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CONSOL Coal Resources LP
Form 10-K
February 08, 2019

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

FORM 10-K

(Mark One)

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

For the fiscal year ended December 31, 2018

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 Coal Resources LP

(Exact name of registrant as specified in its charter)

Delaware 47-3445032

(State or other jurisdiction of (I.R.S. Employer
incorporation or organization) Identification No.)

1000 CONSOL Energy Drive, Suite 100

Canonsburg, PA 15317-6506

(724) 416-8300

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

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Name of Each Exchange On Which Registered
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Common Units representing limited partner interests	New York Stock Exchange
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Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the

Act. Yes ☐ No ☒

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 every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☐

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

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Large accelerated filer ☐ Accelerated filer ☒ Non-accelerated filer ☐ Smaller Reporting Company ☒ Emerging Growth Company ☒

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act ☒

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

Yes ☐ No ☒

The aggregate value of the common units held by non-affiliates of the registrant (treating all executive officers and directors of the registrant, for this purpose, as if they may be affiliates of the registrant) was approximately \$161,736,496 as of June 30, 2018, the last business day of the registrant's most recently completed second fiscal quarter, based on the reported closing price of the common units as reported on The New York Stock Exchange on such date.

CONSOL Coal Resources LP had 15,911,211 common units, 11,611,067 subordinated units, and a 1.7% general partner interest outstanding at January 25, 2019.

DOCUMENTS INCORPORATED BY REFERENCE:

None

TABLE OF CONTENTS

	Page
 PART I	
Item 1. Business	<u>6</u>
Item 1A. Risk Factors	<u>17</u>
Item 1B. Unresolved Staff Comments	<u>40</u>
Item 2. Properties	<u>40</u>
Item 3. Legal Proceedings	<u>43</u>
Item 4. Mine Safety Disclosures	<u>43</u>
 PART II	
Item 5. Market for Registrant's Common Units and Related Unitholder Matters and Issuer Purchases of Equity Securities	<u>44</u>
Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations	<u>46</u>
Item 8. Financial Statements	<u>57</u>
Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosures	<u>81</u>
Item 9A. Controls and Procedures	<u>81</u>
Item 9B. Other Information	<u>82</u>
 PART III	
Item 10. Directors, Executive Officers and Corporate Governance of General Partner	<u>83</u>
Item 11. Executive Compensation	<u>87</u>
Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Unitholder Matters	<u>97</u>
Item 13. Certain Relationships and Related Transactions and Director Independence	<u>100</u>
Item 14. Principal Accounting Fees and Services	<u>107</u>
 PART IV	
Item 15. Exhibits and Financial Statement Schedules	<u>109</u>
Signatures	<u>113</u>

PART I

Significant Relationships and Other Important Definitions Referenced in this Annual Report

“CONSOL Coal Resources LP,” the “Partnership,” “we,” “our,” “us” and similar terms refer to CONSOL Coal Resources LP, a Delaware limited partnership, and its subsidiaries, with common units listed for trading on the New York Stock Exchange under the ticker “CCR.” Prior to November 28, 2017, we were called CNX Coal Resources LP and our common units traded on the New York Stock Exchange under the ticker “CNXC”.

“Affiliated Company Credit Agreement” refers to an agreement entered into on November 28, 2017 among the Partnership and certain of its subsidiaries (collectively, the “Credit Parties”), CONSOL Energy, as lender and administrative agent, and PNC Bank, National Association, as collateral agent (“PNC”). The Affiliated Company Credit Agreement provides for a revolving credit facility in an aggregate principal amount of up to \$275 million to be provided by CONSOL Energy, as lender.

“Class A Preferred Units” refers to the convertible preferred units representing limited partner interests in CONSOL Coal Resources LP. The Partnership issued 3,956,496 Class A Preferred Units to our former sponsor on September 30, 2016. All Class A Preferred Units were converted to common units on a one-for-one basis on October 2, 2017, in accordance with our Partnership Agreement. The key terms of the Class A Preferred Units were described in our Annual Report on Form 10-K for the year ended December 31, 2016.

“common units” refer to the limited partner interests in CONSOL Coal Resources LP. The holders of common units are entitled to participate in partnership distributions and are entitled to exercise the rights or privileges of limited partners under the Partnership Agreement. The common units are listed on the New York Stock Exchange under the symbol “CCR”.

“Concurrent Private Placement” refers to the issuance (concurrent with the IPO) of 5,000,000 common units to Greenlight Capital pursuant to a common unit purchase agreement.

“CONSOL Coal Finance” refers to CONSOL Coal Finance Corporation, a Delaware corporation and a direct, wholly owned subsidiary of the Partnership.

“CONSOL Energy” and our “sponsor” refer to CONSOL Energy Inc., a Delaware corporation and the parent of our general partner, and its subsidiaries other than our general partner, us and our subsidiaries.

“CONSOL Operating” refers to CONSOL Operating LLC, a Delaware limited liability company and a direct, wholly owned subsidiary of the Partnership.

“CONSOL Thermal Holdings” refers to CONSOL Thermal Holdings LLC, a Delaware limited liability company and a direct, wholly owned subsidiary of CONSOL Operating; following the PA Mining Acquisition, CONSOL Thermal Holdings owns a 25% undivided interest in the assets, liabilities, revenues and expenses comprising the Pennsylvania Mining Complex.

“Conrhein” refers to Conrhein Coal Company, a Pennsylvania general partnership and a wholly owned subsidiary of CONSOL Energy.

“CPCC” refers to CONSOL Pennsylvania Coal Company LLC, a Delaware limited liability company and a wholly owned subsidiary of CONSOL Energy.

“general partner” refers to CONSOL Coal Resources GP LLC, a Delaware limited liability company and our general partner.

“Greenlight Capital” refers to certain funds managed by Greenlight Capital, Inc. and its affiliates.

“IPO” refers to the completion of the Partnership’s initial public offering on July 7, 2015.

“Omnibus Agreement” refers to the Omnibus Agreement dated July 7, 2015, as replaced by the First Amended and Restated Omnibus Agreement dated as of September 30, 2016, and as amended by the First Amendment to the First Amended and Restated Omnibus Agreement, dated November 28, 2017.

“Our former sponsor” or “CNX” refers to CNX Resources Corporation and its consolidated subsidiaries.

“PA Mining Acquisition” refers to a transaction which closed on September 30, 2016, wherein the Partnership and its wholly owned subsidiary, CONSOL Thermal Holdings, entered into a Contribution Agreement with our former sponsor, CPCC and Conrhein, under which CONSOL Thermal Holdings acquired an undivided 6.25% of the contributing parties’ right, title and interest in and to the Pennsylvania Mining Complex (which represents an aggregate 5% undivided interest in and to the Pennsylvania Mining Complex).

“Partnership Agreement” refers to the First Amended and Restated Agreement of Limited Partnership of the Partnership, as replaced by the Second Amended and Restated Agreement of Limited Partnership of the Partnership dated as of September 30, 2016, as replaced by the Third Amended and Restated Partnership Agreement dated as of November 28, 2017.

“Pennsylvania Mining Complex” refers to the coal mines, coal reserves and related assets and operations, located primarily in southwestern Pennsylvania. From the closing of the PA Mining Acquisition in September 2016 until November 28, 2017, the Pennsylvania Mining Complex was owned 75% by our former sponsor and its subsidiaries and 25% by CONSOL Thermal Holdings. In connection with the separation, our former sponsor's undivided interest in the Pennsylvania Mining Complex was transferred to CONSOL Energy.

“PNC Revolving Credit Facility” refers to a credit agreement that the Partnership entered into on July 7, 2015, as borrower, and certain subsidiaries of the Partnership, as guarantors, for a \$400 million revolving credit facility with PNC, as administrative agent, and other lender parties. On November 28, 2017, in connection with the separation, the Partnership paid all fees and other amounts outstanding under the PNC Revolving Credit Facility and terminated the PNC Revolving Credit Facility and the related loan documents.

“Predecessor” refers to our former sponsor’s ownership of CPCC and the Conrhein assets and liabilities prior to the IPO on July 7, 2015.

“preferred units” refer to any limited partnership interests, other than the common units and subordinated units, issued in accordance with the Partnership Agreement that, as determined by our general partner, have special voting rights to which our common units are not entitled. As of the date of this Annual Report on Form 10-K, there are no outstanding preferred units.

“recoverable coal reserves” refer to our proven and probable coal reserves, as defined by Industry Guide 7, that could be economically and legally extracted or produced at the time of the reserve determination, taking into account mining recovery and preparation plant yield.

“SEC” refers to the United States Securities and Exchange Commission.

“separation” refers to the separation of the coal business from our former sponsor’s other businesses and the creation, as a result of the distribution, of an independent, publicly traded company (CONSOL Energy) to hold the assets and liabilities associated with the coal business (including our former sponsor’s interest in the general partner and in us) after the distribution.

“sponsor” or “our sponsor” refers to our former sponsor prior to the separation and to CONSOL Energy following the separation.

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“subordinated units” refer to limited partner interests in CONSOL Coal Resources LP having the rights and obligations specified with respect to subordinated units in the Partnership Agreement. In connection with the completion of the IPO, we issued 11,611,067 subordinated units to our former sponsor. In connection with the separation and the Affiliated Company Credit Agreement, all of the subordinated units were transferred directly to CONSOL Energy.

FORWARD-LOOKING STATEMENTS

We are including the following cautionary statement in this Annual Report on Form 10-K 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 Annual Report on Form 10-K are forward-looking statements (as defined in Section 21E of the Exchange Act) that involve risks and uncertainties that could cause actual results and outcomes to differ materially from results expressed in or implied by our forward-looking statements. 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,” “continue,” “intend,” “expect,” “may,” “should,” “anticipate,” “could,” “estimate,” “plan,” “predict,” “project,” “will,” or their negatives, or other similar expressions, the 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 Annual Report on Form 10-K speak only as of the date of this Annual Report on Form 10-K; 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:

- changes in coal prices or the costs of mining or transporting coal;
- uncertainty in estimating economically recoverable coal reserves and replacement of reserves;
- our ability to develop our existing coal reserves, acquire additional reserves and successfully execute our mining plans;
- defects in title or loss of any leasehold interests with respect to our properties;
- changes in general economic conditions, both domestically and globally;
- competitive conditions within the coal industry;
- changes in the consumption patterns of coal-fired power plants and steelmakers and other factors affecting the demand for coal by coal-fired power plants and steelmakers;
- the availability and price of coal to the consumer compared to the price of alternative and competing fuels;
- competition from the same and alternative energy sources;
- energy efficiency and technology trends;
- our ability to successfully implement our business plan;
- the price and availability of debt and equity financing;
- operating hazards and other risks incidental to coal mining;
 - major equipment failures and difficulties in obtaining equipment, parts and raw materials;
- availability, reliability and costs of transporting coal;
- adverse or abnormal geologic conditions, which may be unforeseen;
- natural disasters, weather-related delays, casualty losses and other matters beyond our control;
- operating in a single geographic area;
- interest rates and interest rate hedging transactions;
- our reliance on a few major customers;
- labor availability, relations and other workforce factors;
- defaults by CONSOL Energy under our operating agreement, employee services agreement and Affiliated Company Credit Agreement;
- restrictions in our Affiliated Company Credit Agreement that may adversely affect our business;

• changes in our tax status;

- delays in the receipt of, failure to receive or revocation of necessary governmental permits;

• the effect of existing and future laws and government regulations, including the enforcement and interpretation of environmental laws thereof;

• the effect of new or expanded greenhouse gas regulations;

• the effects of litigation;

• adverse effect of cybersecurity threats;

• failure to maintain effective internal controls over financial reporting;

• recent action and the possibility of future action on trade by U.S. and foreign governments;

• conflicts of interest that may cause our general partner or CONSOL Energy to favor their own interest to our detriment;

• the requirement that we distribute all of our available cash; and

• other factors discussed in this Annual Report Form 10-K under “Risk Factors,” as updated by any subsequent Forms 10-Q, which are on file at the SEC.

ITEM 1. BUSINESS

General

We are a master limited partnership formed on March 16, 2015 to manage and further develop all of our sponsor's active coal operations in Pennsylvania. All amounts except per unit or per ton are displayed in thousands.

At December 31, 2018, our assets are comprised of a 25% undivided interest in, and operational control over, the Pennsylvania Mining Complex, which consists of three underground mines and related infrastructure that produce high-British thermal unit ("Btu") coal that is sold primarily to electric utilities in the eastern United States. We are a leading producer of high-Btu coal in the Northern Appalachian Basin and the eastern United States due to our ability to efficiently produce and deliver large volumes of high-quality coal at competitive prices, the strategic location of our mines, the industry experience of our management team and our relationship with CONSOL Energy.

The Pennsylvania Mining Complex, which includes the Bailey Mine, the Enlow Fork Mine and the Harvey Mine, has extensive high-quality coal reserves. We mine our reserves from the Pittsburgh No. 8 Coal Seam, which is a large contiguous formation of uniform, high-Btu coal that is ideal for high-productivity, low-cost longwall operations. As of December 31, 2018, our portion of the Pennsylvania Mining Complex included 174,625 tons of recoverable coal reserves with an average gross heat content of approximately 12,907 Btus per pound and approximately 3.6 pounds of sulfur dioxide ("SO₂") per million British thermal units ("lb SO₂/mmBtu"). Based on our current production capacity, these reserves are sufficient to support approximately 25 years of production. In addition, our reserves currently exhibit thermoplastic behavior suitable for cokemaking, which enables us, if market dynamics are favorable, to capture greater margins from selling our coal as a crossover product in the high-vol metallurgical market to cokemakers and steel manufacturers who utilize modern cokemaking technologies.

