portion of CONSOL Energy s long-term contracts are modified or terminated or if force majeure is exercised, CONSOL Energy would be adversely affected if we are unable to replace the contracts or if new contracts are not at the same level of profitability. If existing customers do not honor current contract commitments, our revenue would be adversely affected. The profitability of our long-term coal supply contracts depends on a variety of factors, which vary from contract to contract and fluctuate during the contract term, including our production costs and other factors. Price changes, if any, provided in long-term supply contracts may not reflect our cost increases, and therefore, increases in our costs may reduce our profit margins. In addition, in periods of declining market prices, provisions for adjustment or renegotiation of prices and other provisions may increase our exposure to short-term coal price volatility. As a result, CONSOL Energy may not be able to obtain long-term agreements at favorable prices (compared to either market conditions, as they may change from time to time, or our cost structure) and long-term contracts may not contribute to our profitability.

The loss of, or significant reduction in, purchases by our largest customers could adversely affect our revenues.

For the year ended December 31, 2009, we derived over 25% of our total revenues from sales to our four largest coal customers. At December 31, 2009, we had approximately 16 coal supply agreements with these customers that expire at various times from 2010 to 2028. We are currently discussing the extension of existing agreements or entering into new long-term agreements with some of these customers, but these negotiations may not be successful and these customers may not continue to purchase coal from us under long-term coal supply agreements. If any one of these four customers were to significantly reduce their purchases of coal from us, or if we were unable to sell coal to them on terms as favorable to us as the terms under our current agreements, our financial condition and results of operations could suffer materially.

Our ability to collect payments from our customers could be impaired if their creditworthiness declines or if they fail to honor their contracts with us.

Our ability to receive payment for coal sold and delivered depends on the continued creditworthiness of our customers. Some power plant owners may have credit ratings that are below investment grade. If the creditworthiness of our customers declines significantly, our $165 million accounts receivable securitization program and our business could be adversely affected. In addition, if a customer refuses to accept shipments of our coal for which they have an existing contractual obligation, our revenues will decrease and we may have to reduce production at our mines until our customer s contractual obligations are honored.

The availability and reliability of transportation facilities and fluctuations in transportation costs could affect the demand for our coal or impair our ability to supply coal to our customers.

Coal producers depend upon rail, barge, trucking, overland conveyor and other systems to provide access to markets. Disruption of transportation services because of weather-related problems, strikes, lock-outs, break-downs of locks and dams or other events could temporarily impair our ability to supply coal to customers and adversely affect our profitability. Transportation costs represent a significant portion of the delivered cost of coal and, as a result, the cost of delivery is a critical factor in a customer s purchasing decision. Increases in transportation costs could make our coal less competitive.

Competition within the coal and gas industries may adversely affect our ability to sell our products. A loss of our competitive position because of overcapacity in these industries could adversely affect pricing which could impair our profitability.

CONSOL Energy competes with coal producers in various regions of the United States and with some foreign coal producers for domestic sales primarily to power generators. CONSOL Energy also competes with both domestic and foreign coal producers for sales in international markets. Demand for our coal by our principal customers is affected by the delivered price of competing coals, other fuel supplies and alternative generating sources, including nuclear, natural gas, oil and renewable energy sources, such as hydroelectric power. CONSOL Energy sells coal to foreign electricity generators and to the more specialized metallurgical coal market, both of which are significantly affected by international demand and competition.

Increases in coal prices could encourage existing producers to expand capacity or for new producers to enter the market. If overcapacity results, prices could fall or we may not be able to sell our coal, which would reduce revenue.

The gas industry is intensely competitive with companies from various regions of the United States and we may compete with foreign companies for domestic sales, many of whom are larger and have greater financial, technological, human and other resources. If we are unable to compete, our company, our operating results and financial position may be adversely affected. For example, one of our competitive strengths is being a low-cost producer of gas. If our competitors can produce gas at a lower cost than us, it would effectively eliminate our competitive strength in that area. In addition, larger companies may be able to pay more to acquire new gas properties for future exploration, limiting our ability to replace gas we produce or to grow our production. Our ability to acquire additional properties and to discover new gas resources also depends on our ability to evaluate and select suitable properties and to consummate these transactions in a highly competitive environment.

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We could be negatively affected if we fail to maintain satisfactory labor relations.

