CONSOL ENERGY
AMERICA'S ENERGY STARTS HERE.

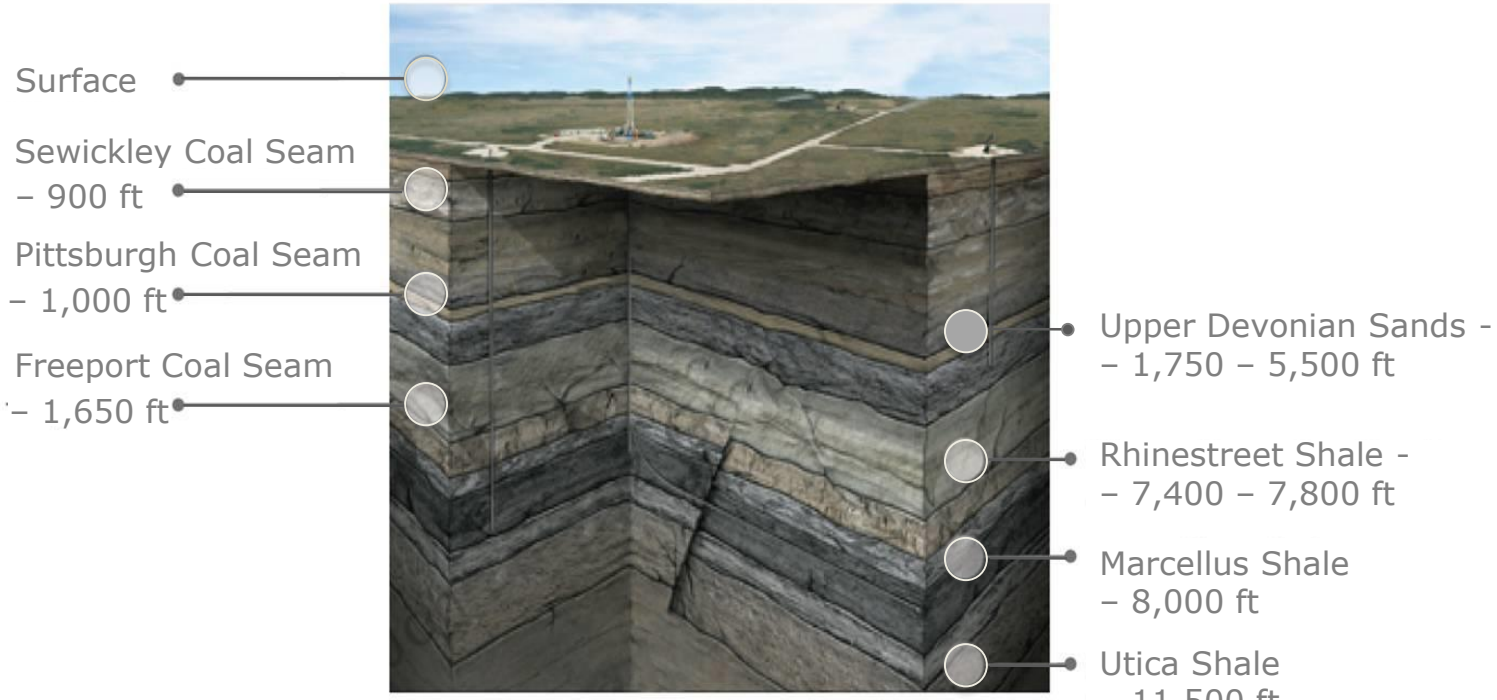
CONSOL Energy

Tim Dugan, COO – E&P Division

About CONSOL Energy

- Founded in 1860, began operations in 1864
- $5.4 billion revenue
- Member – Fortune 500; S&P 500
- One of the largest independent natural gas exploration and production (E&P) companies, with operations centered in the major shale formations located in the Appalachian basin
- Best-in-class legacy coal position, 3 premiere mining complexes with access to seaborne markets via wholly-owned Baltimore Terminal
- 4.0 tcf natural gas reserves
- Marcellus Shale partnership with Noble Energy; Utica Shale partnership with Hess Corporation
- Private R&D facility working with U.S. DOE and others on advanced technologies for energy production and utilization
- Nearly 5,000 employees

CONSOL's Unique Perspective



CONSOL Energy is the only company that operates across all of these different horizons.