The design of the Pennsylvania Mining Complex is optimized to produce large quantities of coal on a cost-efficient basis. We are able to sustain high production volumes at comparatively low operating costs due to, among other things, our technologically advanced longwall mining systems, logistics infrastructure and safety. All of our mines utilize longwall mining, which is a highly automated underground mining technique that produces large volumes of coal at lower costs compared to other underground mining methods. We typically operate five longwalls and 15-17 continuous mining sections at the Pennsylvania Mining Complex. The current production capacity of our portion of the Pennsylvania Mining Complex's five longwalls is 7,125 tons of coal per year. The preparation plant is connected via conveyor belts to each of our mines and cleans and processes up to 8,200 tons of coal per hour. Our on-site logistics infrastructure at the preparation plant includes a dual-batch train loadout facility capable of loading up to 9,000 tons of coal per hour and 19.3 miles of track linked to separate Class I rail lines owned by Norfolk Southern and CSX, which significantly increases our efficiency in meeting our customers' transportation needs.

On July 1, 2015, our common units began trading on the New York Stock Exchange under the ticker symbol "CNXC". On July 7, 2015, the Partnership completed the issuance of common units in connection with the IPO, a private placement of common units with Greenlight Capital, and entered into a \$400,000 senior secured revolving credit facility. In connection with the IPO, our former sponsor contributed to the Partnership a 20% undivided interest in the assets, liabilities, revenues and expenses comprising the Pennsylvania Mining Complex.

On September 30, 2016, we acquired an additional 5% undivided interest in the Pennsylvania Mining Complex from our former sponsor for \$21,500 in cash and the issuance of 3,956,496 Class A Preferred Units with a value of \$67,300. All information (except distributable cash flow, which reflects the ownership percentage at the time) included within this filing has been recast to reflect the Partnership's current 25% undivided interest in the assets, liabilities, revenues and expenses comprising the Pennsylvania Mining Complex. On October 2, 2017, all of the Class A Preferred Units were converted into common units on a one-for-one basis.

On November 28, 2017, CONSOL Energy was separated from our former sponsor into an independent publicly traded coal company (NYSE: CEIX). In connection with the separation, our former sponsor transferred to CONSOL Energy all of its ownership interest in our general partner and us, which consists of (i) 5,006,496 common units and 11,611,067 subordinated units, (ii) a 1.7% general partnership interest and (iii) all incentive distribution rights (IDRs). CONSOL Energy's coal business includes its 75% undivided interest in the Pennsylvania Mining Complex, terminal operations at the Port of Baltimore and undeveloped coal reserves located in the Northern Appalachian Basin, Central Appalachian Basin and Illinois Basin and certain related coal assets and liabilities.

Our primary strategy for growing our business and increasing distributions to our unitholders is to increase operating efficiencies to maximize realizations and make acquisitions that increase our distributable cash flow. The primary component of our growth strategy is based upon our expectation of future divestitures by CONSOL Energy to us of portions of its retained 75% undivided interest in the Pennsylvania Mining Complex.

Our principal executive offices are located at 1000 CONSOL Energy Drive, Suite 100, Canonsburg, Pennsylvania 15317-6506, and our telephone number is (724) 416-8300. Our website is located at www.ccrp.com. Information on our website is not incorporated by reference into this Annual Report on Form 10-K and does not constitute a part of this Annual Report on Form 10-K.

Organization Structure

The following simplified diagram depicts our organizational structure and our relationship with CONSOL Energy as of December 31, 2018:

Our Relationship with CONSOL Energy

One of our principal strengths is our relationship with our sponsor, CONSOL Energy. CONSOL Energy is a leading, low-cost producer of high-quality coal, headquartered in Canonsburg, Pennsylvania. CONSOL Energy and its former parent and predecessors have been mining coal, primarily in the Appalachian Basin, since 1864. CONSOL Energy deploys an organic growth strategy focused on efficiently developing its resource base. CONSOL Energy's premium coal grades are sold to electricity generators, steel makers, coke producers and industrial consumers, both domestically and internationally. CONSOL Energy is listed on the NYSE under the symbol "CEIX" and had a market capitalization of approximately \$870.1 million as of December 31, 2018.

Our Assets

CONSOL Thermal Holdings owns a 25% undivided interest in the Pennsylvania Mining Complex. CONSOL Thermal Holdings entered into an operating agreement with CPCC and Conrhein under which CONSOL Thermal Holdings is named as operator and assumes management and control over the day-to-day operations of the Pennsylvania Mining Complex for the life of the mines. We are managed by the directors and executive officers of our general partner. As a result, the directors and executive officers of our general partner have the ultimate responsibility for managing and conducting all of our and our subsidiaries' operations, including with respect to CONSOL Thermal Holdings' rights and obligations under the operating agreement. Based on our current production capacity utilizing five longwall mining systems, our recoverable coal reserves are sufficient to support approximately 25 years of production.

Our Operations

Bailey Mine

The Bailey Mine is located in Enon, Pennsylvania. The Bailey Mine is the first mine developed at the Pennsylvania Mining Complex. As of December 31, 2018, the Partnership's portion of the Bailey Mine's assigned and accessible reserve base contained an aggregate of 40,832 tons of recoverable coal reserves with an average as-received gross heat content of approximately 12,890 Btus per pound and an approximate average lb SO₂/mmBtu of 4.1. Construction of the slope and initial air shaft began in 1982. The slope development reached the coal seam at a depth of approximately 600 feet and, following development of the slope bottom, commercial coal production began in 1984. Longwall mining production commenced in 1985, and the second longwall was placed into operation in 1987. In 2010, a new slope and overland belt system was commissioned, which allowed a large percentage of the Bailey Mine to be sealed off. For the years ended December 31, 2018, 2017 and 2016, our portion of the Bailey Mine produced 3,184 tons, 3,031 tons and 3,014 tons of coal, respectively. The Bailey Mine uses approximately six to seven continuous mining units to develop the mains and gate roads for its longwall panels.

Enlow Fork Mine

The Enlow Fork Mine is located directly north of the Bailey Mine. As of December 31, 2018, the Partnership's portion of the Enlow Fork Mine's assigned and accessible reserve base contained an aggregate of 83,407 tons of recoverable coal reserves with an average as-received gross heat content of approximately 12,935 Btus per pound and an approximate average lb SO₂/mmBtu of 3.2. Initial underground development was started from the Bailey Mine while the Enlow Fork slope was being constructed. Once the slope bottom was developed and the slope belt became operational, seals were constructed to separate the two mines. Following development of the slope bottom, commercial coal production began in 1989. Longwall mining production commenced in 1991 with the second longwall coming online in 1992. In 2014, a new slope and overland belt system was commissioned and a substantial portion of the Enlow Fork Mine was sealed. For the years ended December 31, 2018, 2017 and 2016, our portion of the Enlow Fork Mine produced 2,469 tons, 2,295 tons and 2,409 tons of coal, respectively. The Enlow Fork Mine uses

approximately six to seven continuous mining units to develop the mains and gate roads for its longwall panels.

Harvey Mine

The Harvey Mine is located directly east of the Bailey and Enlow Fork Mines. As of December 31, 2018, the Partnership's portion of the Harvey Mine's assigned and accessible reserve base contained an aggregate of 50,386 tons of recoverable coal reserves with an average as-received gross heat content of approximately 12,873 Btus per pound and an approximate average lb SO₂/mmBtu of 3.8. Similar to the Enlow Fork Mine, the Harvey Mine was developed off of the Bailey Mine's slope bottom. Once the slope for the Harvey Mine was placed into operation, seals were built to separate the two mines, and the original slope was dedicated solely to the Harvey Mine, which eliminated the need to make significant capital expenditures to develop, among other things, a new slope, air shaft and portal facility. Development of the Harvey Mine began

in 2009, and construction of the supporting surface facilities commenced in 2011. Longwall mining production commenced in March 2014. For the years ended December 31, 2018, 2017 and 2016, our portion of the Harvey Mine produced 1,245 tons, 1,201 tons and 743 tons of coal, respectively. The Harvey Mine uses approximately three continuous mining units to develop the mains and gate roads for its longwall panels. The Harvey Mine's existing infrastructure, including its bottom development, slope belt and material handling system, has the capacity to add one incremental permanent longwall mining system with additional mine development and capital investment.

Capital Expenditures

In 2019, the Partnership expects to invest \$34,000-\$38,000 in maintenance capital expenditures, which is increased from 2018 levels due to additional expected capital expenditures related to airshaft construction projects, as well as additional belt system related expenditures.

Our Customers and Contracts

We sell coal to an established customer base through opportunities as a result of strong business relationships or through a formalized bidding process. We refer to the contracts under which coal produced from the Pennsylvania Mining Complex is sold and which a wholly owned subsidiary of CONSOL Energy administers under the contract agency agreement at our direction as "our contracts". We are greater than 95% contracted for 2019, 53% contracted for 2020 and 28% contracted for 2021, assuming an annual production rate of approximately 6,750 tons. With our planned coal production in 2019 largely sold out, our focus now has shifted to maximizing realizations for any additional production and booking additional sales for contract years 2020 and 2021. Our contracted position includes a mix of sales to our top domestic customers and to the thermal and metallurgical export markets, maintaining our diversified market exposure and providing a solid revenue base for meeting our long-term market strategy.

The sales commitments under contract are our expected sales tons and can fluctuate up or down due to provisions contained within our contracts. The contractual time commitments for customers to nominate future purchase volumes under our contracts are typically sufficient to allow us to balance our sales commitments with prospective production capacity or incremental sales volume. In addition, the commitments can change because of reopener provisions contained in certain of these long-term contracts. For the years ended December 31, 2018, 2017 and 2016, approximately 68%, 68% and 80%, respectively, of all the coal produced from the Pennsylvania Mining Complex was sold under contracts with terms of one year or more.

The provisions of our contracts are the results of both bidding procedures and extensive negotiations with each customer. As a result, the provisions of our contracts vary significantly in many respects, including, among other factors, price adjustment features, price and contract reopener terms, force majeure provisions, coal qualities and quantities. Our contracts typically stipulate procedures for transportation of coal, quality control, sampling and weighing. Most contain provisions requiring us to deliver coal within stated ranges for specific coal characteristics such as heat, sulfur, ash, moisture, grindability, volatile matter content and other qualities. Failure to meet these specifications can result in economic penalties, rejection or suspension of shipments or termination of the contracts.

Although the volume to be delivered pursuant to a long-term contract is stipulated, the customers often have the option to vary the volume within specified limits.

Substantially all of our multi-year sales contracts contain base prices, subject only to pre-established adjustment mechanisms based primarily on (i) variances in the quality characteristics of coal delivered to the customer beyond threshold quality characteristics specified in the applicable sales contract, (ii) the actual calorific value of coal delivered to the customer, and/or (iii) changes in electric power prices in the markets in which our customers operate, as adjusted for any factors set forth in the applicable contract. The electric power price-related adjustments, if any, result only in positive monthly adjustments to the contracted base price that we receive for our coal. Price reopener

provisions are present in several of our multi-year sales contracts. These price reopener provisions may automatically set a new price prospectively based on prevailing market price or, in some instances, require the parties to agree on a new price, sometimes within a specified range of prices. In a limited number of agreements, failure of the parties to agree on a price under a price reopener provision can lead to termination of the contract. Under some of our contracts, we have the right to match lower prices offered to our customers by other suppliers. Some of the long-term contracts also permit the contract to be reopened for renegotiation of terms and conditions other than pricing terms, and where a mutually acceptable agreement on terms and conditions cannot be concluded, either party may have the option to terminate the contract.

Of our 2018 sales tons, approximately 68% were sold to U.S. electric generators, 29% were priced on export markets and 3% were sold to other domestic customers. In 2018, we derived greater than 10% of our total coal sales revenue from three

customers. As of January 1, 2019, we had six sales agreements with these customers that expire at various times in 2019, 2020 and 2021.

Transportation Logistics and Infrastructure

We have developed a transportation and logistics network with dual rail transportation options that we believe provides us with operational and marketing flexibility, reduces the cost to deliver coal to our core market and allows us to realize higher free-on-board (“FOB”) mine prices. Most of our coal is sold FOB at the Pennsylvania Mining Complex, which means that our customers bear the transportation costs from the mining complex, and essentially all of our coal transported to our domestic customers or to an export terminal facility originates by rail. We believe our proximity to our core markets, dual rail transportation options, rail-to-barge access and customized on-site logistics infrastructure contribute to lower overall delivered costs for power plants in the eastern United States as a result of shorter transportation distances, access to diversified rail route options, higher rail car utilization, more efficient use of locomotive power and more predictable movement of product between mine and destination. In addition, we have favorable access to international coal markets through coal export terminals located on the U.S. east coast.

Seasonality

Our business has historically experienced limited variability in its results due to the effect of seasonal changes. Demand for coal-fired power can increase due to unusually hot or cold weather as power consumers use more air conditioning or heating, respectively. Conversely, mild weather can result in weaker demand for our coal. Adverse weather conditions, such as blizzards or floods, can impact our ability to transport coal over our overland conveyor systems and to transport our coal by rail.

