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Coal Trader

Friday, January 27, 2012

Platts Daily OTC Assessments, trade date Jan 26

Standard Product	MAR 12	Ch.	APR 12	Ch.	Q2 12	Ch.	Q3 12	Ch.	Q4 12	Ch.	CY-13	Ch.
CAPP barge OTC	61.25	(0.50)	61.25	–	61.75	(0.50)	63.75	(0.50)	65.50	(0.50)	70.25	(0.25)
CAPP rail (CSX) OTC	58.75	(0.50)	58.75	–	60.00	(0.25)	62.25	(0.30)	64.20	(0.30)	69.50	(0.25)
PRB 8,800 OTC	10.45	0.45	10.45	–	10.25	0.25	10.75	0.15	11.25	0.25	13.10	0.25
PRB 8,400 OTC	8.60	0.00	8.60	–	8.70	0.10	9.20	0.10	9.70	0.20	11.55	0.20

The four assessments in this table were renamed effective Dec. 20, 2010; the underlying specifications and methodology were not changed, and remain the same as the Coal Trading Association specifications. CAPP barge OTC was previously named NYMEX 12,000/≤1%; CAPP rail (CSX) OTC was CSX 12,500/1%; PRB 8,800 OTC was PRB 8,800/0.35%; and PRB 8,400 OTC was PRB 8,400/0.35%.

FirstEnergy to shut six coal-fired units, citing EPA regulations

FirstEnergy will retire six older coal-fired generation units in Ohio, Pennsylvania and Maryland by September 1, saying it would be too costly to modify them to meet requirements under the US Environmental Protection Agency's new mercury control rule and other environmental regulations, the Akron, Ohio-based company said Thursday.

The company said the combined capacity of the retiring units is 2,689 MW. All of the units have been running mostly as peaking or intermediate capacity and accounted for about 10% of the power generated by FirstEnergy over the past three years.

The units to be shut include Bay Shore 2-4, along with the Eastlake, Ashtabula and Lake Shore power plants, all of which are in Ohio; the Armstrong plant in Kittanning, Pennsylvania; and the Paul Smith Power Station in Williamsport, Maryland.

"This decision is not in any way a reflection of the fine work done by the employees at the affected plants, but is related to the impact of new environmental rules," FirstEnergy Generation President and Chief Nuclear Officer James Lash said in a statement. "We recently completed a comprehensive review of our coal-fired

(continued on page 6)

Consol to cut 2012 capex by $44 million

Consol Energy said Thursday it will reduce planned 2012 spending by $200 million primarily because of continued low natural gas prices. Coal expenditures will be cut by about $44 million from the total but mining projects will remain on schedule, company executives said.

The Pittsburgh-based coal and natural gas producer said it is reducing its 2012 capital spending estimate to $1.5 billion from the $1.7 billion it projected earlier this month in large part because of US natural gas that recently approached a near 10-year low.

The $1.5 billion in 2012 capex is an increase from the $1.4 billion earmarked for 2011.

"We're trimming our capital plans

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Coal Product Specifications	Jan Final Monthly Average	Feb Final Monthly Average	Mar Daily Assessment	Daily Change	Q2 2012 Assessment	Daily Change	Q1 Average
NYMEX look-alike - 12,000 Btu/lb. -1%	68.72	65.45	61.25	–	61.75	(0.50)	71.48
CSX BS/K - 12,500 Btu/lb. -1%	69.41	63.96	58.75	–	60.00	(0.25)	73.23
PRB - 8,800 Btu/lb.	12.48	11.36	10.45	–	10.25	0.25	13.59
PRB - 8,400 Btu/lb.	10.48	9.46	8.60	–	8.70	0.10	11.20
CAPP 1% vs. Compliance spread	0.50	0.50	0.50	–	0.50	0.00	0.44

MARKET COMMENTARY

CAPP prices lower in volatile session

Central Appalachian thermal coal prices came off their intraday highs in a choppy session Thursday, closing lower than the previous day's assessments.

A broker source said that the CAPP market was framed higher in the morning, only to be taken lower as natural gas spot prices pulled back sharply, The NYMEX February natural gas futures contract fell 4.5% to $2.605/MMBtu on Thursday, ending a three-session streak in which the contract rose 16.5%.