As of December 31, 2009, we had 8,012 employees. Approximately 35% of these employees are represented by unions. Union operations generated 46% of our U.S. coal production during the year ended December 31, 2009. Relations with our employees and, where applicable, organized labor is important to our success. If we do not maintain satisfactory labor relations with our organized and non-union employees, we may incur strikes, other work stoppages or have reduced productivity. Our labor costs may increase relative to other coal companies which could adversely affect our ability to compete with other coal companies and our results of operations.

The characteristics of coal may make it difficult for coal users to comply with various environmental standards. These standards are continually under review by international, federal and state agencies, related to coal combustion. As a result, coal users may switch to other alternative fuel or alternative energy sources, which would affect the volume of CONSOL Energy s coal sales.

Coal contains impurities, including sulfur, mercury, chlorine and other elements or compounds, many of which are released into the air when coal is burned. Stricter environmental regulations of emissions from coal-fired electric generating plants could increase the costs of using coal thereby reducing demand for coal as a fuel source, the volume of our coal sales and price. Stricter regulations could make coal a less attractive fuel alternative in the planning and building of utility power plants in the future.

For example, in order to meet the federal Clean Air Act limits for sulfur dioxide emissions from electric power plants, coal users will need to install scrubbers, use sulfur dioxide emission allowances (some of which they may purchase), or switch to other fuels. Each option has limitations. Lower sulfur coal may be more costly to purchase on an energy basis than higher sulfur coal depending on mining and transportation costs. The cost of installing scrubbers is significant and emission allowances may become more expensive as their availability declines. Switching to other fuels may require expensive modification of existing plants. Because higher sulfur coal currently accounts for a significant portion of our sales, the extent to which power generators switch to alternative fuel could materially affect us if we cannot offset the cost of sulfur removal by lowering the delivered costs of our higher sulfur coals on an energy equivalent basis.

Proposed reductions in emissions of mercury, sulfur dioxides, nitrogen oxides, particulate matter or greenhouse gases may require the installation of additional costly control technology or the implementation of other measures, including trading of emission allowances and switching to alternative fuels. The Environmental Protection Agency continues to require reduction of nitrogen oxide emissions in a number of eastern states and the District of Columbia and will require reduction of particulate matter emissions over the next several years for areas that do not meet air quality standards for fine particulates. In addition, Congress and several states may consider legislation to further control air emissions of multiple pollutants from electric generating facilities and other large emitters. Any new or proposed reductions will make it more costly to operate coal-fired plants and could make coal a less attractive fuel alternative to the planning and building of utility power plants in the future. In addition, utilities may favor building new power plants fueled by natural gas because gas-fired plants are cheaper to construct and permits to construct these plants are easier to obtain as natural gas is seen as having a lower environmental impact than coal-fueled generators. Apart from alternative fuel sources, state and federal mandates for increased use of electricity from renewable energy sources could have an impact on the market for our coal. Several states have enacted legislative mandates requiring electricity suppliers to use renewable energy sources to generate a certain percentage of power. There have been numerous proposals to establish a similar uniform, national standard although none of these proposals have been enacted to date. Possible advances in technologies and incentives, such as tax credits, to enhance the economics of renewable energy sources could make these sources more competitive with coal. Any reduction in the amount of coal consumed by domestic electric power generators as a result of new or proposed requirements or a switch to alternative fuels or renewable energy sources could reduce the price of coal that we mine and sell, thereby reducing our revenues and materially and adversely affecting our business and results of operations.

CONSOL Energy may not be able to produce sufficient amounts of coal to fulfill our customers requirements, which could harm our relationships with customers and could cause our inability to satisfy our contractual demands.

CONSOL Energy may not be able to produce sufficient amounts of coal to meet customer demand, including amounts that we are required to deliver under long-term contracts. CONSOL Energy s inability to satisfy contractual obligations could result in our customers initiating claims against us.

Foreign currency fluctuations could adversely affect the competitiveness of our coal abroad.

We compete in international markets against coal produced in other countries. Coal is sold internationally in U.S. dollars. As a result, mining costs in competing producing countries may be reduced in U.S. dollar terms based on currency exchange rates, providing an advantage to foreign coal producers. Currency fluctuations among countries purchasing and selling coal could adversely affect the competitiveness of our coal in international markets.

Coal mining is subject to conditions or events beyond CONSOL Energy s control, which could cause our financial results to deteriorate.