Competition

The coal industry is highly competitive, with numerous producers selling into all markets that use coal. There are numerous large and small producers in all coal-producing basins of the United States, and we compete with many of these producers, including those who export coal abroad. Potential changes to international trade agreements, trade concessions or other political and economic arrangements may benefit coal producers operating in countries other than the United States. We may be adversely impacted on the basis of price or other factors with companies that in the future may benefit from favorable foreign trade policies or other arrangements. In addition, coal is sold internationally in U.S. dollars and, as a result, general economic conditions in foreign markets and changes in foreign currency exchange rates may provide our foreign competitors with a competitive advantage. If our competitors’ currencies decline against the U.S. dollar or against our foreign customers’ local currencies, those competitors may be able to offer lower prices for coal to our customers. Furthermore, if the currencies of our overseas customers were to significantly decline in value in comparison to the U.S. dollar, those customers may seek decreased prices for the coal we sell to them. Consequently, currency fluctuations could adversely affect the competitiveness of our coal in international markets, which could have a material adverse effect on our business, financial condition, results of operations, cash flows and ability to make cash distributions.

The most important factors on which we compete are coal price, coal quality and characteristics, transportation costs and reliability of supply. Demand for coal and the prices that we will be able to obtain for our coal are closely linked to coal consumption patterns of the domestic electric generation industry and foreign coal consumers. These coal consumption patterns are influenced by many factors that are beyond our control, including demand for electricity, which is significantly dependent upon economic activity and summer and winter temperatures in the United States, government regulation, technological developments and the location, quality, price and availability of competing sources of fuel.

Competition from natural gas-fired plants that are relatively more efficient, less expensive to construct and less difficult to permit than coal-fired plants has the most potential to displace a significant amount of coal-fired electric power generation in the near term, particularly from older, less efficient coal-fired power generators. Federal and state mandates for increased use of electricity derived from renewable energy sources could affect demand for our coal. Such mandates, combined with other incentives to use renewable energy sources, such as tax credits, could make alternative fuel sources more competitive with coal.

Laws and Regulations

Overview

Our coal mining operations are subject to various federal, state and local environmental, health and safety regulations. Regulations relating to our operations require us to obtain permits and other licenses; reclaim and restore our properties after

mining operations have been completed; store, transport and dispose of materials used or generated by our operations; manage surface subsidence from underground mining; control water and air emissions; protect wetlands and endangered plant and wildlife; and to ensure employee health and safety. Furthermore, the electric power generation industry is subject to extensive regulation regarding the environmental impact of its power generation activities, which could affect demand for our coal. Compliance with these laws has substantially increased the cost of coal mining, and the possibility exists that new legislation or regulations may be adopted, which would have a significant impact on our coal mining operations or our customers' ability to use our coal and may require us or our customers to change their operations significantly or incur substantial costs.

The following is a summary of the more significant existing environmental and worker health and safety laws and regulations to which we and our customers' business operations are subject and for which compliance may have a material adverse impact on our capital expenditures, results of operations and financial position.

Environmental Laws

Clean Air Act. The federal Clean Air Act ("CAA") and corresponding state and local laws and regulations affect all aspects of coal mining operations, both directly and indirectly. The CAA directly impacts our coal mining operations through permitting and emission control requirements for the construction or modification of certain facilities. Indirectly, the CAA affects the U.S. coal industry by extensively regulating the air emissions of coal-fired electric power generating plants operated by our customers.

Coal impurities are released into the air when coal is burned and the CAA regulates specific emissions, such as sulfur and mercury. These regulations restricting emissions from coal-fired electric generating plants increase the costs to operate and could affect demand for coal as a fuel source, therefore potentially affecting the volume of our sales. Moreover, additional environmental regulations increase the likelihood that existing coal-fired electric generating plants will be decommissioned—including plants the Partnership sells coal to—and reduce the likelihood that new coal-fired plants will be built in the future.

Mercury and Air Toxics Standards Rule. In 2012, the United States Environmental Protection Agency ("EPA") promulgated or finalized several rules for New Source Performance Standards ("NSPS") for coal and oil-fired power plants. NSPS are technology-based standards that vary depending on the particular source, such as a coal-fired electric generating plant, and can have a significant influence on the cost of using coal as a fuel source. EPA's 2012 Mercury and Air Toxics Standards rule ("MATS Rule") established NSPS for coal-fired electric generating units for particulate matter ("PM"), sulfur dioxide ("SO₂") and nitrogen oxides ("NO_x"). The MATS Rule also established national emission standards for hazardous air pollutants ("NESHAP") for coal-fired electric generating units for certain impurities such as mercury. Unlike pollutants regulated by an NSPS, pollutants regulated by a NESHAP require the maximum achievable control technology ("MACT") be used to control emissions of the pollutant. The application of a MACT standard is generally more costly than other control technology standards, and prompted the closure of some facilities. The rule was challenged, ultimately rejected by the U.S. Supreme Court on June 29, 2015 for failing to consider the costs imposed by the MATS Rule, and remanded the case to the Court of Appeals for the D.C. Circuit ("D.C. Circuit") to determine whether to allow EPA to address the rule's deficiencies or to vacate and nullify the rule. In April 2017, the D.C. Circuit granted EPA's request to stay the case to allow the agency to fully review the rule. Nevertheless, many coal-fired electric power generators have already taken steps to comply with the MATS Rule as such required control and operational modifications can take significant time to install and/or implement. On December 28, 2018, EPA proposed to revise the 2016 supplemental cost finding for the MATS Rule, as well the related risk and technology review required by the CAA. Under the proposal, the emission standards and other requirements of the MATS Rule would remain in place while EPA's methodology for assessing the costs and benefits of the rule were being modified.

National Ambient Air Quality Standards. The CAA requires EPA to set National Ambient Air Quality Standards (“NAAQS”) for six pollutants considered harmful to public health and the environment (“criteria pollutants”). In recent years, EPA has adopted more stringent NAAQS for these criteria pollutants, which could directly or indirectly impact mining operations through the identification of new non-attainment areas which could prompt local changes to permitting or emissions control requirements, as prescribed by federally mandated state implementation plans. The primary NAAQS set the permissible level of a particular criteria pollutant in the ambient air. In 2015, EPA finalized the NAAQS for ozone pollution and reduced the limit to 70 parts per billion (ppb) from the previous 75 ppb standard. The final rule was challenged in the D.C. Circuit. On April 7, 2017, EPA advised the D.C. Circuit that it intended to reconsider the final rule and the Court subsequently stayed the litigation pending further action by EPA. In August 2018, EPA ultimately decided not to revisit the rule. As a result, the D.C. Circuit lifted its stay of the 2015 ozone NAAQS rule imposing the 70 ppb ambient air quality standard.

Cross-State Air Pollution Rule. On July 6, 2011, EPA finalized the Cross-State Air Pollution Rule (“CSAPR”). CSAPR regulates cross-border emissions of criteria air pollutants such as SO₂, NO_x, particulate matter (“PM_{2.5}”) and ozone by requiring

states to limit emissions from sources that “contribute significantly” to noncompliance with air quality standards. If the ambient levels of criteria air pollutants are above the thresholds set by EPA, a region is considered to be in “nonattainment” for that pollutant and EPA applies more stringent control standards for sources of air emissions located in the region. Implementation of CSAPR is being accomplished in phases: Phase 1 began in 2015 and Phase 2 began in 2017. In September 2016, EPA finalized revisions to the CSAPR. As of May 2017, this rule limits summertime NO_x emissions from power plants in 22 states in the eastern United States, which may have an impact on how coal-fired electric-generating units are utilized in this region.

Clean Power Plan. On September 20, 2013, EPA issued a new proposal, “Carbon Pollution Standard for New Power Plants”, to establish separate NSPS for CO₂ emissions for natural gas-fired turbines and coal-fired units. This rule was finalized in late 2015, immediately challenged by multiple parties, and in August 2017 was stayed by the D.C. Circuit to allow the Trump Administration's EPA to review the rule.

In June 2014, EPA announced its Clean Power Plan (“CPP”) — intended to cut carbon emissions from existing power plants — and published a proposed rule for public comment. Under the CPP, EPA would create emission guidelines for states to follow in developing plans to address greenhouse gases (“GHGs”) — predominantly through CO₂ emissions reductions — from existing fossil fuel-fired electric generating units. However, following numerous challenges to the CPP, the U.S. Supreme Court stayed the effective date of the CPP. Subsequently, on October 16, 2017, EPA formally proposed repeal of the CPP and later solicited comments on CO₂ control measures that can be implemented at coal-fired electricity generating facilities.

In August 2018, EPA released a proposed rule to replace the CPP: the Affordable Clean Energy (“ACE”) rule. The ACE rule sets GHG guidelines for states to ultimately establish emissions limits and standards for existing coal-fired electric generating facilities. The proposed ACE rule is less stringent than the CPP, as it does not establish emission reduction standards or targets for states; rather, the rule proposes a list of technologies that states can use to establish standards of performance for power generating units within their jurisdiction. EPA projects the ACE rule to result in no change in total electric generating capacity, and increased coal production for power sector use by 2025.

National Environmental Policy Act (“NEPA”). NEPA requires federal agencies to assess the environmental effects of their proposed actions prior to taking a “major Federal action”, which encompasses agencies’ decisions on our permitting applications and adoption of land management actions. When we propose activities that fall under federal jurisdiction, we are subject to NEPA reviews, which may create delays in project review and authorization timeframes, or increase the cost of compliance. In April 2017, pursuant to executive order, the Council on Environmental Quality (“CEQ”) — the federal agency charged with overseeing implementation of NEPA — withdrew its “Final Guidance for Federal Departments and Agencies on Consideration of Greenhouse Gas Emissions and the Effects of Climate Change in National Environmental Policy Act Reviews.” This guidance previously directed agencies to consider proposed actions’ effects on climate change (including GHG emission), and may have created additional delays and costs in the NEPA review process for the energy industry that are now no longer in place. Additionally, pursuant to Executive Order 13807 issued in August 2017, the CEQ has issued an Advance Notice of Proposed Rulemaking on NEPA that seeks to streamline the NEPA process, while also minimizing unnecessary litigation, cost and delay for project proponents. The CEQ’s proposed revisions to NEPA have yet to be updated, though the comment period for the rulemaking closed August 2018. Nevertheless, certain Federal courts have held that GHGs must be considered under NEPA prior to a federal agency taking a “major Federal action.”

Clean Water Act. The federal Clean Water Act (“CWA”) and corresponding state laws affect our coal operations by regulating discharges into certain waters, primarily through permitting. CWA permits — issued either by EPA or an analogous state agency — typically require regular monitoring and compliance with limitations on defined pollutants and reporting requirements. Specific to the Partnership's operations, CWA permits and corresponding state laws often require (1) treatment of discharges from coal mining properties for non-traditional pollutants, such as chlorides,

selenium and dissolved solids and (2) requirements to dispose of produced wastes and other oil and gas wastes at approved disposal facilities.

In order to obtain a permit for certain coal mining activities, including the construction of coal refuse areas and slurry impoundments, an operator may need to obtain a permit for the discharge of fill material from the Army Corps of Engineers (“ACOE”) and/or a discharge permit from the state regulatory authority under the state counterpart to the CWA. Beginning in early 2009, EPA took a number of initiatives that have resulted in delays and obstruction of the issuance of such permits for surface mining operations in the Appalachian states, including Pennsylvania where the Pennsylvania Mining Complex is located. Increased oversight of delegated state programmatic authority, coupled with individual permit review and additional requirements imposed by EPA, has resulted in delays in the review and issuance of permits. In addition, the Spill Prevention, Control and Countermeasure (“SPCC”) requirements of the CWA apply to all our operations that use or produce oil and require the implementation of plans to address any spills and the installation of secondary containment around all storage tanks. These requirements under the CWA and SPCC may cause us to incur significant additional costs that could adversely affect our operating results, financial condition and cash flows.

Additionally, which waterbodies are subject to the CWA has been in dispute for years. In June 2015, EPA issued a rule to clarify which waterways are subject to federal jurisdiction under the CWA, known as the Clean Water Rule. This rule was quickly challenged and nationwide implementation was blocked by a federal appeals court. The Clean Water Rule would impose additional permitting obligations on the Partnership's operations by increasing the number of waterbodies subject to CWA permitting and other regulations. On February 28, 2017, President Trump issued an executive order prompting EPA and ACOE to consider replacing the blocked Clean Water Rule. On December 11, 2018, EPA and the ACOE proposed a new regulation to determine which waterbodies are subject to federal jurisdiction. The new proposal would lessen the number of waterbodies subject to the CWA as compared to the Clean Water Rule.

On November 3, 2015, EPA published the final Effluent Limitations Guidelines and Standards (“ELG”) rule, revising the regulations for the Steam Electric Power Generating category which became effective on January 4, 2016. The rule sets the first federal limits on the levels of toxic metals in wastewater that can be discharged from power plants. On September 13, 2017, EPA finalized a rule postponing for two years certain applicability dates for specific waste streams subject to the effluent limitations. The applicability date of the stricter effluent limits is the subject of on-going litigation. Nevertheless, the combined effect of the Coal Combustion Residuals (“CCR”) rule (discussed below) and ELG regulations has compelled power generating companies to close existing ash ponds and may force the closure of certain older existing coal burning power plants that cannot comply with the new standards.