Increased volatility in the natural gas futures market seemed to impact trading along the CAPP curve, including the CAPP barge Q4 2012 contract, which was seen transacting well off its morning levels as the day progressed. The Q1 2013 strip was also seen gapping lower in the day.

In the CSX market, the Q2 2012 swap traded in heavy volume, trading at $60.50/st and at $61/st, totaling 100,000 st.

In CAPP barge, February 2012 traded at $61.25/st for five barges. March 2012, the current front-month contract, was assessed at $61.25/st, down 50 cents/st.

Q2 2012 traded at $62.75/st for five barges early in the session. Platts assessed the term at $61.75/st, down 50 cents/st.

Q2 2012 over Q4 2012 traded at minus $3.75/st for 10 barges and five barges twice.

Q3 2012 traded at $64.65/st for five barges, at $65/st for five barges three times, at $64.50/st for five barges and at $64/st for five barges. The Q3 2012 strip was assessed at $63.75/st, down 50 cents/st.

Q3 2012 over Q4 2012 traded at a discount of $1.90/st for five barges twice.

Q4 2012 traded at $67.25/st for five barges twice, at $66.65/st for five barges, at $66/st for five barges and at $65.50/st for five barges three times. The term was heard to

Coal Trader International OTC Benchmark, Jan 26 (US$/mt)

Region	Btu/lb	Sulfur %	2Q 12	Change
Northwest Europe/ARA CIF	10,800	<1.0	104.00	0.10

Coal Trader Spark Spreads

Coal	–Plus transport– $/st	$/MMBtu	—Plus SO2— $/st	$/MMBtu
CAPP barge OTC spark	67.50	2.81	67.53	2.81
CAPP rail (CSX) spark	70.75	2.83	70.78	2.83
PRB 8,800 OTC spark	22.20	1.26	22.21	1.26

Emission Allowances	SO2	NOx
Current vintage	1.38	NA

	Cincinnati	Atlanta	Kansas City
Natural Gas ($/MMBtu)	2.72	2.69	2.61
Electricity ($/MWh)	28.75	23.75	23.25

Generating ($/MWh)	Gas Hub	Coal Alone	Coal Plus: SO2
Cincinnati	21.76	28.13	28.14
Atlanta	21.52	28.30	28.31
Kansas City	20.84	12.61	12.62

Spark Spreads Hub	Gas	Coal Alone	Coal Plus: SO2
Cincinnati	6.99	0.63	0.61
Atlanta	2.23	-4.55	-4.56
Kansas City	2.41	10.64	10.63

Assumptions:
Heat rate of 10,000 Btu/kWh (34% efficiency) for typical coal plant, 8,000 Btu/kWh (45%) for typical gas plant. "Without controls" assumes neither SO2 nor NOx controls. Assumed NOx rate: with controls, 0.15 lb/MMBtu; without controls, 0.60 lb/MMBtu
Coals are:
CAPP barge OTC (12,000 Btu/lb, 1.67 lb SO2/MMBtu), barged to Cincinnati at $6.25/st; CAPP rail (CSX) OTC (12,500 Btu/lb, 1.5 lb SO2/MMBtu), railed to Atlanta at $12/st; PRB 8,800 OTC (8,800 Btu/lb, 0.8 lb SO2/MMBtu), railed to Kansas City at $11.75/st
Plants in Georgia (Atlanta) and Missouri (Kansas City) not yet subject to NOx SIP Call limitations; numbers are illustrative of NOx costs only.
Standard coal products and associated spark spreads were renamed Dec. 20, 2010. CAPP barge OTC spark was previously named NYMEX; CAPP rail (CSX) OTC spark was CSX 1%; PRB 8,800 OTC spark was PRB 8,800.

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have also traded at $66.25/st for five barges. The Q4 2012 strip was assessed at $65.50/st, down 50 cents/st.

Q1 2013 traded at $68.75/st for 10 barges and at $67.75/st for five barges twice.

Q1 2013 over Cal 2013 traded at minus $2.65/st for 20 barges over five barges.

Cal 2013 traded at $70.25/st for five barges. The package was assessed at this price, down 25 cents/st.