CONSOL Energy s coal mining operations are predominantly underground mines. These mines are subject to conditions or events beyond CONSOL Energy s control that could disrupt operations and affect production and the cost of mining at particular mines for varying lengths of time. These conditions or events may have a significant impact on our operating results. Conditions or events have included:

- variations in thickness of the layer, or seam, of coal;
- amounts of rock and other natural materials intruding into the coal seam and other geological conditions that could affect the stability of the roof and the side walls of the mine;
- equipment failures or repairs;
- fires and other accidents; and
- weather conditions.

A decrease in the availability or increase in the costs of key services, capital equipment or commodities such as steel, liquid fuels and rubber products could impact our cost of production and decrease our anticipated profitability.

Coal mines consume large quantities of key services, capital equipment and commodities (including steel, copper, rubber products and liquid fuels). Some commodities, such as steel, are needed to comply with roof control plans required by regulation. The prices we pay for these services and products are strongly impacted by the global market. A rapid or significant increase in their cost could impact our mining costs because we have a limited ability to negotiate lower prices, and, in some cases, do not have a ready substitute.

For mining and drilling operations, CONSOL Energy must obtain, maintain, and renew governmental permits and approvals which can be a costly and time consuming process and can result in restrictions on our operations.

Most producers in the eastern U.S. are being impacted by government regulations and enforcement to a much greater extent than a few years ago, particularly in light of the renewed focus by environmental agencies and the government generally on the mining industry, including more stringent enforcement of the laws that regulate mining. The pace with which government issues permits needed for new operations and for on-going operations to continue mining has negatively impacted expected production, especially in Central Appalachia.

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Environmental groups in Southern West Virginia and Kentucky have challenged state and U.S. Army Corps of Engineers permits for mountaintop mining on various grounds. The most recent challenges have focused on the adequacy of the Corps of Engineers analysis of impacts to streams and the adequacy of mitigation plans to compensate for stream impacts resulting from valley fill permits required for mountaintop mining. In 2007, the U.S. District Court for the Southern District of West Virginia found other operators permits for mining in these areas to be deficient. In February 2009, the U.S. Court of Appeals for the Fourth Circuit reversed that decision, finding that the permits were adequate. However, since that reversal, the U.S. Environmental Protection Agency (EPA) began to more critically review valley fill permits and has been recommending that a number of permits be denied because of alleged concerns by EPA of potential impacts to water quality in streams below valley fills, with cumulative impacts of mining on watersheds and with adequacy of mitigation EPA s objections and an enhanced review process that is being implemented under a federal multi-agency memorandum of understanding have effectively held up the issuance of permits for all types of mining operations that require valley fill permits, including surface facilities for underground mines, without any indication as to when normal permitting will resume. CONSOL Energy s surface and underground operations have been impacted to a limited extent to date, but future permits will likely be delayed by the EPA s current position, which will likely adversely impact our surface operations. In addition, over the past few years, the length of time needed to bring a new mine into production has increased by several years because of the increased time required to obtain necessary permits. New safety laws and regulations have impacted productivity at underground mines, although the company has not yet been able to ascertain the exact amount of the impact.

Proposals to regulate greenhouse gas emissions could impact the market for our fossil fuels, increase our costs and reduce the value of our coal and gas assets.