Resource Conservation and Recovery Act. The federal Resource Conservation and Recovery Act (“RCRA”) and corresponding state laws and regulations affect coal mining by imposing requirements for the treatment, storage and disposal of certain wastes created throughout the coal mining process. Facilities where certain regulated wastes have been treated, stored, or disposed of are subject to RCRA and may receive corrective action orders for instances of non-compliance. Compliance with these regulations and receiving corrective action orders could adversely affect our results, financial condition and cash flows. RCRA is particularly important in the coal industry because it regulates CCR — byproducts of coal combustion. In April 2015, EPA published CCR regulations under RCRA for the disposal of CCR from electric utilities and independent power producers. Importantly, CCR are regulated under RCRA as “non-hazardous” waste and avoid the stricter, more costly, regulations under RCRA’s “hazardous” waste rules. Notably, the CCR rule does not apply to CCRs placed in active or abandoned underground or surface mines. In 2018, EPA proposed two types of alternative performance standards related to CCR disposal. As proposed, these alternative standards appear to be less stringent than the current CCR rule. However, these alternatives have not been finalized.

Surface Mining Control and Reclamation Act. The federal Surface Mining Control and Reclamation Act (“SMCRA”) establishes minimum environmental standards for operational mines as well as reclamation standards for reclaiming post-operational, mined land. The U.S. Office of Surface Mining (“OSM”) is responsible for issuing permits applying these standards to individual mining operations. However, states that operate federally approved state programs may impose standards which are more stringent than the requirements of SMCRA and OSM’s regulations and in many instances have done so. The Pennsylvania Mining Complex is located in states which have achieved primary jurisdiction for enforcement of SMCRA through approved state programs. In addition, SMCRA imposes a reclamation fee on all current mining operations, the proceeds of which are deposited in the Abandoned Mine Reclamation Fund, which is used to restore unreclaimed and abandoned mine lands mined before 1977. The current per ton fee is \$0.12 per ton for underground mined coal. This fee is currently scheduled to be in effect until September 30, 2021.

Federal and state laws require bonds to secure our obligations to reclaim lands used for mining and to satisfy other miscellaneous obligations. These bonds are provided by CONSOL Energy and are typically renewable on a yearly basis. Surety bond costs have increased while the market terms of surety bonds have generally become less favorable. It is possible that surety bond issuers may refuse to renew bonds or may demand additional collateral therefor. Any

failure by CONSOL Energy or us to maintain, or our inability to acquire, surety bonds that are required by state and federal laws or the related collateral required by the bond issuers therefor, would have a material adverse effect on our ability to produce coal, which could adversely affect our business, financial condition, liquidity, results of operations and cash flows.

Endangered Species Act (“ESA”). The federal ESA and other related federal and state statutes protect species that have been classified as endangered or threatened with possible extinction. Protection of these species could prohibit or delay authorization of mining activities, or may place additional restrictions on our operations related to timbering, construction or vegetation. A number of species indigenous to our operating areas are protected under the ESA; however, we do not believe the ESA would materially or adversely affect our mining operations under current approved mining plans. If more stringent or protective measures were required, or if additional critical habitat areas were designated, our operations could be exposed to additional requirements and expense, or delayed approval timeframes.

Other Environmental Regulations. We are required to comply with other state, federal and local environmental laws in addition to those discussed above. These laws include, for example, the Comprehensive Environmental Response, Compensation and Liability Act, the Toxic Release Inventory, and the rules governing the use and storage of explosives regulated by the U.S. Bureau of Alcohol, Tobacco, and Firearms and the Department of Homeland Security.

Health and Safety Laws

Mine Safety. Legislative and regulatory changes have required us to purchase additional safety equipment, construct stronger seals to isolate mined out areas, and engage in additional training. We have also experienced more aggressive inspection protocols, and with new regulations the volume of civil penalties have increased. The actions taken thus far by federal and state governments include requiring:

- the caching of additional supplies of self-contained self-rescuer (“SCSR”) devices underground;
- the purchase and installation of electronic communication and personal tracking devices underground;
- the purchase and installation of proximity detection devices on continuous miner machines;
- the placement of refuge chambers, which are structures designed to provide refuge for groups of miners during a mine emergency when evacuation from the mine is not possible, which will provide breathable air for 96 hours;
- the purchase of new fire resistant conveyor belting underground;
- additional training and testing that creates the need to hire additional employees;
- more stringent rock dusting requirements; and
- the purchase of personal dust monitors for collecting respirable dust samples from certain miners.

On September 2, 2015, the Mine Safety and Health Administration (“MSHA”) published proposed rules for underground coal mining operations concerning proximity detection systems for coal hauling machines and scoops. The rulemaking record for this proposed rule was closed on December 15, 2016, but on January 9, 2017, MSHA published a notice reopening the record and extending the comment period for this proposed rule for 30 days. MSHA has not issued a final rule regarding these proposed rules.

On January 15, 2015, MSHA published a final rule requiring underground coal mine operations to equip continuous mining machines, except full-face continuous mining machines, with proximity detection systems. The proximity detection system strengthens protection for miners by reducing the potential of pinning, crushing and striking hazards that result in accidents involving life-threatening injuries and death. The final rule became effective March 15, 2015 and included a phased in schedule for newly manufactured and in-service equipment.

In 2010, MSHA rolled out the “End Black Lung, Act Now” initiative. As a result, MSHA implemented a new final rule on August 1, 2014 to lower miners’ exposure to respirable coal mine dust including using the new Personal Dust Monitor technology. This final rule was implemented in three phases. The first phase began on August 1, 2014 and utilized the current gravimetric sampling device to take full shift dust samples from the current designated occupations and areas. It also required additional record keeping and immediate corrective action in the event of overexposure. The second phase began on February 1, 2016 and required additional sampling for designated and other occupations using the new continuous personal dust monitor (“CPDM”) technology, which provides real time dust exposure information to the miner. CPDM equipment was purchased and was placed into service which was required to meet compliance with the new rule. Dust Coordinators and Dust Technicians were hired in order to meet the staffing demand to manage compliance with the new rule. The final phase of the rule went into effect on August 1, 2016. The current respirable dust standard was reduced from 2.0 to 1.5mg/m³ for designated occupations and from 1.0 to 0.5mg/m³ for Part 90 Miners (coal miners who show evidence of the development of black lung disease).

Black Lung Legislation. Under federal black lung benefits legislation, each coal mine operator is required to make payments of black lung benefits or contributions to:

- current and former coal miners totally disabled from black lung disease;
- certain survivors of miners who have died from black lung disease; and

a trust fund for the payment of benefits and medical expenses to claimants whose last mine employment was before January 1, 1970, where no responsible coal mine operator has been identified for claims (where a miner's last coal employment was after December 31, 1969), or where the responsible coal mine operator has defaulted on the payment of such benefits. The trust fund is funded by an excise tax on U.S. production of coal, at a rate in 2018 of up to \$1.10 per ton for deep mined coal and up to \$0.55 per ton for surface-mined coal, neither amount to exceed 4.4% of the gross sales price. On January 1, 2019 the excise tax levels reverted back to \$0.50 per ton for deep mined coal and \$0.25 per ton for surface-mined coal, capped at 2% of the coal's selling price.

The Patient Protection and Affordable Care Act (“PPACA”) made two changes to the Federal Black Lung Benefits Act. First, it provided changes to the legal criteria used to assess and award claims by creating a legal presumption that miners are entitled to benefits if they have worked at least 15 years in underground coal mines, or in similar conditions, and suffer from a totally disabling lung disease. To rebut this presumption, a coal company would have to prove that a miner did not have black lung or that the disease was not caused by the miner’s work. Second, it changed the law so that black lung benefits will continue to be paid to dependent survivors when the miner passes away, regardless of the cause of the miner’s death. The changes have increased the cost to us of complying with the Federal Black Lung Benefits Act. In addition to the federal legislation, we are also liable under various state statutes for our portion of black lung claims.

Other State and Local Laws

Ownership of Coal Rights. The Partnership’s coal business acquires ownership or leasehold rights to coal properties prior to conducting operations on those properties. As is customary in the coal industry, we have generally conducted only a summary review of the title to coal rights that are not in our development plans, but which we believe we control. This summary review is conducted at the time of acquisition or as part of a review of our land records to determine control of coal rights. Given our experience as a coal producer, we believe we have a well-developed ownership position relating to our coal control. Prior to the commencement of development operations on coal properties, we conduct a thorough title examination and perform curative work with respect to significant defects. We generally will not commence operations on a property until we have cured any material title defects on such property. We are typically responsible for the cost of curing any title defects. We have completed title work on substantially all of our coal producing properties and believe that we have satisfactory title to our producing properties in accordance with standards generally accepted in the industry.

Permits

Environmental Proceedings. During the summer of 2014, certain environmental groups instituted litigation before the Pennsylvania Environmental Hearing Board (“EHB”) challenging certain longwall mining permitting at the Bailey Mine. Following a hearing in August 2016, in August 2017, the EHB issued a decision rejecting the Pennsylvania Department of Environmental Protection’s (“DEP”) requirement that CPCC install a synthetic stream-channel liner system in a stream overlying a portion of the Bailey Mine. On September 4, 2017, the DEP provided notice that it required additional time to review the technical merits of a permit application for continued longwall mining within the 4L panel under Polen Run at the Bailey Mine. As a result, the longwall was idled at that time and workforce adjustments were made, pending further developments with the DEP and permit submission. This was the first time in the 35-year history of the Bailey Mine that a needed mining permit had not been received in a timely fashion.

The longwall was moved and resumed operations the first week of October 2017. Our management implemented several measures to mitigate the production impact from this delay, including working additional unscheduled shifts as compared to the previous five and a half day schedule. Our management continued to take steps to mitigate the production impact from this delay and worked closely with the necessary agencies to obtain operating permits to allow for continuity of longwall mining operations. In November 2017, the DEP issued permitting authorizing revised longwall mining plans in the 5L Panel and longwall mining in Panels 6L through 8L.

On March 21, 2018, Center for Coalfield Justice and Sierra Club (“Appellant’s”) appealed the Partnership’s application for continued longwall mining under Polen Run stream in the Bailey Mine 5L Panel. On November 28, 2018, the Appellants withdrew their notice of appeal and the EHB marked the docket closed and discontinued. The Bailey East (L longwall panel area) is no longer in litigation.

The Pennsylvania Mining Complex operates five total longwalls, with many of the approved permits as far out as ten years in advance.

Employees

Neither we nor our subsidiaries have any employees. Our general partner has the sole responsibility for procuring the employees and other personnel necessary to conduct our operations. The directors and executive officers of our general partner manage our and our subsidiaries' operations and activities. The executive officers of our general partner are employed and compensated by CONSOL Energy or its affiliates, other than the general partner. Under our omnibus agreement, we reimburse CONSOL Energy for compensation-related expenses (including salary, bonus, incentive compensation and other amounts) attributable to the portion of an executive's compensation that is allocable to our general partner. Pursuant to the operating agreement, CONSOL Thermal Holdings, our wholly owned subsidiary, manages and controls the day-to-day operations of the Pennsylvania Mining Complex. Under our employee services agreement, employees of CONSOL Energy and its subsidiaries

continue to mine, process and market coal from the Pennsylvania Mining Complex, subject to our direction and control under the operating agreement. All of the field-level employees required to conduct and support our operations are employed by CONSOL Energy or its subsidiaries and are subject to the employee services agreement. As of December 31, 2018, CONSOL Energy employed approximately 1,572 people who provide direct support to our operations pursuant to the employee services agreement. None of the employees who provide direct support to the Pennsylvania Mining Complex are represented by a labor union or collective bargaining agreement.

Emerging Growth Company and Smaller Reporting Company Status

Under the Jumpstart Our Business Startups Act (“JOBS Act”), for as long as the Partnership remains an “emerging growth company” as defined in the JOBS Act, we may take advantage of certain exemptions from the SEC’s reporting requirements that are applicable to other public companies that are not emerging growth companies, including not being required to provide an auditor’s attestation report on management’s assessment of the effectiveness of its system of internal control over financial reporting pursuant to Section 404 of the Sarbanes-Oxley Act, reduced disclosure obligations regarding executive compensation in our periodic reports, and exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and seeking unitholder approval of any golden parachute payments not previously approved. We may take advantage of these reporting exemptions until we are no longer an emerging growth company.

The Partnership will remain an emerging growth company until December 31, 2020, although we will lose that status sooner if:

- we have more than \$1.07 billion of revenues in a fiscal year;
- limited partner interests held by non-affiliates have a market value of more than \$700 million (large accelerated filer); or
- we issue more than \$1 billion of non-convertible debt over a three-year period.

The JOBS Act also provides that an emerging growth company can delay adopting new or revised accounting standards until such time as those standards apply to private companies. The Partnership has irrevocably elected to “opt out” of this exemption and, therefore, will be subject to the same new or revised accounting standards as other public companies that are not emerging growth companies.

Additionally, under Rule 12b-2 of the Exchange Act, the Partnership also qualifies as a “smaller reporting company” because its public float as of the last business day of the Partnership’s most recently completed second fiscal quarter was less than \$250 million. For as long as the Partnership remains a “smaller reporting company,” we may take advantage of certain exemptions from the SEC’s reporting requirements that are otherwise applicable to public companies that are not smaller reporting companies.