2014 Operations Overview

- CONSOL expects to invest about $1.1 billion, most of which will be directed toward drilling and completion costs in the highly productive Marcellus and Utica shale formations.
- 53% of the company's total drilling capital will target the liquids-rich areas within these two plays.
- In the Marcellus Shale joint venture, CONSOL and its partner, Noble Energy, plan to operate an average of 4-5 horizontal rigs each to drill a combined 161 gross wells.
- Current operations include increased usage of shorter stage laterals and reduced cluster spacing.
- The wells completed in this manner have shown initial production rates being improved by as much as 40%, which the company believes will translate into potential increases to well EURs of 15%-20%.

2014 FORECAST

- **Overall natural gas production target range: 215–235 Bcfe**
- **Est. Marcellus production: 107–109 Bcfe**
- **Marcellus target 87% more than 2013's production of 57.8 Bcfe.**

Operations Overview, Continued

SOUTHWESTERN PENNSYLVANIA

- During the fourth quarter, CONSOL drilled six wells in Washington County.
- In 2013, CONSOL drilled 26 wells in Southwest Pa.
- In 2014, CONSOL plans to drill 44 wells in Greene and Washington counties with an expected average drilled lateral length of 6,600 feet.

- During the fourth quarter, CONSOL drilled five wells in Westmoreland County.
- In 2013, CONSOL drilled 10 wells in Central Pa.
- In 2014, CONSOL plans to drill nine wells in Westmoreland County with an expected average drilled lateral length of 6,700 feet.

NORTHERN WEST VIRGINIA

- During the fourth quarter, CONSOL drilled two wells in Upshur County.
- In 2013, CONSOL drilled 10 wells in Northern W.Va.
- In 2014, CONSOL plans to drill 23 wells in Barbour County with an expected average lateral length of 6,200 feet.

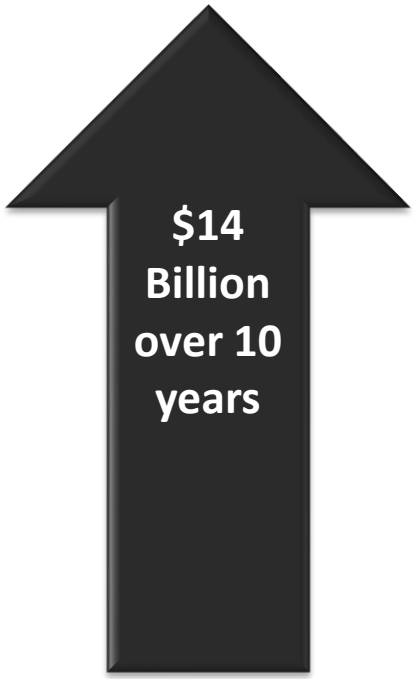
Finding Greater Efficiencies

- ✓ CONSOL satisfied its 2013 goal of reducing costs per lateral foot drilled by identifying and minimizing the relative proportion of non-productive time such as mobilizing rigs, running casing, and waiting on cement.
- ✓ In 2013, the cost per lateral foot was $378, compared to the previous year of $529 per lateral foot.
- ✓ For all-in drilling and completion (D&C) costs for a 6,000 foot lateral, the total cost in 2013 was approximately $6.7 million per well, or $1.1 million per 1,000 feet, which includes the cost of wells drilled utilizing short stage lengths (SSL) and reduced cluster spacing (RCS).
- ✓ The all-in D&C costs of a 4,800 foot lateral would increase to $1.3 million per 1,000 feet, which excludes any costs associated with SSL and RCS. Utilization of SSL and RCS increases well costs by approximately $1.2 million per well, or $240,000 per 1,000 feet.