Global climate change continues to attract considerable public and scientific attention with widespread concern about the impacts of human activity, especially the emissions of greenhouse gases (GHGs), such as carbon dioxide and methane. Combustion of fossil fuels, such as the coal and gas we produce, results in the creation of carbon dioxide that is currently emitted into the atmosphere by coal and gas end users, such as coal-fired electric generation power plants. Several actions have been taken at the international, national, regional and state levels of government that are intended to limit emissions of GHGs. For example, EPA has: (i) issued a requirement for specified sources of GHGs to report GHGs annually to EPA commencing in March 2011; (ii) issued an endangerment finding that GHGs threaten both public health and the public welfare; and (iii) proposed to regulate certain large sources of GHGs under various permitting programs, in each case pursuant to the Clean Air Act. Several states individually and in some cases under regional alliances, have adopted measures requiring reduction of GHGs within state or regional boundaries. Further regulation of GHGs could occur in the United States pursuant to legislation, treaty obligations, or states enacting new laws and regulations. Internationally, the Kyoto Protocol, which set binding emission targets for developed countries (including the United States but has not been ratified by the United States) expires in 2012 and negotiations are underway for a new protocol. President Obama has pledged to implement an economy-wide cap-and-trade program to reduce GHG emissions 80 percent by 2050. He also pledged the United States to be a world leader on GHG reduction and has taken action to re-engage with the United Nations Framework Convention on Climate Change to develop a global GHG program. Congress is considering comprehensive legislation to regulate and reduce GHG emissions in part under a cap and trade system, and recently proposals have been introduced to ban or at least delay action by EPA to regulate GHGs under the CAA. Litigation seeking to control GHGs also is on the increase. For example, two United States Courts of Appeals have ruled that certain public and private parties can pursue claims that GHG emissions constitute a public nuisance and seek to recover alleged related damages. To the extent actions are taken to reduce GHGs emission by the United States, individual states, or in other countries where we sell coal, or as a result utilities have difficulty obtaining financing in connection with coal-fired plants, the use of and demand for fossil fuels, particularly coal, may be adversely affected which could have a material adverse effect on our results of operations, cash flows and financial condition.

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Regulation of GHGs could also impact our coalbed methane operations. Coalbed methane must be expelled from our underground coal mines for mining safety reasons. Coalbed methane enhances the GHG effect to a greater degree than carbon dioxide. Our gas operations capture coalbed methane from our underground coal mines, although some coalbed methane is vented into the atmosphere when the coal is mined. If regulation of GHG emissions does not exempt the release of coalbed methane, we may have to curtail coal production, pay higher taxes, or incur costs to purchase credits that permit us to continue operations as they now exist at our underground coal mines. The amount of coalbed methane we capture is recorded, on a voluntarily basis, with the U.S Department of Energy. We have recorded the amounts we have captured since the early 1990 s and our subsidiary, CNX Gas, has registered as an offset provider of credits with the Chicago Climate Exchange. If regulation of GHGs does not give us credit for capturing methane that would otherwise be released into the atmosphere at our coal mines, any value associated with our historical or future credits would be reduced or eliminated.

Existing and future government laws, regulations and other legal requirements relating to protection of the environment, health and safety matters and others that govern our business increase our costs of doing business for both coal and gas, and may restrict our operations.

We are subject to laws, regulations and other legal requirements enacted or adopted by federal, state and local, as well as foreign authorities relating to protection of the environment and health and safety matters, including those legal requirements that govern discharges of substances into the air and water, the management and disposal of hazardous substances and wastes, the cleanup of contaminated sites, groundwater quality and availability, plant and wildlife protection, reclamation and restoration of mining or drilling properties after mining or drilling is completed, the installation of various safety equipment in our mines, control of surface subsidence from underground mining and work practices related to employee health and safety. Complying with these requirements, including the terms of our permits, has had, and will continue to have, a significant effect on our costs of operations and competitive position. In addition, we could incur substantial costs as a result of violations under environmental and health and safety laws. Any additional laws, regulations and other legal requirements enacted or adopted by federal, state and local, as well as foreign authorities or new interpretations of existing legal requirements by regulatory bodies relating to the protection of the environment and health and safety matters could further affect our costs of operations and competitive position.

For example, the federal Clean Water Act and corresponding state laws affect coal mining and gas operations by imposing restrictions on discharges into regulated surface waters. Permits requiring regular monitoring and compliance with effluent limitations and reporting requirements govern the discharge of pollutants into regulated waters. The Clean Water Act and corresponding state laws (including those relating to protection of impaired waters so designated by individual states through the use of new effluent limitations known as Total Maximum Daily Load (TMDL) limits; anti-degradation regulations which protect state designated high quality/exceptional use streams by restricting or prohibiting discharges which result in degradation; and requirements to treat discharges from coal mining properties for non-traditional pollutants requiring expensive treatment technologies, such as total dissolved solids, chlorides and selenium; and protecting streams, wetlands, other regulated water sources and associated riparian lands from the surface impacts of underground mining) may cause CONSOL Energy to incur significant additional costs that could adversely affect our operating results, financial condition and cash flows or may prevent us from being able to mine portions of our reserves. The Clean Water Act is being used by opponents of mountain top removal mining as a means to challenge permits. Also, beginning in early 2009, EPA has relied upon the Clean Water Act to become more actively involved in the permitting of mountain top removal mining operations and other coal mining operations requiring permits to place fill in streams. In addition, CONSOL Energy incurs and will continue to incur significant costs associated with the investigation and remediation of environmental contamination under the federal Comprehensive Environmental Response, Compensation, and Liability Act (Superfund) and similar state statutes and has been named as a potentially responsible party at Superfund sites in the past.