Available Information

The Partnership maintains a website at www.ccrp.com. Information on our website is not incorporated by reference into this Annual Report on Form 10-K and does not constitute a part of this Annual Report on Form 10-K. We make available, free of charge, on our website, our annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, as soon as reasonably practicable after such reports are available, electronically filed with, or furnished to the SEC, and are also available at the SEC’s website www.sec.gov. Apart from SEC filings, we also use our website to publish information which may be important to investors.

ITEM 1A. RISK FACTORS

You should carefully consider the following risks and other information in this Annual Report on Form 10-K in evaluating us and our common units. The risk factors generally have been separated into three groups: risks related to our business, risks inherent to an investment in us and tax risks.

Any of the following risks could materially and adversely affect our financial condition, results of operations, cash flows or ability to make cash distributions. Our operations could be affected by various risks, many of which are beyond our control. Based on current information, we believe that the following list identifies the most significant risk factors that could affect our financial condition, results of operations, cash flows or ability to make cash distributions. There may be additional risks and uncertainties that adversely affect our financial condition, results of operations, cash flows or ability to make cash distributions in the future that are not presently known, are not currently believed to be material, or are not identified below, because they are common to all businesses. Past financial performance may not be a reliable indicator of future performance and historical trends should not be used to anticipate results or trends in future periods. For more information, see “Forward-Looking Statements.”

Risks Related to Our Business

We may not generate sufficient distributable cash flow to support the payment of the minimum quarterly distribution to our common and subordinated unitholders.

In order to support the payment of the minimum quarterly distribution of \$0.5125 per common and subordinated unit per quarter, or \$2.05 per common and subordinated unit on an annualized basis, we must generate distributable cash flow of approximately \$14,348 per quarter, or approximately \$57,392 per year, based on the number of common units, subordinated units and the general partner interest outstanding as of December 31, 2018.

The amount of available cash (as defined in the Partnership Agreement. See Item 5 - Market for Registrant’s Common Units and Related Unitholder Matters and Issuer Purchases of Equity Securities - “Definition of Available Cash”) that we can distribute on our common units principally depends upon the amount of cash we generate from our operations, which will fluctuate from quarter to quarter based on, among other things:

- the amount of coal we are able to produce from our mines and the efficiency of our mining, preparation and transportation of coal, which could be adversely affected by, among other things, operating difficulties, unfavorable geologic conditions, inclement or hazardous weather conditions and natural disasters or other force majeure events;
- the levels of our operating expenses, general and administrative expenses and capital expenditures;
- the fees and expenses of our general partner and its affiliates (including CONSOL Energy) that we are required to reimburse;
- the amount of cash reserves established by our general partner;
- restrictions on distributions contained in our debt agreements;
- our ability to borrow under our debt agreements and/or to access the capital markets to fund our capital expenditures and operating expenditures and to pay distributions;
- our debt service requirements and other liabilities;
- the loss of, or significant reduction in, purchases by our largest customers;
- the level and timing of our capital expenditures;
- fluctuations in our working capital needs;
- the cost of acquisitions, if any;
- other business risks affecting our cash levels;
- overall domestic and global economic and industry conditions, including the market price of, supply of and demand for domestic and foreign coal;
- the impact of domestic and foreign governmental laws and regulations, including environmental and climate change regulations and regulations affecting the coal mining industry and coal-fired power plants, and delays

in the receipt of, failure to receive, failure to maintain or revocation of necessary governmental permits;
the costs, availability and capacity of transportation infrastructure;
the cost and availability of skilled labor (including miners), the effects of new or expanded health and safety
regulations and work stoppages and other labor difficulties; and
changes in tax laws.

Our growth strategy primarily depends on us acquiring additional undivided interests in the Pennsylvania Mining Complex from CONSOL Energy.

Our primary strategy for growing our business and increasing distributions to our unitholders is to increase operating efficiencies to maximize realizations and make acquisitions that increase our distributable cash flow. The primary component of our growth strategy is based upon our expectation of future divestitures by CONSOL Energy to us of portions of its currently retained 75% undivided interest in the Pennsylvania Mining Complex. CONSOL Energy is under no obligation to sell us additional undivided interests in the Pennsylvania Mining Complex and we are under no obligation to purchase additional undivided interests in the Pennsylvania Mining Complex from CONSOL Energy. We may never purchase additional undivided interests in the Pennsylvania Mining Complex for several reasons, including the following:

CONSOL Energy may choose not to sell any portion of its undivided interests in the Pennsylvania Mining Complex;
• we may not make offers to buy any additional interests in the Pennsylvania Mining Complex;
• we and CONSOL Energy may be unable to agree to terms acceptable to both parties;
• we may be unable to obtain financing to purchase additional undivided interests in the Pennsylvania Mining Complex on acceptable terms or at all; or
• we may be prohibited by the terms of our debt agreements (including the Affiliated Company Credit Agreement) or other contracts from purchasing additional undivided interests in the Pennsylvania Mining Complex, and CONSOL Energy may be prohibited by the terms of its debt agreements or other contracts from selling all or any portion of it. If we or CONSOL Energy must seek waivers of such provisions or refinance debt governed by such provisions in order to consummate a sale of CONSOL Energy's undivided interests in the Pennsylvania Mining Complex, we or CONSOL Energy may be unable to do so in a timely manner or at all.

We can provide no assurance that we will be able to successfully consummate any future acquisition of all or any portion of CONSOL Energy's retained 75% undivided interest in the Pennsylvania Mining Complex. If CONSOL Energy reduces its ownership interest in us, it may be less willing to sell to us additional undivided interests in the Pennsylvania Mining Complex. If we do not acquire all or a significant portion of CONSOL Energy's retained 75% undivided interest in the Pennsylvania Mining Complex or other assets, our ability to grow our business and increase our cash distributions to our unitholders may be significantly limited.

We face 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.

Coal reserves are economically recoverable when the price at which they are expected to be sold exceeds their expected cost of production and selling. Forecasts of our future performance are based on, among other things, estimates of our recoverable coal reserves. We base our coal reserve information on geologic data, coal ownership information and current and proposed mine plans. These estimates are periodically updated to reflect past coal production, new drilling information and other geologic or mining data. There are numerous uncertainties inherent in estimating quantities and qualities 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. Some of the factors and assumptions which impact economically recoverable coal reserve estimates include:

- geologic and mining conditions;
- historical production from the area compared with production from other producing areas;
- the assumed effects of regulations and taxes by governmental agencies;
- our ability to obtain, maintain and renew all required permits;
- future improvements in mining technology;
- assumptions governing future prices; and

future operating costs, including the cost of materials, and capital expenditures.

Each of the factors that impacts reserve estimation may vary considerably from the assumptions used in estimating the reserves. For these reasons, estimates of coal reserves may vary substantially. Actual production, revenues and expenditures with respect to our coal reserves will likely vary from estimates, and these variances may be material. As a result, our estimates may not accurately reflect our actual coal reserves. Additionally, our estimates of recoverable coal reserves may be materially and adversely affected in future fiscal periods by the SEC's recent rule amendments revising property disclosure requirements for publicly traded mining companies. We will be required to comply with these new rules in 2021.

Defects may exist in our chain of title for our undeveloped recoverable coal reserves where we have not done a thorough chain of title examination. We may incur additional costs and delays to mine coal because we have to acquire additional property rights to perfect our title to coal rights. If we fail to acquire additional property rights to perfect our title to coal rights, we may have to reduce our estimated recoverable coal reserves.

Title to most of our owned or leased properties and mineral rights is not usually verified until we make a commitment to mine a property, which may not occur until after we have obtained necessary permits and completed exploration of the property. In some cases, we rely on title information or representations and warranties provided by our lessors or grantors. Our right to mine certain of our recoverable coal reserves has in the past been, and may again in the future be, adversely affected if defects in title, boundaries or other rights necessary for mining exist or if a lease expires. Any challenge to our title or leasehold interests could delay the mining of the property and could ultimately result in the loss of some or all of our interest in the property. From time to time we also may be in default with respect to leases for properties on which we have mining operations. In such events, we may have to close down or significantly alter the sequence of such mining operations, which may adversely affect our future coal production and future revenues. If we mine on property that we do not own or lease, we could incur liability for such mining and be subject to regulatory sanction and penalties.

In order to obtain, maintain or renew leases or mining contracts to conduct our mining operations on property where these defects exist, we may in the future have to incur unanticipated costs. In addition, we may not be able to successfully negotiate new leases or mining contracts for properties containing additional coal reserves, or maintain our leasehold interests in properties where we have not commenced mining operations during the term of the lease. As a result, our results of operations, business and financial condition may be materially adversely affected.

Our inability to acquire or develop additional coal reserves that are economically recoverable may have a material adverse effect on our future profitability.

Our profitability depends substantially on our ability to mine, in a cost-effective manner, coal reserves that possess the quality characteristics that our customers desire. Because our reserves decline as we mine our coal, our future profitability depends upon our ability to acquire additional coal reserves that are economically recoverable to replace the reserves we produce. If we fail to acquire or develop sufficient additional reserves over the long term to replace the reserves depleted by our production, our existing reserves will eventually be depleted, which may have a material adverse effect on our business, financial condition, results of operations and cash flows.

Deterioration in the global economic conditions in any of the industries in which our customers operate, or a worldwide financial downturn, or negative credit market conditions may have a materially adverse effect on our liquidity, results of operations, cash flows, business and financial condition and ability to make cash distributions.

Economic conditions in a number of industries in which our customers operate, such as electric power generation and steelmaking, substantially deteriorated in recent years and reduced the demand for coal. Renewed or continued weakness in the economic conditions of any of the industries we serve or are served by our customers could adversely affect our business, financial condition, results of operations, cash flows and ability to make cash distributions. For example:

- demand for electricity in the United States is impacted by industrial production, which if weakened would negatively impact the revenues, margins and profitability of our coal business;
- demand for metallurgical coal depends on steel demand in the United States and globally, which if weakened would negatively impact the revenues, margins and profitability of our metallurgical coal business including our ability to sell our thermal coal as higher priced high volatile metallurgical coal;
- the tightening of credit or lack of credit availability to our customers could adversely affect our ability to collect our trade receivables;
- 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 reserves, or for strategic acquisitions of assets, including from CONSOL Energy; and

decline in our creditworthiness, which may require us to post letters of credit, cash collateral or surety bonds to secure certain obligations, all of which would have an adverse effect on our liquidity.

Decreases in demand for electricity and changes in coal consumption patterns of U.S. electric power generators could adversely affect our business.

Our business is closely linked to domestic demand for electricity, and any changes in coal consumption by U.S. electric power generators would likely impact our business over the long term. According to the U.S. Energy Information Administration (EIA), in 2018, the domestic electric power sector accounted for approximately 92% of total U.S. coal consumption. In 2018, the Pennsylvania Mining Complex sold approximately 68% of its coal to U.S. electric power generators, and we have annual or multi-year contracts in place with these electric power generators for a significant portion of our future production. The amount of coal consumed by the electric power generation industry is affected by, among other things:

general economic conditions, particularly those affecting industrial electric power demand, such as a downturn in the U.S. economy and financial markets;

- overall demand for electricity;
- competition from alternative fuel sources for power generation, such as natural gas, fuel oil, nuclear, hydroelectric, wind and solar power, and the location, availability, quality and price of those alternative fuel sources;
- environmental and other governmental regulations, including those impacting coal-fired power plants; and
- energy conservation efforts and related governmental policies.

Changes in the coal industry that affect our customers, such as those caused by decreased electricity demand and increased competition, could also adversely affect our business. Competition from natural gas-fired plants that are relatively more efficient, less expensive to construct and less difficult to permit than coal-fired plants has the most potential to displace a significant amount of coal-fired electric power generation in the near term, particularly from older, less efficient coal-fired power generators. Federal and state mandates for increased use of electricity derived from renewable energy sources could affect demand for our coal. Such mandates, combined with other incentives to use renewable energy sources, such as tax credits, could make alternative fuel sources more competitive with coal. A decrease in coal consumption by the electric power generation industry could adversely affect the price of coal, which could have a material adverse effect on our business, financial condition, results of operations, cash flows and ability to make cash distributions.

Other factors, such as efficiency improvements associated with new appliance standards in the buildings sectors and overall improvement in the efficiency of technologies powered by electricity, have slowed electricity demand growth and may contribute to slower growth in the future. Further decreases in the demand for electricity, such as decreases that could be caused by a worsening of current economic conditions, a prolonged economic recession or other similar events, could have a material adverse effect on the demand for coal and on our business over the long term.

Prices for coal are volatile and can fluctuate widely based upon a number of factors beyond our control, including oversupply relative to the demand available for our coal, weather and the price and availability of alternative fuels. A substantial or extended decline in the prices we receive for our coal could adversely affect our business, results of operations, financial condition, cash flows and ability to make cash distributions to our unitholders.

