

CONSOL Energy Inc
Form 10-Q
August 04, 2011

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 June 30, 2011

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

CONSOL Energy Inc.

(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

(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

Indicate the number of shares outstanding of each of the issuer's classes of common stock as of the latest practicable date.

Class

Shares outstanding as of July 19, 2011

Common stock, \$0.01 par value

226,743,672

TABLE OF CONTENTS

	Page
PART I FINANCIAL INFORMATION	
ITEM 1. Condensed Financial Statements	
<u>Consolidated Statements of Income for the three and six months ended June 30, 2011 and 2010</u>	<u>3</u>
<u>Consolidated Balance Sheets at June 30, 2011 and December 31, 2010</u>	<u>4</u>
<u>Consolidated Statement of Stockholders' Equity for the six months ended June 30, 2011</u>	<u>6</u>
<u>Consolidated Statements of Cash Flows for the six months ended June 30, 2011 and 2010</u>	<u>7</u>
<u>Notes to Unaudited Consolidated Financial Statements</u>	<u>8</u>
ITEM 2. <u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	<u>39</u>
ITEM 3. <u>Quantitative and Qualitative Disclosures About Market Risk</u>	<u>86</u>
ITEM 4. <u>Controls and Procedures</u>	<u>87</u>
PART II OTHER INFORMATION	
ITEM 1. <u>Legal Proceedings</u>	<u>88</u>
ITEM 5. <u>Other Information</u>	<u>88</u>
ITEM 6. <u>Exhibits</u>	<u>91</u>

PART I
FINANCIAL INFORMATION

ITEM 1. CONDENSED FINANCIAL STATEMENTS

CONSOL ENERGY INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME

(Unaudited)

(Dollars in thousands, except per share data)

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2011	2010	2011	2010
Sales—Outside	\$1,486,000	\$1,220,116	\$2,871,478	\$2,389,630
Sales—Gas Royalty Interests	16,273	14,151	35,108	28,490
Sales—Purchased Gas	1,162	1,740	2,142	4,756
Freight—Outside	59,572	28,075	96,440	59,275
Other Income	24,921	25,265	48,137	47,256
Total Revenue and Other Income	1,587,928	1,289,347	3,053,305	2,529,407
Cost of Goods Sold and Other Operating Charges (exclusive of depreciation, depletion and amortization shown below)	927,399	818,771	1,741,108	1,585,633
Acquisition and Financing Fees	—	17,515	—	64,078
Loss on Debt Extinguishment	16,090	—	16,090	—
Gas Royalty Interests Costs	14,366	11,528	31,173	23,725
Purchased Gas Costs	1,776	1,339	2,452	3,647
Freight Expense	59,572	28,075	96,251	59,275
Selling, General and Administrative Expenses	43,423	39,045	83,619	69,175
Depreciation, Depletion and Amortization	157,800	132,764	306,862	251,950
Abandonment of Long-Lived Assets	115,479	—	115,479	—
Interest Expense	64,597	65,038	131,079	73,183
Taxes Other Than Income	88,642	79,124	179,331	160,425
Total Costs	1,489,144	1,193,199	2,703,444	2,291,091
Earnings Before Income Taxes	98,784	96,148	349,861	238,316
Income Taxes	21,400	25,248	80,328	59,534
Net Income	77,384	70,900	269,533	178,782
Less: Net Income Attributable to Noncontrolling Interest	—	(4,232)	—	(11,845)
Net Income Attributable to CONSOL Energy Inc. Shareholders	\$77,384	\$66,668	\$269,533	\$166,937
Earnings Per Share:				
Basic	\$0.34	\$0.30	\$1.19	\$0.82
Dilutive	\$0.34	\$0.29	\$1.18	\$0.81
Weighted Average Number of Common Shares Outstanding:				
Basic	226,647,752	225,715,539	226,499,994	203,842,526
Dilutive	229,138,024	228,081,103	228,917,335	206,311,383
Dividends Paid Per Share	\$0.10	\$0.10	\$0.20	\$0.20

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

CONSOL ENERGY INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Dollars in thousands)

(Unaudited)
June 30, December 31,
2011 2010

ASSETS