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Additionally, the gas industry is subject to extensive legislation and regulation, which is under constant review for amendment or expansion. Any changes may affect, among other things, the pricing or marketing of gas production. State and local authorities regulate various aspects of gas drilling and production activities, including the drilling of wells (through permit and bonding requirements), the spacing of wells, the unitization or pooling of gas properties, environmental matters, safety standards, market sharing and well site restoration. If we fail to comply with statutes and regulations, we may be subject to substantial penalties, which would decrease our profitability.

Our mines are subject to stringent federal and state safety regulations that increase our cost of doing business at active operations and may place restrictions on our methods of operation. In addition, government inspectors under certain circumstances, have the ability to order our operations to be shut down based on safety considerations.

Stringent health and safety standards were imposed by federal legislation when the Federal Coal Mine Health and Safety Act of 1969 was adopted. The Federal Coal Mine Safety and Health Act of 1977 expanded the enforcement of safety and health standards of the Coal Mine Health and Safety Act of 1969 and imposed safety and health standards on all (non-coal as well as coal) mining operations. Regulations are comprehensive and affect numerous aspects of mining operations, including training of mine personnel, mining procedures, the equipment used in mine emergency procedures, mine plans and other matters. The additional requirements of the Mine Improvement and New Emergency Response Act of 2006 (the Miner Act) and implementing federal regulations include, among other things, expanded emergency response plans, providing additional quantities of breathable air for emergencies, installation of refuge chambers in underground coal mines, installation of two-way communications and tracking systems for underground coal mines, new standards for sealing mined out areas of underground coal mines, more available mine rescue teams and enhanced training for emergencies. Most states in which CONSOL Energy operates have programs for mine safety and health regulation and enforcement. We believe that the combination of federal and state safety and health regulations in the coal mining industry is, perhaps, the most comprehensive system for protection of employee safety and health affecting any industry. Most aspects of mine operations, particularly underground mine operations, are subject to extensive regulation. The various requirements mandated by law or regulation can place restrictions on our methods of operations, creating a significant effect on operating costs and productivity. In addition, government inspectors under certain circumstances, have the ability to order our operation to be shut down based on safety considerations.

CONSOL Energy has reclamation, mine closure and gas well plugging obligations. If the assumptions underlying our accruals are inaccurate, we could be required to expend greater amounts than anticipated.

The Surface Mining Control and Reclamation Act establishes operational, reclamation and closure standards for all aspects of surface mining as well as most aspects of deep mining and gas well drilling. CONSOL Energy accrues for the costs of current mine disturbance, gas well plugging and of final mine closure, including the cost of treating mine water discharge where necessary. Estimates of our total reclamation, mine-closing liabilities and gas well plugging, which are based upon permit requirements and our experience, were approximately $533 million at December 31, 2009. The amounts recorded are dependent upon a number of variables, including the estimated future closure costs, estimated proven reserves, assumptions involving profit margins, inflation rates, and the assumed credit-adjusted risk-free interest rates. Furthermore, these obligations are unfunded. If these accruals are insufficient or our liability in a particular year is greater than currently anticipated, our future operating results could be adversely affected.

CONSOL Energy faces uncertainties in estimating our economically recoverable coal reserves, and inaccuracies in our estimates could result in lower than expected revenues, higher than expected costs and decreased profitability.

There are uncertainties inherent in estimating quantities and values of economically recoverable coal reserves, including many factors beyond our control. As a result, estimates of economically recoverable coal reserves are by their nature uncertain. Information about our reserves consists of estimates based on engineering, economic and geological data assembled and analyzed by our staff.

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Some of the factors and assumptions which impact economically recoverable reserve estimates include:

- geological conditions;
- historical production from the area compared with production from other producing areas;
- the assumed effects of regulations and taxes by governmental agencies;
- assumptions governing future prices; and
- future operating costs, including cost of materials.