Our financial results are significantly affected by the prices we receive for our coal and depend, in part, on the margins that we receive on sales of our coal. Our margins reflect the price we receive for our coal over our cost of producing and transporting our coal. Prices and quantities under our multi-year sales contracts are generally based on expectations of future coal prices at the time the contract is entered into, renewed, extended or re-opened. The expectation of future prices for coal depends upon many factors. In addition, demand can fluctuate widely due to a number of matters beyond our control, including:

- the market price for coal;
- changes in the consumption pattern of industrial consumers, electricity generators and residential end-users of electricity;
- weather conditions in our markets which affect the demand for thermal coal;
- competition from other coal suppliers;
- the price and availability of alternative fuels and sources for electricity generation, especially natural gas and renewable energy sources;
- with respect to thermal coal, the price and availability of natural gas and the price and supply of imported liquefied natural gas;
- technological advances affecting energy consumption;
- the costs, availability and capacity of transportation infrastructure;

- overall domestic and global economic conditions, including the supply of and demand for domestic and foreign coal;
- international developments impacting supply of metallurgical coal; and
- the impact of domestic and foreign governmental laws and regulations, including environmental and climate change regulations and regulations affecting the coal mining industry and coal-fired power plants, and delays in the receipt of, failure to receive, failure to maintain or revocation of necessary governmental permits.

Competition within the coal industry may adversely affect our ability to sell coal. Increased competition or a loss of our competitive position could adversely affect our sales of, or our prices for, our coal, which could impair our profitability. In addition, foreign currency fluctuations could adversely affect the competitiveness of our coal abroad.

We compete with other producers primarily on the basis of price, coal quality, transportation costs and reliability of delivery. We compete with coal producers in various regions of the United States and with some foreign coal producers for

domestic sales primarily to electric power generators. We also compete 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, wind and solar power.

We sell coal to foreign electricity generators and to the more specialized metallurgical coal market, both of which are significantly affected by international demand and competition. The coal industry has experienced consolidation in recent years, including consolidation among some of our major competitors. As a result, a substantial portion of coal production is from companies that have significantly greater resources than we do. Current or further consolidation in the coal industry or current or future bankruptcy proceedings of coal competitors may adversely affect us. In addition, increases in coal prices could encourage existing producers to expand capacity or could encourage new producers to enter the market. If overcapacity results, the prices of and demand for our coal could significantly decline, which could have a material adverse effect on our business, financial condition, results of operations, cash flows and ability to make cash distributions.

In addition, we face competition from foreign producers that sell their coal in the export market. Potential changes to international trade agreements, trade concessions or other political and economic arrangements may benefit coal producers operating in countries other than the United States. We may be adversely impacted on the basis of price or other factors with companies that in the future may benefit from favorable foreign trade policies or other arrangements. In addition, coal is sold internationally in U.S. dollars and, as a result, general economic conditions in foreign markets and changes in foreign currency exchange rates may provide our foreign competitors with a competitive advantage. If our competitors' currencies decline against the U.S. dollar or against our foreign customers' local currencies, those competitors may be able to offer lower prices for coal to our customers. Furthermore, if the currencies of our overseas customers were to significantly decline in value in comparison to the U.S. dollar, those customers may seek decreased prices for the coal we sell to them. Consequently, currency fluctuations could adversely affect the competitiveness of our coal in international markets, which could have a material adverse effect on our business, financial condition, results of operations, cash flows and ability to make cash distributions.

Our business involves many hazards and operating risks, some of which may not be fully covered by insurance. The occurrence of a significant accident or other event that is not fully insured could curtail our operations and have a material adverse effect on our results of operations, financial condition, cash flows and ability to make cash distributions to our unitholders.

Our coal mining operations are underground mines. Underground mining and related processing activities present inherent risks of injury or death to persons, damage to property and equipment and other potential legal or other liabilities. Our mines are subject to a number of operating risks that could disrupt operations, decrease production and increase the cost of mining at particular mines for varying lengths of time thereby adversely affecting our operating results. In addition, if an operating risk occurs in our mining operations, we may not be able to produce sufficient amounts of coal to deliver under our multi-year coal contracts. Our inability to satisfy contractual obligations could result in our customers initiating claims against us or canceling their contracts. The operating risks that may have a significant impact on our coal operations include:

- variations in thickness of the layer, or seam, of coal;
- adverse geological conditions, including amounts of rock and other natural materials intruding into the coal seam, that could affect the stability of the roof and the side walls of the mine, which may result in reduced coal production at that mine;
- environmental hazards;
- equipment failures or unexpected maintenance problems;
-

fires or explosions, including as a result of methane, coal, coal dust or other explosive materials, and/or other accidents;

inclement or hazardous weather conditions and natural disasters or other force majeure events;

seismic activities, ground failures, rock bursts or structural cave-ins or slides;

delays in moving our longwall equipment;

railroad derailments;

security breaches or terroristic acts; and

other hazards that could also result in personal injury and loss of life, pollution and suspension of operations.

The occurrence of any of these risks at our coal mining operations could adversely affect our ability to conduct operations or result in substantial loss to us, either of which could materially and adversely affect our business, financial condition, results of operations, cash flows and ability to make cash distributions.

In addition, the occurrence of any of these events in our coal mining operations which prevents our delivery of coal to a customer and which is not excusable as a force majeure event under our coal sales agreement, could result in economic penalties, suspension or cancellation of shipments or ultimately termination of the coal sales agreement, any of which could have a material adverse effect on our business, financial condition, results of operations, cash flows and ability to make cash distributions.

Although we, through CONSOL Energy, maintain insurance for a number of risks and hazards, we may not be insured or fully insured against the losses or liabilities that could arise from a significant accident in our coal operations. We or CONSOL Energy may elect not to obtain insurance for any or all of these risks if we or CONSOL Energy believe that the cost of available insurance is excessive relative to the risks presented. In addition, pollution and environmental risks generally are not fully insurable. Moreover, a significant mine accident could potentially cause a mine shutdown. The occurrence of an event that is not fully covered by insurance could have a material adverse effect on our business, financial condition, results of operations, cash flows and ability to make cash distributions.

All of our mines are part of a single mining complex and are exclusively located in the Northern Appalachian Basin, making us vulnerable to risks associated with operating in a single geographic area.

All of our mining operations are conducted at a single mining complex located in the Northern Appalachian Basin in southwestern Pennsylvania and northern West Virginia. The geographic concentration of our operations at the Pennsylvania Mining Complex may disproportionately expose us to disruptions in our operations if the region experiences adverse conditions or events, including severe weather, transportation capacity constraints, constraints on the availability of required equipment, facilities, personnel or services, significant governmental regulation or natural disasters. If any of these factors were to impact the Northern Appalachian Basin more than other coal producing regions, our business, financial condition, results of operations and ability to make cash distributions will be adversely affected relative to other mining companies that have a more geographically diversified asset portfolio.

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.

Transportation logistics play an important role in allowing us to supply coal to our customers. Any significant delays, interruptions or other limitations on the ability to transport our coal could negatively affect our operations. Our coal is transported from the Pennsylvania Mining Complex by rail, truck or a combination of these methods. To reach markets and end customers, our coal may also be transported by barge or by ocean vessels loaded at terminals. Disruption of transportation services because of weather-related problems, strikes, lock-outs, terrorism, governmental regulation, third-party action or other events could temporarily impair our ability to supply coal to customers and adversely affect our profitability. In addition, 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, including increases resulting from emission control requirements and fluctuation in the price of diesel fuel and demurrage, could make our coal less competitive. Any disruption of the transportation services we use or increase in transportation costs could have a materially adverse effect on our business, financial condition, results of operations and cash flows and ability to make cash distributions to our unitholders.

Any significant downtime of our major pieces of mining equipment, including our preparation plant, or any inability to obtain equipment, parts and raw materials in a timely manner, in sufficient quantities or at reasonable costs, could impair our ability to supply coal to our customers and materially and adversely affect our results of operations.

We depend on several major pieces of mining equipment to produce and transport our coal, including, but not limited to, longwall mining systems, continuous mining units, our preparation plant and related facilities, conveyors and

transloading facilities. If any of these pieces of equipment or facilities suffered major damage or were destroyed by fire, abnormal wear, flooding, incorrect operation or otherwise, we may be unable to replace or repair them in a timely manner or at a reasonable cost, which would impact our ability to produce and transport coal and materially and adversely affect our business, results of operations, financial condition, cash flows and ability to make cash distributions to our unitholders. We procure this equipment from a concentrated group of suppliers, and obtaining this equipment often involves long lead times. Occasionally, demand for such equipment by mining companies can be high and some types of equipment may be in short supply. Delays in receiving or shortages of this equipment or the cancellation of our supply contracts under which we obtain equipment could limit our ability to obtain these supplies or equipment.

All of the coal from our mines is processed at a single preparation plant and loaded on to rail cars using a single train loadout facility. If either of our preparation plant or train loadout facility suffers extended downtime, including from major damage, or is destroyed, our ability to process and deliver coal to our customers would be materially impacted, which would

materially adversely affect our business, results of operations, financial condition, cash flows and ability to make cash distributions to our unitholders.

Additionally, coal mining consumes large quantities of commodities including steel, copper, rubber products and liquid fuels and requires the use of capital equipment. Some commodities, such as steel, are needed to comply with roof control plans required by regulation. The prices we pay for commodities and capital equipment are strongly impacted by the global market. A rapid or significant increase in the costs of commodities or capital equipment we use in our operations could impact our mining operations costs because we may have a limited ability to negotiate lower prices and, in some cases, may not have a ready substitute. In addition, if any of our suppliers experiences an adverse event, or decides to no longer do business with us, we may be unable to obtain sufficient equipment and raw materials in a timely manner or at a reasonable price to allow us to meet our production goals and our revenues may be adversely impacted. We use considerable quantities of steel in the mining process. If the price of steel or other materials increases substantially or if the value of the U.S. dollar declines relative to foreign currencies with respect to certain imported supplies or other products, our operating expenses could increase. Any of the foregoing events could materially and adversely impact our business, financial condition, results of operations, cash flows and ability to make cash distributions.

If our coal customers do not extend existing sales contracts or do not enter into new multi-year coal sales contracts on favorable terms, profitability of our operations could be adversely affected.

During the year ended December 31, 2018 approximately 68% of the coal the Pennsylvania Mining Complex produced was sold under multi-year sales contracts. If a substantial portion of our multi-year sales contracts are modified or terminated, if force majeure is exercised, or if we are unable to replace or extend the contracts or new contracts are priced at lower levels, our profitability would be adversely affected. In addition, if customers refuse to accept shipments of our coal for which they have existing contractual obligations, our revenues will decrease and we may have to reduce production at our mines until such customers honor their contractual obligations and begin accepting shipments of our coal again or we can find an alternative customer.

The profitability of our multi-year coal sales 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 coal sales contracts may not reflect our cost increases, and therefore, increases in our costs may reduce our profit margins. In addition, during periods of declining market prices, provisions in our long-term coal sales contracts for adjustment or renegotiation of prices and other provisions may increase our exposure to short-term coal price and electric power price volatility. As a result, we 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, which may reduce our profitability.

The loss of, or significant reduction in, purchases by our largest coal customers or the failure of any of our customers to buy and pay for coal they committed to purchase could adversely affect our business, financial condition, results of operations and cash flows.

We derived a significant portion of our revenues from three customers, each of which accounted for over 10% of our total coal sales revenue, from which we generated an aggregate of approximately 57% of our coal sales revenue in fiscal year 2018. There are inherent risks whenever a significant percentage of total revenues are concentrated with a limited number of customers. Revenues from our largest customers may fluctuate from time to time based on numerous factors, including market conditions, which may be outside of our control. If any of our largest customers experience declining revenues due to market, economic or competitive conditions, we could be pressured to reduce the prices that we charge for our coal, which could have an adverse effect on our margins, profitability, cash flows and financial position. If any customers were to significantly reduce their purchases of coal from us, including by failing

to buy and pay for coal they committed to purchase in sales contracts, our business, financial condition, results of operations, cash flows and ability to make cash distributions could be adversely affected. Additionally, our ability to collect payments from our customers for coal sold and delivered could be impaired if their creditworthiness declines or if they fail to honor their contracts with us. If the creditworthiness of our customers declines significantly, our business could be adversely affected. Furthermore, if customers refuse to accept shipments of our coal for which they have an existing contractual obligation, our revenue will decrease and we may have to reduce production at our mines until our customers' contractual obligations are honored. Our inability to collect payment from counterparties to our sales contracts may have a materially adverse effect on our business, financial condition, results of operations, cash flows and ability to make cash distributions.

Certain provisions in our multi-year coal sales contracts may provide limited protection during adverse economic conditions, may result in economic penalties to us or permit the customer to terminate the contract.

Price adjustment, “price reopener” and other similar provisions in our multi-year coal sales contracts may reduce the protection from coal price volatility traditionally provided by coal sales contracts. Price reopener provisions are present in several of our multi-year coal sales contracts. These price reopener provisions may automatically set a new price based on prevailing market price or, in some instances, require the parties to agree on a new price, sometimes within a specified range of prices. In a limited number of agreements, failure of the parties to agree on a price under a price reopener provision can lead to termination of the contract. Any adjustment or renegotiations leading to a significantly lower contract price could adversely affect our profitability.

Most of our coal sales agreements contain provisions requiring us to deliver coal within certain ranges for specific coal quality characteristics such as heat content, sulfur, ash, moisture, volatile matter, grindability, ash fusion temperature, and size consist. Failure to meet these conditions could result in penalties or rejection of the coal at the election of the customer. Our coal sales contracts also typically contain force majeure provisions allowing for the suspension of performance by either party for the duration of specified events. Force majeure events include, but are not limited to, floods, earthquakes, storms, fire, faults in the coal seam or other geologic conditions, other natural catastrophes, wars, terrorist acts, civil disturbances or disobedience, strikes, railroad transportation delays caused by a force majeure event and actions or restraints by court order and governmental authority or arbitration award. Depending on the language of the contract, some contracts may terminate upon continuance of an event of force majeure that extends for a period greater than three to twelve months and some contracts may obligate us to perform notwithstanding what would typically be a force majeure event.

