

CNX Coal Resources LP
Form 10-Q
November 03, 2015

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

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT
OF 1934.

For the quarterly period ended September 30, 2015

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT
OF 1934

For the transition period from _____ to _____

Commission file number: 001-14901

CNX Coal Resources LP
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)
1000 CONSOL Energy Drive
Canonsburg, PA 15317-6506
(724) 485-4000

47-3445032
(I.R.S. Employer
Identification No.)

(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer Non-accelerated filer Smaller Reporting Company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

CNX Coal Resources LP had 11,611,067 common units, 11,611,067 subordinated units and a 2% general partner interest outstanding at October 31, 2015.

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PART I : FINANCIAL INFORMATION
ITEM 1. FINANCIAL STATEMENTS
CNX COAL RESOURCES LP
CONSOLIDATED STATEMENTS OF OPERATIONS
(Dollars in thousands, except per unit data)
(unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
Coal Revenue	\$64,635	\$75,928	\$205,321	\$245,333
Freight Revenue	242	156	1,257	2,986
Miscellaneous Other Income	264	58	615	7,269
Gain on Sale of Assets	11	3	36	120
Total Revenue and Other Income	65,152	76,145	207,229	255,708
Operating and Other Costs ¹	34,167	45,628	111,783	130,544
Royalties and Production Taxes	2,554	3,227	8,296	10,955
Selling and Direct Administrative Expenses ²	1,236	1,583	3,848	5,012
Depreciation, Depletion and Amortization	8,431	8,913	26,696	24,873
Freight Expense	242	156	1,257	2,986
General and Administrative Expenses ³	1,969	2,623	6,762	9,595
Interest Expense ⁴	1,888	2,190	6,597	4,709
Total Costs	50,487	64,320	165,239	188,674
Net Income	\$14,665	\$11,825	\$41,990	\$67,034
Calculation of Limited Partner Interest in Net Income:				
Net Income Attributable to General and Limited Partner Ownership Interest in CNX Coal Resources ⁵	\$14,683	N/A	\$14,683	N/A
Less: General Partner Interest in Net Income	294	N/A	294	N/A
Limited Partner Interest in Net Income	\$14,389	N/A	\$14,389	N/A
Net Income per Limited Partner Unit - Basic	\$0.62	N/A	\$0.62	N/A
Net Income per Limited Partner Unit - Diluted	\$0.62	N/A	\$0.62	N/A
Limited Partner Units Outstanding - Basic	23,222,134	N/A	23,222,134	N/A
Limited Partner Units Outstanding - Diluted	23,222,592	N/A	23,222,592	N/A
Cash Distributions Declared per Unit ⁶	\$0.4791	N/A	\$0.4791	N/A

¹ Related Party of \$1,680 and \$3,321 for the three months ended and \$3,468 and \$10,357 for the nine months ended September 30, 2015 and September 30, 2014, respectively.

² Related Party of \$1,034 and \$1,411 for the three months ended and \$3,297 and \$4,530 for the nine months ended September 30, 2015 and September 30, 2014, respectively.

³ Related Party of \$2,027 and \$2,718 for the three months ended and \$6,747 and \$9,595 for the nine months ended September 30, 2015 and September 30, 2014, respectively.

⁴ Related Party of \$2,424 for the three months ended September 30, 2014 and \$4,840 and \$7,111 for the nine months ended September 30, 2015 and September 30, 2014, respectively.

⁵ Reflective of general and limited partner interest in net income since closing of Initial Public Offering. See Note 2 - Initial Public Offering.

⁶ Represents the cash distributions declared related to the period presented. See Note 16 - Subsequent Events

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

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CNX COAL RESOURCES LP
 CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
 (Dollars in thousands)
 (unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
Net Income	\$14,665	\$11,825	\$41,990	\$67,034
Other Comprehensive Income (Loss):				
Actuarially Determined Long-Term Liability Adjustments	(12)	(358)	(1,401)	(1,072)
Other Comprehensive Income (Loss)	(12)	(358)	(1,401)	(1,072)
Comprehensive Income	\$14,653	\$11,467	\$40,589	\$65,962

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

CNX COAL RESOURCES LP
CONSOLIDATED BALANCE SHEETS
(Dollars in thousands)

	(Unaudited) September 30, 2015	December 31, 2014
ASSETS		
Current Assets:		
Cash	\$3,004	\$3
Trade Receivables	23,151	—
Other Receivables	412	384
Inventories	12,656	10,639
Prepaid Expenses	5,028	3,922
Total Current Assets	44,251	14,948
Property, Plant and Equipment:		
Property, Plant and Equipment	687,775	686,593
Less—Accumulated Depreciation, Depletion and Amortization	312,576	287,707
Total Property, Plant and Equipment—Net	375,199	398,886
Other Assets:		
Other	11,394	4,977
Total Other Assets	11,394	4,977
TOTAL ASSETS	\$430,844	\$418,811

CNX COAL RESOURCES LP
CONSOLIDATED BALANCE SHEETS
(Dollars in thousands)

	(Unaudited) September 30, 2015	December 31, 2014
LIABILITIES AND EQUITY		
Current Liabilities:		
Accounts Payable	\$15,302	\$15,782
Accounts Payable—Related Party	1,188	—
Current Portion of Long Term Notes—Related Party	—	17,931
Current Portion of Long Term Debt—Other	344	330
Other Accrued Liabilities	39,981	35,502
Total Current Liabilities	56,815	69,545
Long-Term Debt:		
Revolver, net of debt issuance and financing fees (Note 9)	175,873	—
Long-Term Notes Payable—Related Party	—	160,831
Advanced Royalty Commitments	278	278
Capital Lease Obligations	85	51
Total Long-Term Debt	176,236	161,160
Deferred Credits and Other Liabilities:		
Postretirement Benefits Other Than Pensions	—	5,279
Pneumoconiosis Benefits	1,422	1,250
Workers' Compensation	3,219	2,381
Asset Retirement Obligations	7,450	7,961
Other	605	609
Total Deferred Credits and Other Liabilities	12,696	17,480
TOTAL LIABILITIES	245,747	248,185
Partners' Capital:		
Common Units (11,611,067 Units Outstanding at September 30, 2015)	155,596	—
Subordinated Units (11,611,067 Units Outstanding at September 30, 2015)	7,502	—
General Partner Interest	13,135	—
Parent Net Investment	—	139,259
Accumulated Other Comprehensive Income	8,864	31,367
Total Partners' Capital	185,097	170,626
TOTAL LIABILITIES AND PARTNERS' CAPITAL	\$430,844	\$418,811

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

CNX COAL RESOURCES LP
CONSOLIDATED STATEMENT OF PARTNERS' CAPITAL
(Dollars in thousands)

	Parent Net Investment	Limited Partners			Accumulated Other Comprehensive Income	Total
		Common	Subordinated	General Partner		
Balance at December 31, 2014 (unaudited)	\$ 139,259	\$—	\$—	\$—	\$ 31,367	\$ 170,626
Net Income Attributable from January 1, 2015 to July 6, 2015	27,307	—	—	—	—	27,307
Net Working Capital Advances to Partnership	(21,585)	—	—	—	—	(21,585)
Assets and Liabilities Contributed/Distributed	210,906	—	—	—	(21,102)	189,804
Deemed Distribution to Partnership	(355,887)	28,449	314,597	12,841	—	—
Issuance of Common Units to Public, Net of Offering Costs	—	148,359	—	—	—	148,359
Distribution of Proceeds	—	(28,421)	(314,290)	—	—	(342,711)
Net Income Attributable to the Partnership	—	—	—	—	—	—