Cal 2013 over Cal 2014 traded at minus $5.25/st for five barges.

CAPP rail market quiet

In the CAPP rail market, no physical trades were seen or heard. A trading source agreed that natural gas prices were impacting the physical market, estimating that the mid-quote for the March contract was no higher than $59/st. Platts assessed the March 2012 contract at $58.75/st, down 50 cents/st.

CSX financial Q2 2012 traded at $60.50/st for 30,000 st, and at $61/st for 30,000 st twice and 10,000 st. The physical price was assessed at $60/st, down 25 cents/st.

The Cal 2013 package was assessed at $69.50/st, down 25 cents/st.

In the Powder River Basin, 8,800-Btu/lb physical Cal 2013 traded at $12.95/st for one train and later at $13.25/st for one train. These were the first seen trades for the Cal 2013 package in the physical market. The Cal 2013 cash-settled swap contract last traded on Wednesday at $12.85/st for 15,000 st twice. Platts assessed the physical price $13.10/st, up 25 cents/st, as a broker source said that the follow-market was subsequently taken lower by a small degree.

Based on broker information, the March 2012 contract was assessed at $10.45/st, up 45 cents/st. The prompt Q2 2012 contract was assessed at $10.25/st, up 25 cents/st.

PRB 8,800 back-half 2012 over front-half 2013 traded at minus $1.50/st for 5,000 st.

On the IntercontinentalExchange, the CAPP barge Q2 2013 futures contract was seen offered at $67.60/st for five barges. At 3:31 pm EST, the strip traded at $67.60/st for five barges.

A bid was seen in the follow-market at $67/st for five barges.

Richards Bay spot cargoes at three-month high

Platts assessed the 90-day CIF ARA price at $104/mt, up 10 cents; FOB Richards Bay at $108.70/mt, up $1.10/mt, the highest since November 9; FOB Newcastle at $119.80/mt, down $1; and FOB barge (ARA) at $106.50/mt, up 10 cents from the previous day.

The NYMEX February natural gas futures contract settled at $2.605/MMBtu, 12.4 cents down from Wednesday's $2.729/MMBtu close.

"The market is showing more volatility than we were accustomed to in the previous months," said Gene McGillian, a trader with TFS Energy Futures.

According to analysts, prices have rebounded on hopes of companies reining in production, but the rally seemed to have run its course as the gas contract is revisiting the downside.

NYMEX March crude settled 30 cents higher at $99.70/barrel Thursday as upside momentum — from positive US economic data and reports that Iran plans to cut oil exports to Europe — faltered, paring earlier gains.

Wednesday's physical, swaps increase

On Wednesday, January 25, in the Eastern Rail Delivery CSX coal swap market, 375 deals were cleared, including 30/month in Q2 2012, five/month in Q3, 20/month in Q1 2013, 20/month in Q2, 25/month in Q3 and 25/month in Q4. Open interest rose 174 to 6,293.

Settlement prices increased, with February up 1 cent to $63.96/st, March up 50 cents to $59.33, Q2 up $1 to $60.65/st, Q3 up $1.15 to $62.52/st and Q4 up $1.15 to $64.40/st.

In 2013, Q1 was up $1.26 to $66.73/st, Q2 increased $1.30 to $68.68/st, Q3 was up $1.43 to $70.78/st and Q4 increased $1.52 to $72.65/st. Cal 2014 rose $1.53 to $74.95/st.

In the NYMEX Appalachian Coal physical market, 465 deals were cleared, including five in February 2012, 10 in March, 20/month in Q2, five/month in Q3, 35/month in Q1 2013, 30/month in Q2, 30/month in Q3 and 30/month in Q4. Open interest rose 115 to 6,695.

Settlement prices increased, with February up 82 cents to $61.75/st, March up 88 cents to $61.83/st, Q2 up $1.32 to $62.32/st, Q3 up $1.42 to $64.22/st and Q4 up $1.47 to $65.97/st.

In 2013, Q1 was up $1.43 to $67.88/st, Q2 increased $1.47 to $69.70/st, Q3 was up $1.46 to $71.43/st and Q4 increased $1.46 to $72.78/st. Cal 2014 rose $1.47 to $75.70/st.