To maintain and grow our business, we will be required to make substantial capital expenditures. If we are unable to obtain needed capital or financing on satisfactory terms, our ability to make cash distributions may be diminished or our financial leverage could increase.

In order to maintain and grow our business, we will need to make substantial capital expenditures to fund our share of capital expenditures associated with our mines. Maintaining and expanding mines and infrastructure is capital intensive. Specifically, the exploration, permitting and development of coal reserves, mining costs, the maintenance of machinery and equipment and compliance with applicable laws and regulations require substantial capital expenditures. While a significant amount of the capital expenditures required to build out our mining infrastructure has been spent, we must continue to invest capital to maintain or to increase our production. Decisions to increase our production levels could also affect our capital needs. Our production levels may decrease or may not be able to generate sufficient cash flow, or we may not have access to sufficient financing to continue our production, exploration, permitting and development activities at or above our present levels, and we may be required to defer all or a portion of our capital expenditures. If we do not make sufficient or effective capital expenditures, we will be unable to maintain and grow our business and, as a result, we may be unable to maintain or raise the level of our future cash distributions over the long term. To fund our capital expenditures, we will be required to use cash from our operations, incur debt or sell additional units or other equity securities. Using cash from our operations will reduce cash available for distribution to our unitholders. Our ability to obtain bank financing or our ability to access the capital markets for future equity or debt offerings may be limited by our financial condition at the time of any such financing or offering and the covenants in our existing debt agreements, as well as by general economic conditions, contingencies and uncertainties that are beyond our control. In addition, incurring additional debt may significantly increase our interest expense and financial leverage, and issuing additional limited partner interests may result in significant unitholder dilution and would increase the aggregate amount of cash required to maintain the then current distribution rate, which could materially decrease our ability to pay distributions at the then prevailing distribution rate. While we have historically received funding from our sponsor, none of our sponsor, our general partner or any of their respective affiliates is committed to providing any direct or indirect financial support to fund our growth.

New tariffs and other trade measures could adversely affect our results of operations, financial position, cash flows, and ability to make cash distributions.

New tariffs and other trade measures could adversely affect our results of operations, financial position and cash flows. Recently, the Trump Administration imposed tariffs on steel and aluminum and a broad range of other products imported into the U.S. In response to the tariffs imposed by the U.S., the European Union, Canada, Mexico and China have announced tariffs on U.S. goods and services. The new tariffs, along with any additional tariffs or trade restrictions that may be implemented by the U.S. or retaliatory trade measures or tariffs implemented by other countries, could result in reduced economic activity, increased costs in operating our business, reduced demand and changes in purchasing behaviors for thermal and metallurgical coal, limits on trade with the United States or other potentially adverse economic outcomes. Additionally, we sell coal into the thermal and metallurgical export markets. Accordingly, our international sales may also be impacted by the tariffs and other restrictions on trade between the U.S. and other countries. While tariffs and other retaliatory trade measures imposed by other countries on U.S. goods have not yet had a significant impact on our business or results of operations, we cannot predict further

developments, and such existing or future tariffs could have a material adverse effect on our results of operations, financial position, cash flows and ability to make cash distributions.

We may be unsuccessful in finding suitable acquisition targets or integrating the operations of any future acquisitions, including acquisitions involving new lines of business, with our existing operations, and in realizing all or any part of the anticipated benefits of any such acquisitions.

From time to time, we may evaluate and acquire assets and businesses that we believe complement our existing assets and business. However, our ability to grow our business through acquisitions may be limited by both our ability to identify appropriate acquisition candidates and our financial resources, including our available cash and borrowing capacity. Additionally, the assets and businesses we acquire may be dissimilar from our existing lines of business. Acquisitions may require substantial capital or the incurrence of substantial indebtedness. Our capitalization and results of operations may change significantly as a result of future acquisitions. Acquisitions and business expansions involve numerous risks, including the following:

- difficulties in the integration of the assets and operations of the acquired businesses;
- inefficiencies and difficulties that arise because of unfamiliarity with new assets and the businesses associated with them and new geographic areas;
- the possibility that we have insufficient expertise to engage in such activities profitably or without incurring inappropriate amounts of risk; and
- the diversion of management's attention from other operating issues.

Further, unexpected costs and challenges may arise whenever businesses with different operations or management are combined, and we may experience unanticipated delays in realizing the benefits of an acquisition. Entry into certain lines of business may subject us to new laws and regulations with which we are not familiar, and may lead to increased litigation and regulatory risk. Also, following an acquisition, we may discover previously unknown liabilities associated with the acquired business or assets for which we have no recourse under applicable indemnification provisions. If a new business generates insufficient revenue or if we are unable to efficiently manage our expanded operations, our results of operations may be adversely affected.

Restrictions in our Affiliated Company Credit Agreement and our level of indebtedness could adversely affect our business, financial condition, results of operations and ability to make quarterly cash distributions to our unitholders.

Our Affiliated Company Credit Agreement limits our ability to, among other things:

- incur or guarantee additional debt;
- make distributions under certain circumstances;
- make certain investments and loans;
- incur certain liens or permit them to exist;
- enter into certain types of transactions with affiliates;
 - merge or consolidate with another company; and
- transfer, sell or otherwise dispose of assets.

The restrictions in our Affiliated Company Credit Agreement and our level of debt could have important consequences to us, including the following:

- our ability to obtain additional financing, if necessary, for working capital, capital expenditures or other purposes may be impaired or such financing may not be available on favorable terms;

our funds available for operations, future business opportunities and distributions to unitholders will be reduced by that portion of our cash flow required to make interest payments on our debt;
• we may be more vulnerable to competitive pressures or a downturn in our business or the economy generally; and
• our flexibility in planning for and responding to changing business and economic conditions may be limited.

Our ability to service our debt will depend upon, among other things, our future financial and operating performance, which will be affected by prevailing economic conditions and financial, business, regulatory and other factors, some of which are beyond our control. If our operating results are not sufficient to service any future indebtedness, we will be forced to take actions such as reducing distributions, reducing or delaying our business activities, investments or capital expenditures, selling assets or issuing equity. We may not be able to effect any of these actions on satisfactory terms or at all.

In addition, a failure to comply with the provisions of our Affiliated Company Credit Agreement, including our failure to meet certain financial ratios included in such agreement, could result in a default or an event of default that could enable our lenders to declare the outstanding principal of that debt, together with accrued and unpaid interest, to be immediately due and payable. If the payment of our debt is accelerated, our assets may be insufficient to repay such debt in full, and our unitholders could experience a partial or total loss of their investment. Please read “Management’s Discussion and Analysis of Financial Condition and Results of Operations-Capital Resources and Liquidity.”

Increases in interest rates could adversely affect our business.

We have exposure to increases in interest rates. Based on our current debt level of \$163,000 as of December 31, 2018, comprised of funds drawn under our Affiliated Company Credit Agreement, an increase of one percentage point in the interest rate will result in an increase in annual interest expense of \$1,630. As a result, our results of operations, cash flows and financial condition and our ability to make cash distributions to our unitholders, could be materially adversely affected by significant increases in interest rates.

Interest rate hedging transactions may limit our potential gains or cause us to lose money.

We may enter into hedging arrangements in an effort to limit our exposure to interest rate volatility. These hedging arrangements may reduce, but will not eliminate, the potential effects of changing interest rates on our cash flow from operations for the periods covered by these arrangements. Furthermore, while intended to help reduce the effects of volatile interest rates, such transactions, depending on the hedging instrument used, may limit our potential gains if interest rates were to fall substantially over the price established by the hedge. In addition, these arrangements expose us to risks of financial loss in a variety of circumstances, including when:

- a counterparty is unable to satisfy its obligations; or
- there is an adverse change in the expected differential between the underlying interest rate in the derivative instrument and actual interest rates.

However, it is not always possible for us to engage in a derivative transaction that completely mitigates our exposure to interest rates. Furthermore, our hedging strategy and future hedging transactions will be determined at the discretion of our general partner, whose decisions may not always be in our best interest. Our financial statements may reflect a gain or loss arising from an exposure to interest rates for which we are unable to enter into a completely effective hedge transaction.

If we do not maintain effective internal controls over financial reporting, we could fail to accurately report our financial results.

During the course of the preparation of our financial statements, we evaluate our internal controls to identify and correct deficiencies in our internal controls over financial reporting. If we fail to maintain an effective system of disclosure controls or internal control over financial reporting, including satisfaction of the requirements of the Sarbanes-Oxley Act, we may not be able to accurately or timely report on our financial results or adequately identify and reduce fraud. As a result, the financial condition of our business could be adversely affected, current and potential future stockholders could lose confidence in us and/or our reported financial results, which may cause a negative effect on the trading price of our common stock, and we could be exposed to litigation or regulatory proceedings, which may be costly or divert management's attention.

The amount of distributable cash flow that we have available for distribution to our unitholders depends primarily on our cash flow and not solely on our profitability, which may prevent us from making distributions, even during periods in which we record net income.

The amount of distributable cash flow that we have available for distribution depends primarily upon our cash flow and not solely on our profitability, which will be affected by non-cash items. As a result, we may make cash distributions during periods when we record a net loss for financial accounting purposes; and conversely, we might determine not to make cash distributions during periods when we record net income for financial accounting purposes.

Our mines are located in areas containing oil and natural gas shale plays, which may require us to coordinate our operations with oil and natural gas drillers and transporters.

All of our recoverable coal reserves are in areas containing shale oil and natural gas plays, including the Marcellus Shale, which are currently the subject of substantial exploration for oil and natural gas, particularly by horizontal drilling. If we have received a permit for our mining activities, while we may have to coordinate our mining with such oil and natural gas drillers

and transporters, our mining activities will have priority over any oil and natural gas drillers and transporters with respect to the land covered by our permit. Oil and natural gas drillers and transporters may be subject to laws and regulations that are enforced by regulators that do not have jurisdiction over our activities. Any conflict between our rights and the enforcement actions by any regulator of oil or natural gas-specific rights that conflict with our rights to mine could result in additional cost and possible delays to mining.

For recoverable coal reserves outside of our permits, we engage in discussions with drilling and transport companies on potential areas on which they can drill that may have a minimal effect on our mine plan. If a well is in the path of our mining for coal on land that has not yet been permitted for our mining activities, we may not be able to mine through the well unless we purchase it. Although in the past we have purchased vertical wells, the cost of purchasing a producing horizontal well could be substantially greater than that of a vertical well. Horizontal wells with multiple laterals extending from the well pad may access larger oil and natural gas reserves than a vertical well, which would typically result in a higher cost to acquire. The cost associated with purchasing oil and natural gas wells that are in the path of our coal mining activities could likewise make mining through those wells uneconomical, thereby effectively causing a loss of significant portions of our recoverable coal reserves, which could materially and adversely affect our business, financial condition, results of operations and cash flows.

Our ability to operate our business effectively could be impaired if CONSOL Energy fails to attract and retain skilled personnel, or if a meaningful segment of its employees become unionized.

Our ability to operate our business and implement our strategies depends, in part, on CONSOL Energy's continued ability to attract and retain the skilled personnel necessary to conduct our business. Efficient coal mining using modern techniques and equipment requires skilled laborers in multiple disciplines such as electricians, equipment operators, mechanics, engineers and welders, among others. Although CONSOL Energy has not historically encountered shortages for these types of skilled labor, competition in the future may increase for such positions, especially as it relates to needs of other industries with respect to these positions, including oil and gas. If CONSOL Energy experiences shortages of skilled labor in the future, our labor and overall productivity or costs could be materially adversely affected. In the future, we may utilize a greater number of external contractors for portions of our operations. The costs of these contractors have historically been higher than that of our employed laborers. If CONSOL Energy's labor and contractor prices increase, or if it experiences materially increased health and benefit costs with respect to its employees, our results of operations could be materially adversely affected.

None of CONSOL Energy's employees who conduct mining operations at the Pennsylvania Mining Complex are currently represented by a labor union or covered under a collective bargaining agreement, although many employers in our industry have employees who belong to a union. It is possible that our employees who conduct mining operations at the Pennsylvania Mining Complex may join or seek recognition to form a labor union, or CONSOL Energy may be required to become a labor agreement signatory. If some or all of the employees who conduct mining operations at the Pennsylvania Mining Complex were to become unionized, it could adversely affect productivity, increase labor costs and increase the risk of work stoppages at our mines. If a work stoppage were to occur, it could interfere with operations at the Pennsylvania Mining Complex and have a material adverse effect on our business, financial condition, results of operations, cash flows and ability to make cash distributions. In addition, the mere fact that a portion of CONSOL Energy's labor force could be unionized may harm our reputation in the eyes of some investors and thereby negatively affect our common unit price.

We do not have any officers or employees and rely on officers of our general partner and employees of CONSOL Energy.

We are managed and operated by the board of directors and executive officers of our general partner. Our general partner has no field-level employees that conduct mining operations and relies on the employees of CONSOL Energy

to conduct mining activities. CONSOL Energy conducts businesses and activities of its own in which we have no economic interest. As a result, there could be material competition for the time and effort of the officers and employees who provide services to both our general partner and to CONSOL Energy. If our general partner and the officers and employees of CONSOL Energy do not devote sufficient attention to the management and operation of our business and activities, our business, financial condition, results of operations, cash flows and ability to make cash distributions could be materially adversely affected.