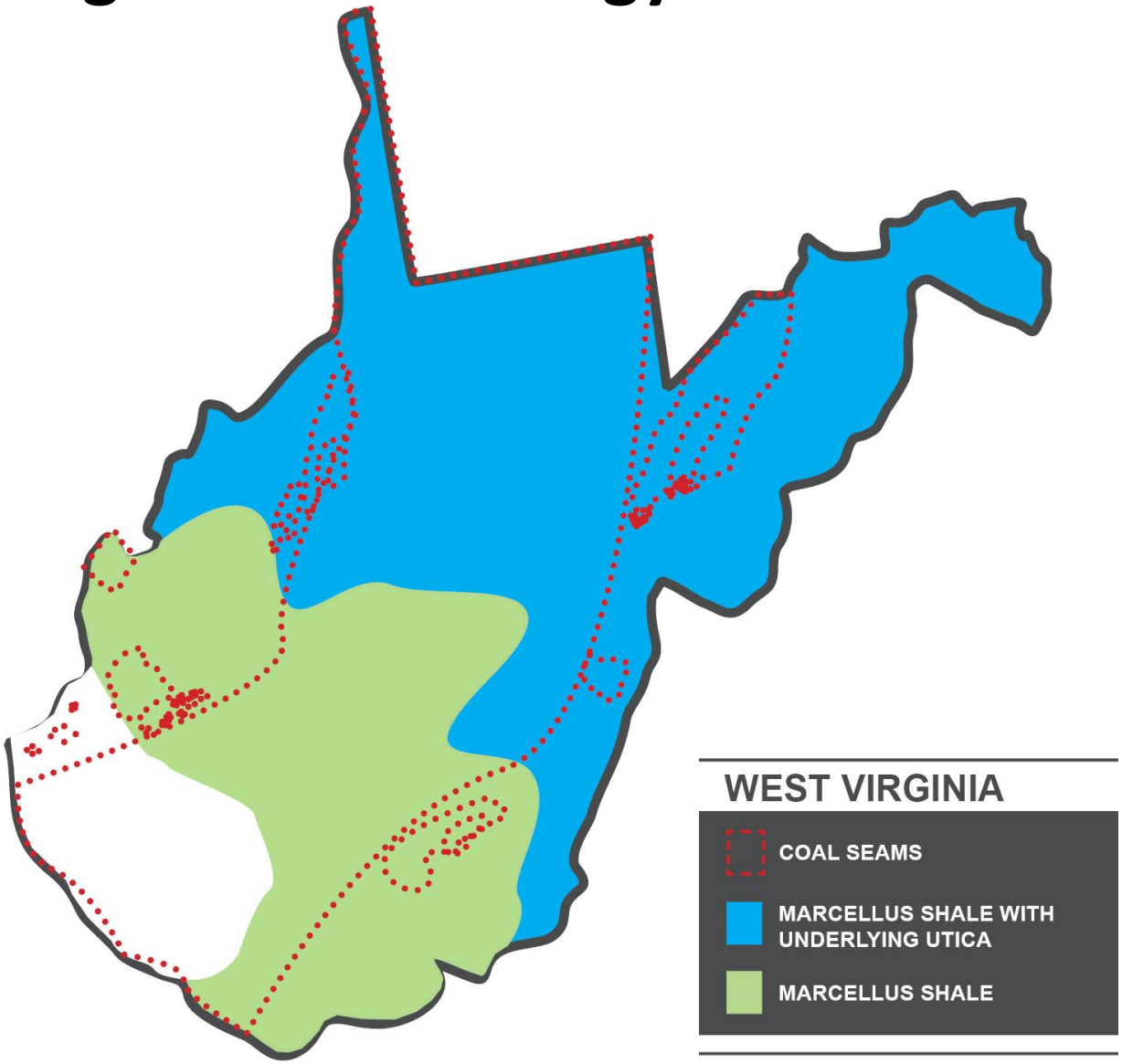
Investment = Opportunity

- Over the next 10 years, CONSOL will invest $14 billion to build out our Marcellus acreage in West Virginia.
- For context, the Charleston Civic Center, just a few blocks away from here, when built in 1959 cost just shy of $20 million in current figures adjusted for inflation.
- That level of investment by CONSOL represents 700 Charleston Civic Center projects in the state of West Virginia.
- This is the free market and private investment at work – energy meeting rising demand. And, it's come at a time when our economy needs jobs and opportunity most.

Marcellus in West Virginia



West Virginia's Vast Energy Resources



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