In the Western Rail Delivery PRB Coal Swap market, 780 contracts were cleared, including 25/month in Q3 2012, 45/month in Q4, 75/month in Q1 2013, 55/month in Q2, 30/month in Q3 and 30/month in Q4. Open interest rose 75 to 4,460.

Settlement prices mostly increased, with February unchanged at $11.35/st, March up 9 cents to $10.17/st, Q2 up 20 cents to $10.12/st, Q3 increased 20 cents to $10.57/st and Q4 up 17 cents to $10.95/st.

In 2013, Q1 increased 14 cents to $12.12/st, Q2 increased 18 cents to $12.63/st, Q3 increased 39 cents to $13.12/st and Q4 increased 50 cents to $13.57/st. Cal 2014 rose 26 cents to $14.58/st. The Cal 2015 contract rose 32 cents to $16.62/st.

— Chang Noh

NEWS

Cliffs revises 2011 sales volume to 4.2 mil st

Cliffs Natural Resources, giving a preview of its 2011 financial results, said Thursday that it anticipates reporting full-year 2011 production in its North American Coal segment of more than 5 million short tons and sales volume of about 4.2 million st, slightly higher than its previous outlook.

Cliffs indicated in its previous outlook, announced October 27, that it was decreasing its 2011 North American Coal sales volume expectation to about 4 million st from its previous expectation of 4.5 million st. That decrease was primarily related to sales from the Oak Grove metallurgical coal mine in Alabama resuming in January 2012, rather than the company's previous estimate of December 2011.

"Full-year 2011 revenue per ton in North American Coal is expected to be at the high end of Cliffs' previous outlook of $115-$120, with cash costs per ton expected to be approximately $112 per ton," Cliffs said in a Thursday statement.

Cliffs said its Pinnacle low-volatile met coal mining complex in West Virginia produced more than 600,000 st in the fourth quarter.

In addition, Oak Grove "achieved year-end inventory of approximately 1.9 million tons of raw coal (or 740,000 tons of clean coal equivalent) in the fourth quarter."

Cliffs anticipates recording a $28 million pre-tax, goodwill impairment charge in the fourth quarter related to its coal operations that were acquired from INR Energy in 2010.

It also anticipates reporting 2011 cash flow from operations of about $2.3 billion and capital spending of $880 million for the year, including coal and iron ore operations.

Cliffs is maintaining its 2012 North American Coal sales and production volume expectations of about 7.2 million st and 6.6 million st, respectfully. It anticipates sales volume mix of about 4.3 million st of low-volatile met coal and 1.8 million tons of high vol met coal, with thermal coal making up the remainder of the expected sales volume.

North American Coal 2012 revenue expectation is about $140-$150/st. Cash cost is anticipated to be about $105-$110/st, "including the impact of sales from higher cost inventory stockpiles at Oak Grove related to the operation's recovery from severe weather in 2011."

Full-year 2012 depreciation, depletion and amortization is expected to be about $16/st.

Cliffs expects to announce unaudited 2011 fourth-quarter financial results after the US market close on February 15.

— Steve Hooks

Oregon port officials OK plans for 2 coal projects

Officials with the Port of St. Helens in Oregon approved two separate export coal projects late Wednesday, one of several decisions needed to give Powder River Basin coal producers their first major export terminals on the US West Coast.

Port commissioners voted unanimously to allow Australian coal company Ambre Energy to proceed with a transloading facility and use the port's dock and terminal. Ambre said it wants to initially export 3.5 million short tons of coal to Asia starting in mid-2013, with expansion plans boosting the total to 8 million st/year.

By a 4-1 vote, commissioners approved Kinder Morgan's proposal to build a $200 million facility covering 100-150 acres, port Executive Director Pat Trapp said Thursday. Both projects still need state permits.

"This is not a permission to operate. We don't give that," he said. "They both have to go through the permitting process. From my understanding, Kinder Morgan's due diligence will last 18-30 months before they ever put a shovel in the ground."

Trapp said last week that Kinder Morgan's project would enable it to export 15 million st/year. But Kinder Morgan didn't commit to a tonnage during its presentation.