Each of these factors may in fact vary considerably from the assumptions used in estimating reserves. For these reasons, estimates of the economically recoverable quantities of coal attributable to a particular group of properties, and classifications of these reserves based on risk of recovery and estimates of future net cash flows, may vary substantially. Actual production, revenues and expenditures with respect to our reserves will likely vary from estimates, and these variances may be material. As a result, our estimates may not accurately reflect our actual reserves.

Fairmont Supply Company, a subsidiary of CONSOL Energy, is a co-defendant in various asbestos litigation cases which could result in making payments in the future that are material.

One of our subsidiaries, Fairmont Supply Company (Fairmont), which distributes industrial supplies, currently is named as a defendant in approximately 22,500 asbestos claims in state courts in Pennsylvania, Ohio, West Virginia, Maryland, Mississippi, New Jersey and Illinois. Because a very small percentage of products manufactured by third parties and supplied by Fairmont in the past may have contained asbestos and many of the pending claims are part of mass complaints filed by hundreds of plaintiffs against a hundred or more defendants, it has been difficult for Fairmont to determine how many of the cases actually involve valid claims or plaintiffs who were actually exposed to asbestos-containing products supplied by Fairmont. In addition, while Fairmont may be entitled to indemnity or contribution in certain jurisdictions from manufacturers of identified products, the availability of such indemnity or contribution is unclear at this time and, in recent years, some of the manufacturers named as defendants in these actions have sought protection from these claims under bankruptcy laws. Fairmont has no insurance coverage with respect to these asbestos cases. For the year ended December 31, 2009, payments by Fairmont with respect to asbestos cases have not been material**.** Our current estimates related to these asbestos claims, individually and in the aggregate, are immaterial to the financial position, results of operations and cash flows of CONSOL Energy. However, it is reasonably possible that payments in the future with respect to pending or future asbestos cases may be material to the financial position, results of operations or cash flows of CONSOL Energy.

CONSOL and its subsidiaries are subject to various legal proceedings, which may have a material effect on our business.

We are party to a number of legal proceedings incident to normal business activities. There is the potential that an individual matter or the aggregation of many matters could have an adverse effect on our cash flows, results of operations or financial position. See Note 24 in the Notes to the Audited Consolidated Financial Statements in Item 8 of our Form 10-K for the year ended December 31, 2009 for further discussion as may be updated by our other filings with the SEC.

Changes in federal or state income tax regulations, particularly in the area of percentage depletion, could cause our financial position and profitability to deteriorate.

The federal government has been reviewing the income tax regulations relating to the coal industry regarding percentage depletion benefits. If the percentage depletion tax benefit was reduced or eliminated, CONSOL Energy s financial position could be materially impacted.

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CONSOL Energy has obligations for long-term employee benefits for which we accrue based upon assumptions which, if inaccurate, could result in CONSOL Energy being required to expense greater amounts than anticipated.

CONSOL Energy provides various long-term employee benefits to inactive and retired employees. We accrue amounts for these obligations. At December 31, 2009, the current and non-current portions of these obligations included:

- postretirement medical and life insurance ($2.8 billion);
- coal workers black lung benefits ($194.6 million);
- salaried retirement benefits ($192.0 million); and
- workers compensation ($179.3 million).

However, if our assumptions are inaccurate, we could be required to expend greater amounts than anticipated. Salaried retirement benefits are funded in accordance with ERISA regulations. The other obligations are unfunded. In addition, the federal government and several states in which we operate consider changes in workers compensation and black lung laws from time to time. Such changes, if enacted, could increase our benefit expense.

Due to our participation in a multi-employer pension plan, we have exposure under that plan that extends beyond what our obligation would be with respect to our employees.

Certain of our subsidiaries are obligated to contribute to a multi-employer defined benefit pension plan for United Mine Workers of America (UMWA) retirees. In the event of a partial or complete withdrawal by us from such pension plan, we would be liable for a proportionate share of such pension plan s unfunded vested benefits, as determined by the plan s actuary. Based on the limited information available from the plan s administrators, which we cannot independently validate, we believe that our portion of the contingent liability represented by the pension plan s unfunded vested benefits, in the case of our withdrawal from the pension plan or the termination of the pension plan, could be material to our financial position and results of operations. In the event that any other contributing employer withdraws from such pension plan and such employer (or any member in its controlled group) cannot satisfy their obligations under the plan at the time of withdrawal, then we, along with the other remaining contributing employers, would be liable for a proportionate share of the pension plan s unfunded vested benefits at the time of our withdrawal from the pension plan or its termination.

The minimum funding level requirements of the Pension Protection Act of 2006 (Pension Act) applicable to single employer and multi-employer defined benefit pension plans, coupled with significant investment asset losses suffered by such pension plans during the recent decline in equity markets and the current volatile economic environment, have exposed CONSOL Energy to having to make additional cash contributions to fund the pension benefit plans which we sponsor and the multi-employer pension benefit plans in which we participate.

CONSOL Energy sponsors a defined benefit retirement plan that covers substantially all of our employees not participating in multi-employer pension plans. For this pension plan, the Pension Act requires a funding target of 100% of the present value of accrued benefits. The Pension Act includes a funding target phase-in provision that establishes a funding target of 96% in 2010 and 100% thereafter for our defined benefit pension plan. Any such plan with a funded ratio of less than 80%, or less than 70% using special assumptions, will be deemed to be at risk and will be subject to additional funding requirements under the Pension Act. The volatile economic environment and the deterioration in the equity markets have caused investment income and the value of investment assets held in our pension trust to decline and lose value. As a result, CONSOL Energy may be required to increase the amount of cash contributions it makes into the pension trust in order to meet the funding level requirements of the Pension Act.

Certain subsidiaries of CONSOL Energy also participate in a defined benefit multi-employer pension plan negotiated with the UMWA and contained in the National Bituminous Coal Wage Agreement (the NBCWA). The NBCWA currently calls for contribution amounts to be paid into the multi-employer 1974 Pension Trust based principally on hours worked by UMWA-represented employees. The current contribution rates called for by the NBCWA are: $4.25 per hour worked in 2009, $5.00 per hour worked in 2010, and $5.50 per hour worked in 2011. These multi-employer pension plan contributions are expensed as incurred. The Pension Act requires a minimum funding ratio of 80% be maintained for this multi-employer pension plan. If the plan was determined to have a funded ratio of less than 80% it will be deemed to be endangered or seriously endangered , and if less than 65%, it will be deemed to be in critical status, and will in either case be subject to additional funding requirements. Under the Pension Act, the multi-employer plan s actuary must certify the plan s funded status for each plan year. Based on an estimated funded percentage of 91.4%, a certification was provided by the multi-employer plan actuary, stating that the 1974 Pension Trust was in neither endangered nor critical status for the plan year beginning July 1, 2008. However, the volatile economic environment and the rapid deterioration in the equity markets caused investment income and the value of investment assets held in the 1974 Pension Trust to decline and lose value.

In late 2008, the Worker, Retiree and Employer Recovery Act of 2008 (WRERA) was enacted. Under WRERA, a plan is permitted temporarily to avoid applying the Pension Act s requirements for improving its financial status by giving a plan the option to elect to retain its prior year zone status and to freeze the plan s zone status at the level determined for 2008. WRERA also required that the plan s actuary certify the plan s actual zone status for 2009. On September 28, 2009, based on an estimated funded percentage of 74%, the 1974 Pension Trust s actuary provided the Pension Act zone certification for 2009, certifying that the 1974 Pension Trust is seriously endangered for the plan year beginning July 1, 2009. Thereafter, pursuant to WRERA, the 1974 Pension Trust elected to retain its 2008 funded status of neither endangered nor critical for the plan year beginning July 1, 2009. If the freeze election had not been made, the 1974 Pension Trust s zone status for 2009 as certified by its actuary would have been seriously endangered and the 1974 Pension Trust would have been required to develop a funding improvement plan.

The freeze election only applies for the current plan year of 2009. If the 1974 Pension Trust is certified to be in endangered, seriously endangered or critical status for the plan year beginning July 1, 2010, steps will have to be taken under the Pension Act to improve its funded status. Such a determination would require certain subsidiaries of CONSOL Energy to make additional contributions pursuant to a funding improvement plan implemented in accordance with the Pension Act and, therefore, could have a material impact on our operating results.

If lump sum payments made to retiring salaried employees pursuant to CONSOL Energy s defined benefit pension plan exceed the total of the service cost and the interest cost in a plan year, CONSOL Energy would need to make an adjustment to operating results equaling the unrecognized actuarial gain or loss resulting from each individual who received a lump sum payment in that year, which may result in an adjustment that could materially reduce operating results.