"This is the first step in a lengthy due diligence process and KM will spend the next several months defining the scope and feasibility of the project, which will include public and stakeholder consultation," Kinder Morgan spokesman Joe Hollier said in an email.

Two transportation modes

Ambre will haul PRB coal by train to a transfer and loading facility at the Port of Morrow, about 200 miles east of Port St. Helens. Ambre already entered into a lease agreement with the Port of Morrow, which is near Boardman, Oregon, and served by Union Pacific.

A spokeswoman for Ambre North America said a BNSF Railway train will take the coal from the mines to Spokane, Washington, and a Union Pacific line runs from Spokane to Boardman. She said Union Pacific will operate the line in Oregon.

The coal will then move by barge down the Columbia River to Port St. Helens' Port Westward Industrial Park and transferred to a Panamax ship bound for Asia.

"Coal will be transported by energy-efficient, covered barges rather than rail from the Port of Morrow to Port Westward," Clark Moseley, Ambre Energy North America's chief operating officer, said in an email. "There will be no visible coal piles at either the Port of St. Helens or Port of Morrow; and the project is designed to eliminate coal dust from the train unloading at the Port of Morrow to ship loading at the Port of St. Helens."

Coal dust, and increased coal traffic, invoked the lone dissenting vote against Kinder Morgan's project.

Port St. Helens is served by Portland & Western Railroad, owned by short-line operator Genesee & Wyoming. An industry source said Portland & Western's line, which runs along the Columbia River, would need additional sidings to handle the extra coal trains.

Environmental group speaks out

About 130-140 people attended the public hearing in tiny Clatskanie, Oregon, according to Trapp. Almost 40 people spoke, Trapp said, and several voiced concerns about train congestion.

Brett VandenHeuvel, executive director of Columbia Riverkeeper, said 75% of those in attendance opposed the projects. His organization already filed a complaint against the port last June after it refused to release documents related to the project.

"This deal was made behind closed doors," VandenHeuvel said. "The port commissioners kept the project secret for over a year, they didn't disclose it to the public, and that's just bad government. These secretive dealings are only going to raise more scrutiny."

Trapp rejected that notion, saying he met with Columbia Riverkeeper months ago and called attention to the projects in advance of Wednesday night's meeting.

"We looked at all the concerns," Trapp said, "including those from Columbia Riverkeeper."

— Darren Epps

CP coal volumes tumble 8% in 2011

Canadian Pacific announced Thursday that its coal revenue increased 13% to $556 million in 2011 despite handling 8% fewer carloads, a product of higher pricing and longer hauls.

Chief Marketing Officer Jane O'Hagan, speaking on Thursday's earnings call, said CP is replacing low-margin, short-haul US thermal coal with long-haul export metallurgical coal. CP started a 10-year contract with Teck Resources in April 2011.

O'Hagan said the railroad also secured new Powder River Basin coal for export through Ridley Terminals in Prince Rupert, British Columbia.

"We have a much more diversified portfolio development of new markets," she said. "Teck continues to expand production. Our network and supply chain are fully prepared to respond to that growth. We remain confident in our long-term growth."

CP hauled 313,000 coal carloads in 2011 compared with 341,000 in 2010.

In the fourth quarter, CP's coal carloads remained flat compared with the year-ago quarter at 87,000. Coal revenues in Q4 increased 25% to $158 million.

No Pershing Square talk

Executives at CP immediately quelled any discussion of Pershing Square's investment in the railroad, and subsequent feud over naming the CEO, by stating they would not answer any questions on the topic during Thursday's call.

Activist investor Bill Ackman, Pershing Square's founder, has said he wants to replace CEO Fred Green with former Canadian National CEO Hunter Harrison and will use a proxy battle to make the move, if necessary *(PCT 1/9)*.

CP's high operating ratio, a point of emphasis in Ackman's pleas for change, climbed to 78.5 from 77 in the year-ago quarter. CP carries the highest operating ratio of the six major railroads in North America.

"We will narrow the operating ratio range to 70-72 in the next three years," Green said Thursday, "and we're not stopping there."

— Darren Epps

Blaschak Coal ramps up production

Blaschak Coal, operator of three anthracite mines in Pennsylvania, is ramping up production by about 10% this year to meet increased demand, Greg Driscoll, the company's chairman and CEO, said Thursday.

"We're ramping up production, particularly at our North Hazleton mine, where we're going to add a second shift," he said in an interview.

In 2011, North Hazleton, along with company mines in Centralia and Mahanoy City, produced 330,000 short tons of prepared coal. That figure is forecasted to rise to 375,000-380,000 st this year, Driscoll said.

Production has been aided by the acquisition last year of a preparation plant near Lattimer. Blaschak also operates a second prep plant in the state's anthracite region.

Driscoll said the 75-year-old company also is scouting for "additional mine site opportunities in the anthracite area," although there is nothing definite at this point.

Much of Blaschak's coal is exported to Europe and South America, he said, although noting, "The domestic market has been extremely strong. Anthracite is experiencing a renaissance as a low-cost, clean source of carbon and energy."

As evidence, he cited the domestic restaurant market as a growing niche for the company. "We sell a fair amount of coal into the restaurant market for oven-fired pizza ovens," he said. Some anthracite also is sold to sugar beet refiners and steel producers.

Anthracite has high carbon content and low levels of

Daily CSAPR allowance assessments, Jan 26

CSAPR ($/ST)	2012 Range	2012 Mid	2013 Range	2013 Mid
SO_2 Group 1	100.00-130.00	115.00	90.00-130.00	110.00
SO_2 Group 2	100.00-200.00	150.00	90.00-200.00	145.00
NOx Annual	120.00-200.00	160.00	110.00-200.00	155.00
NOx Seasonal	110.00-170.00	140.00	100.00-170.00	135.00

All prices in $/st

Daily CAIR allowance assessments, Jan 26

	Bid	Offer	$/allowance	Change	$/st
SO2					
2011	0.75	2.00	1.38	0.00	2.76
2012	0.75	2.00	1.38	0.00	2.76
2013	0.38	1.50	0.94	0.00	1.88
NOx					
Bank	NA	NA	NA	NA	NA
2011	NA	NA	NA	NA	NA

The bank NOx reflects vintages from 2009 and prior. Under the Clean Air Interstate Rule that took effect January 1, the US Environmental Protection Agency will no longer discount allowances for the NOx bank. EPA, however, will discount SO2 allowances. Now, two SO2 allowances will equal one short ton of emissions. For methodology, visit www.emissions.platts.com. Please send contributions to the Platts' daily assessments of the SO2 and NOx markets to emissions@platts.com impurities and burns virtually smokeless, making it a valuable fuel source for a variety of applications.

More than 95% of North America's supply of anthracite comes from an eight-county region of northeastern Pennsylvania stretching from Dauphin County north of Harrisburg to Lackawanna County north of Scranton.

Milestone Partners, a private equity firm in suburban Philadelphia, is Blaschak's majority owner.

— Bob Matyi

FirstEnergy *... from page 1*

generating plants and determined that additional investments to implement [the mercury] and other environmental rules would make these older plants even less likely to be dispatched under market rules. As a result, it was necessary to retire the plants rather than continue operations."

The PJM Interconnection, the regional grid operator, must still determine whether the planned retirements would pose any reliability concerns.

In a research report released on Thursday, UBS analysts were surprised by the retirement of the Eastlake 5 unit. "We highlight [First Energy] had previously anticipated scrubbing East Lake 5, a 597 MW super-critical unit," the report said.

The analysts predicted that the closure of this unit may foreshadow more retirements than expected and pushed their earlier assessment of 15 GW of retirements in the PJM power market due to the new environmental rules up to 17 GW.

FirstEnergy spokesman Mark Durbin said that, with the exception of East Lake 5, the other units on the chopping block were already running at an average of 20% of capacity.

"We didn't anticipate them running all that much in the next several years," Durbin said. "We had already announced plans in 2010 that we were lowering their operation due to the economy.

"But the new [Mercury and Air Toxics Standards] rule has a hard stop at 2015. You'd have to mothball them or retrofit them, and we didn't think it was worth the cost," Durbin said.

According to Durbin, many people have been asking the company if they plan to refire any of the plants with natural gas.