CONSOL Energy s defined benefit pension plan for salaried employees allows such employees to receive a lump-sum distribution for benefits earned up through December 31, 2005 in lieu of annual payments when they retire from CONSOL Energy. Employers Accounting for Settlements and Curtailments of Defined Benefit Pension Plans for Terminations Benefits requires that if the lump-sum distributions made for a plan year exceed the total of the service cost and interest cost for the plan year, CONSOL Energy would need to recognize for that year s results of operations an adjustment equaling the unrecognized actuarial gain or loss resulting from each individual who received a lump sum in that year. This type of adjustment may result in a material reduction in operating results.

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Various federal or state laws and regulations require CONSOL Energy to obtain surety bonds or to provide other assurance of payment for certain of our long-term liabilities including mine closure or reclamation costs, workers compensation, coal workers black lung and other postemployment benefits.

Federal and state laws and regulations require us to provide surety bonds or provide other assurances to secure payment of certain long-term obligations including mine closure or reclamation costs, water treatment costs, federal and state workers compensation costs and other miscellaneous obligations. The requirements and amounts of security are not fixed and can vary from year to year. For certain requirements, there have been periods in the past when it has been difficult for us to secure new surety bonds or renew such bonds without posting collateral. CONSOL Energy has satisfied our obligations under these statutes and regulations by providing letters of credit or other assurances of payment. The issuance of letters of credit under our revolving credit facility reduces amounts that we can borrow under our revolving credit facility for other purposes.

Acquisitions that we have completed, acquisitions that we may undertake in the future, as well as expanding existing company mines involve a number of risks, any of which could cause us not to realize the anticipated benefits.

We have completed several acquisitions and mine and gas expansions in the past. We continually seek to grow our business by adding and developing coal and gas reserves through acquisitions, and by expanding the production at existing mines and existing gas operations. If we are unable to successfully integrate the companies, businesses or properties we acquire, our profitability may decline and we could experience a material adverse effect on our business, financial condition, or results of operations. Mine expansion, gas operation expansion and acquisition transactions involve various inherent risks, including:

- Uncertainties in assessing the value, strengths, and potential profitability of, and identifying the extent of all weaknesses, risks, contingent and other liabilities (including environmental liabilities) of expansion and acquisition opportunities;
- The potential loss of key customers, management and employees of an acquired business;
- The ability to achieve identified operating and financial synergies anticipated to result from an expansion or an acquisition opportunity;
- Problems that could arise from the integration of the acquired business; and
- Unanticipated changes in business, industry or general economic conditions that affect the assumptions underlying our rationale for pursuing the expansion or the acquisition opportunity.

CONSOL Energy s rights plan may have anti-takeover effects that could prevent a change of control.

On December 19, 2003, CONSOL Energy adopted a rights plan which, in certain circumstances, including a person or group acquiring, or the commencement of a tender or exchange offer that would result in a person or group acquiring, beneficial ownership of more than 15% of the outstanding shares of CONSOL Energy common stock, would entitle each right holder to receive, upon exercise of the right, shares of CONSOL Energy common stock having a value equal to twice the right exercise price. For example, at an exercise price of $80 per right, each right not otherwise voided would entitle its holders to purchase $160 worth of shares of CONSOL Energy common stock for $80. Assuming that shares of CONSOL Energy common stock had a per share value of $16 at such time, the holder of each right would be entitled to purchase ten shares of CONSOL Energy common stock for $80, or a price of $8 per share, one half its then market price. This and other provisions of CONSOL Energy s rights plan could make it more difficult for a third party to acquire CONSOL Energy, which could hinder stockholders ability to receive a premium for CONSOL Energy stock over the prevailing market prices.

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We face uncertainties in estimating proved recoverable gas reserves, and inaccuracies in our estimates could result in lower than expected reserve quantities and a lower present value of our reserves.

Natural gas reserves requires subjective estimates of underground accumulations of natural gas and assumptions concerning future natural gas prices, production levels, and operating and development costs. As a result, estimated quantities of proved reserves and projections of future production rates and the timing of development expenditures may be incorrect. Over time, material changes to reserve estimates may be made, taking into account the results of actual drilling, testing and production. Also, we make certain assumptions regarding future natural gas prices, production levels, and operating and development costs that may prove incorre