"There is just an excess of energy right now," Durbin said, pointing to the reduced levels of power demand since the recession. "These older plants are just not viable with the money that would need to be spent on them."

— Henry Clay Webster, Jeff Barber

Consol *... from page 1*

from what we announced a few weeks ago. Markets change," J. Brett Harvey, Consol chairman and CEO, said during a Thursday morning earnings call. And natural gas prices have softened just in the past few weeks, from when Consol announced its 2012 capital budget on January 10, he said.

Consol said in its Thursday earnings statement that it will cut planned investment in the Marcellus Shale gas play this year by $130 million and defer 23 wells. Consol said it and Noble Energy, its joint venture partner in the play, now expect to drill 99 Marcellus Shale wells in 2012.

In coal, Consol said it plans to postpone some efficiency projects, resulting in a reduction in coal capital spending of about $44 million. Company executives noted that the overland belt project at Enlow Fork and the BMX complex expansion project — two of the company's primary Pittsburgh 8-seam mining complexes in southwestern Pennsylvania — will continue on schedule.

The company on Thursday reported fourth-quarter net income of $196 million, or 85 cents/diluted share, up from $104 million in the same quarter of 2010. It reported "record" 2011 net income of $632 million, or $2.76/diluted share, compared with 2010 net income of $347 million, or $1.60 per diluted share.

Consol also reported "record" 2011 cash flow from operations of $1.5 billion, an increase of 36% from $1.1 billion in 2010.

For Q4, coal production consisted of 1.4 million short tons of low-volatility metallurgical coal, 1.2 million st of high-vol met coal, and 12.7 million st of thermal coal, for a total of 15.3 million st, Consol said.

Total company sales revenue was nearly $1.4 billion, the company said, adding, "This was the highest ever achieved for Consol in a fourth quarter. As has been the case throughout 2011, most of the increase came from higher average realized prices across all three coal segments."

Consol's low-vol, high-vol and thermal coal categories had realized prices of $191, $78 and $59/st, FOB mine, respectively.

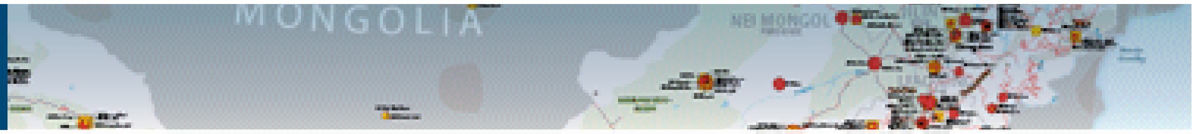
"Coal margins, across all of the company's sales, were $17.95 per ton, an increase of $1.18 per ton from the year-earlier quarter," Consol said. "Expanding coal margins drove an increase in EBITDA and cash flow from operations. EBITDA in the quarter ended December 31, 2011 was $440 million. Cash flow from operations was $275 million while capital expenditures were $385 million for the December 2011 quarter."

The company noted that, for the third-consecutive quarter, its coal division has generated more cash from its met business than from its thermal business. "This demonstrates the company's significant presence in the growing metallurgical markets," Consol said.

For 2011, Consol reported coal sales volumes of 63.2 million st for $4.5 billion of revenue and "achieved a record annual average $72.24 price per ton." The company's low-vol met coal volumes increased to 5.6 million st at an average price exceeding $190/st at the mine, and high-vol met coal volumes grew to 4.8 million st at an average price of $80/st.

"Total export volumes increased 68% over 2010 levels to a record of 11.4 million" st, Consol said.

— Steve Hooks, Jeff Barber



2012 Edition

CHINA COAL POWER GENERATION

NEW 2012 EDITION

Recently updated, the **2012 China Coal Power Generation Map** is a definitive resource for exploring coal-fired generation in China. This map is based on UDI's trusted international data and will help you find import and export points, identify key companies, pinpoint coal consumers and explore the generation landscape of the largest consumer of coal in the world.

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- 1,370 coal-fired power plants sized by generation capacity and labeled with plant name and company look-up code. Both existing and planned plants are displayed
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- Smelters
- Coal regions
- Coal basins
- Power plant lookup table
- Power plant operator table
- And much more.

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- World Energy Map

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