We are a holding company with no independent operations or assets. Distributions to our unitholders are dependent on cash flow generated by our subsidiaries.

We have a holding company structure, meaning the sole source of our earnings and cash flow consists exclusively of the earnings of and cash distributions from our direct and indirect subsidiaries. All of our operations are conducted, and all of our assets are owned, by our direct and indirect subsidiaries. Consequently, our cash flow and our ability to meet our obligations or to pay cash distributions to our unitholders will depend upon the cash flows of our subsidiaries and the payment of funds by our subsidiaries to us in the form of distributions or otherwise. The ability of our subsidiaries to make any payments to us will

depend on their earnings, the terms of their indebtedness and legal restrictions applicable to them. In particular, the terms of our Affiliated Company Credit Agreement place limitations on the ability of our subsidiaries to pay distributions to us, and thus on our ability to pay distributions to our unitholders. In the event that we do not receive distributions from our subsidiaries, we may be unable to make cash distributions to our unitholders.

Terrorist attacks or cyber-incidents could result in information theft, data corruption, operational disruption and/or financial loss.

We have become increasingly dependent upon digital technologies, including information systems, infrastructure and cloud applications and services, to operate our businesses, to process and record financial and operating data, communicate with our employees and business partners, estimate quantities of coal reserves, as well as other activities related to our businesses. Strategic targets, such as energy-related assets, may be at greater risk of future terrorist or cyber attacks than other targets in the United States. Deliberate attacks on our assets, or security breaches in our systems or infrastructure, or the systems or infrastructure of third-parties, or cloud-based applications could lead to corruption or loss of our proprietary data and potentially sensitive data, delays in production or delivery, difficulty in completing and settling transactions, challenges in maintaining our books and records, environmental damage, communication interruptions, other operational disruptions and third-party liability. Our insurance may not protect us against such occurrences. Consequently, it is possible that any of these occurrences, or a combination of them, could have a material adverse effect on our business, financial condition, results of operations, cash flows and ability to make cash distributions. Further, as cyber incidents continue to evolve, we may be required to expend additional resources to continue to modify or enhance our protective measures or to investigate and remediate any vulnerability to cyber incidents.

Regulation to address climate change (particularly greenhouse gas emissions) and uncertainty regarding such regulation may increase our operating costs and reduce the value of our coal assets.

The issue of 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 we produce, results in the emission of carbon dioxide into the atmosphere by coal end-users, such as coal-fired electric power generation plants. While climate change legislation in the U.S. is unlikely in the next several years, numerous proposals have been made and are likely to continue to be made at the international, national, regional and state levels of government that are intended to limit emissions of GHGs. Several states have already adopted measures requiring reduction of GHGs within state boundaries. Other states have elected to participate in voluntary regional cap-and-trade programs like the Regional Greenhouse Gas Initiative in the northeastern U.S. Any significant legislative changes at the international, national, state or local levels could significantly affect our ability to produce and sell our coal and develop our reserves, could increase the cost of the production and sale of coal and could materially reduce the value of our coal and recoverable coal reserves.

Apart from governmental regulation, investment banks based both domestically and internationally have announced that they have adopted climate change guidelines for lenders. The guidelines require the evaluation of carbon risks in the financing of electric power generation plants which may make it more difficult for utilities to obtain financing for coal-fired plants. In addition, there have also been efforts in recent years affecting the investment community, including investment advisers, sovereign wealth funds, public pension funds, universities and other groups, promoting the divestment of fossil fuel equities, encouraging the consideration of environmental, social and governance (ESG) practices of companies in a manner that negatively affects coal companies and also pressuring lenders to limit funding to companies engaged in the extraction of fossil fuel reserves. The impact of such efforts may adversely affect the demand for and price of securities issued by us, and impact our access to the capital and financial markets. These efforts, as well as concerted conservation and efficiency efforts that result in reduced electricity

consumption, and consumer and corporate preferences for non-coal fuel sources, including natural gas and/or alternative energy sources, could cause coal prices and sales of our coal to materially decline and could cause our costs to increase. Further, climate change itself may cause more extreme weather conditions such as more intense hurricanes, thunderstorms, tornadoes and snow or ice storms, as well as rising sea levels and increased volatility in seasonal temperatures. Extreme weather conditions can interfere with our services and increase our costs, and damage resulting from extreme weather may not be fully insured. However, at this time, we are unable to determine the extent to which climate change may lead to increased storm or weather hazards affecting our operations.

Regulation to address climate change and uncertainty regarding such regulation could adversely impact the market for coal.

Adoption of comprehensive legislation or regulation focusing on climate change or GHG emission reductions for the United States or other countries where we sell coal, or the inability of utilities to obtain financing in connection with coal-fired plants, may make it more costly to operate fossil fuel fired (especially coal-fired) electric power generation plants and make

fossil fuels less attractive for electric utility power plants in the future. Depending on the nature of the regulation or legislation, natural gas-fueled power generation could become more economically attractive than coal-fueled power generation, especially if such regulation or legislation makes our coal more expensive as a result of increased compliance, operating and maintenance costs. Apart from actual regulation, uncertainty over the extent of regulation of GHG emissions may inhibit utilities from investing in the building of new coal-fired plants to replace older plants or investing in the upgrading of existing coal-fired plants. Any reduction or substantial delay in the amount of coal consumed by domestic electric power generators as a result of actual or potential regulation of greenhouse gas emissions could decrease demand for our fossil fuels, thereby reducing our revenues and materially and adversely affecting our business and results of operations. Our customers may also have to invest in carbon dioxide capture and storage technologies in order to burn coal and comply with future GHG emission standards. However, we cannot predict the ultimate impact any legislation or regulation may have on our future financial condition and results of operations, because of the inherent uncertainty in the outcome of the political and legal policy-making process in this area. Nevertheless, in general, it is likely that any future laws, regulations or other policies aimed at reducing GHG emissions will negatively impact demand for our coal and could also negatively affect the value of our reserves and other assets.

We may be subject to litigation seeking to hold energy companies accountable for the effects of climate change.

Increasing attention to climate change risk has also resulted in a recent trend of governmental investigations and private litigation by local and state governmental agencies as well as private plaintiffs in an effort to hold energy companies accountable for the effects of climate change. Other public nuisance lawsuits have been brought in the past against power, coal, oil and gas companies alleging that their operations are contributing to climate change. The plaintiffs in these suits sought various remedies, including punitive and compensatory damages and injunctive relief. While the U.S. Supreme Court held that federal common law provided no basis for public nuisance claims against the defendants in those cases, tort-type liabilities remain a possibility and a source of concern. For instance, our sponsor has been named as a defendant in litigation brought by the City of Baltimore seeking to hold our sponsor and other energy companies liable for the effects of climate change caused by the release of GHGs. The outcome of this litigation is uncertain, and we could incur substantial legal costs associated with defending this and similar lawsuits in the future. Government entities in other states (including California and New York) have brought similar claims seeking to hold a wide variety of companies that produce fossil fuels liable for the alleged impacts of the GHG emissions attributable to those fuels. Those lawsuits allege damages as a result of climate change and the plaintiffs are seeking unspecified damages and abatement under various tort theories. We have not been made a party to these other lawsuits, but it is possible that we could be included in similar future lawsuits initiated by state and local governments as well as private claimants.

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

We are subject to laws, regulations and other legal requirements enacted or adopted by federal, state and local authorities, as well as foreign authorities relating to protection of the environment. These include 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, threatened and endangered plant and wildlife protection, reclamation and restoration of mining properties after mining is completed and the protection of hydrologic, biologic and cultural resources. 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, our operational production schedules and competitive position. In addition, there is the possibility that we could incur substantial short and long-term liabilities as a result of violations under environmental laws. Any additional laws, regulations and other legal requirements enacted or adopted by federal, state and local authorities, as well as foreign authorities or new

interpretations of existing legal requirements by regulatory bodies relating to the protection of the environment could cause us to incur significant additional costs that could adversely affect our operating results, financial condition, cash flows and ability to make cash distributions.

The characteristics of coal may make it costly for electric power generators and other coal users to comply with various environmental standards regarding the emissions of impurities released when coal is burned, which could cause utilities to replace coal-fired power plants with alternative fuels.

Coal contains impurities, including sulfur, mercury, chlorine and other elements or compounds, many of which are released into the air along with fine particulate matter and carbon dioxide when it is burned. Complying with regulations on these emissions can be costly for electric power generators. Recent EPA rulemaking proceedings requiring additional reductions in permissible emission levels of impurities by coal-fired plants will likely make it more costly to operate coal-fired electric power plants and may make coal a less attractive fuel alternative for electric power generation in the future.

Our operations may impact the environment or cause exposure to hazardous substances, and our properties may have environmental contamination, which could result in liabilities to us.

Our operations currently use hazardous materials and generate limited quantities of hazardous wastes from time to time. In addition, drainage flowing from or caused by mining activities can be acidic with elevated levels of dissolved metals, a condition referred to as “acid mine drainage,” for which long-term water treatment may be required. We could become subject to claims for toxic torts, natural resource damages and other damages as well as for the investigation and clean-up of soil, surface water, groundwater, and other media. Such claims may arise, for example, out of conditions at sites that we currently own or operate, as well as at sites that we previously owned or operated, or may acquire. Our liability for such claims may be joint and several, so that we may be held responsible for more than our share of the contamination or other damages, or for the entire share.

We maintain coal refuse areas and slurry impoundments that are designed, constructed and inspected in accordance with stringent environmental and safety standards and are subjected to extensive regulation. Structural failure of a slurry impoundment or coal refuse area could result in extensive damage to the environment and natural resources, such as bodies of water that the coal slurry reaches, as well as liability for related personal injuries and property damages, and injuries to wildlife. If one of our impoundments were to fail, we could be subject to claims for the resulting environmental contamination and associated liability, as well as for fines and penalties. These and other similar unforeseen impacts that our operations may have on the environment, as well as exposures to hazardous substances or wastes associated with our operations, could result in costs and liabilities that could adversely affect us.

We must obtain, maintain and renew governmental permits and approvals which if we cannot obtain in a timely manner would reduce our production, cash flow and results of operations.

Our coal production is dependent on our ability to obtain various federal and state permits and approvals to mine our coal reserves. The permitting rules, and the interpretations of these rules, are complex, change frequently and are often subject to discretionary interpretations by regulators. In support of our permit applications, we prepare and present data relating to the potential impact or effect that the proposed mining activity may have on the environment. The public, including non-governmental organizations and individuals, have certain statutory rights to comment upon and otherwise impact the permitting process, including through court intervention. In recent years, as the requirements for mining permits have become more stringent, permit applications and regulatory agency permit decisions have been subject to extensive litigation by third parties, including environmental organizations. Challenges to permits are costly and may cause substantial operational delays, thereby adversely affecting our production, cash flows and profitability. EPA also has the authority to veto permits issued by the Army Corps of Engineers under the Clean Water Act’s Section 404 program that prohibits the discharge of dredged or fill material into regulated waters without a permit. Section 404 permits have also been subject to a series of legal challenges, resulting in increased costs and operational delays. The slow pace with which the government issues permits needed for new operations and/or for on-going operations to continue mining continues to have significant negative effects and could materially and adversely affect our business.

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 shutdown based on safety considerations.

The Federal Coal Mine Safety and Health Act and Mine Improvement and New Emergency Response Act impose stringent health and safety standards on mining operations. Regulations that have been adopted are comprehensive and affect numerous aspects of mining operations, including training of mine personnel, mining procedures, the equipment used in mine emergency procedures and other matters. Most states in which we operate have programs for mine safety and health regulation and enforcement. The various requirements mandated by law or regulation can place restrictions

on our methods of operations, and potentially lead to penalties for the violation of such requirements, 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 shutdown based on safety considerations. If an incident were to occur at one of our coal mines, it could be shut down for an extended period of time and our reputation with our customers could be materially damaged.

We have reclamation, mine closing obligations 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 and various state laws establish operational, reclamation and closure standards for all our coal mining operations and require us, under certain circumstances, to plug natural gas wells. We accrue for the costs of current mine disturbance, gas well plugging and final mine closure, including the cost of treating mine water

discharge where necessary. Estimates of our total reclamation, mine-closing and degasification and well plugging liabilities, which are based upon permit requirements and our experience, were approximately \$10,977 at December 31, 2018. The amounts recorded are dependent upon a number of variables, including the estimated future closure costs, estimated proved reserves, assumptions involving profit margins, inflation rates, and the assumed credit-adjusted risk-free interest rates. 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. Most states where we operate require us to post bonds for the full cost of coal mine reclamation (full cost bonding). West Virginia is not a full cost bonding state. West Virginia has an alternative bond system (ABS) for coal mine reclamation which consists of (i) individual site bonds posted by the permittee that are less than the full estimated reclamation cost plus (ii) a bond pool (Special Reclamation Fund) funded by a per ton fee on coal mined in the State which is used to supplement the site specific bonds if needed in the event of bond forfeiture. However, West Virginia may move to full cost bonding in the future, which could cause individual mining companies and/or surety companies to exceed bonding capacity and would result in the need to post cash bonds or letters of credit, which would reduce operating capital.

Pennsylvania is expanding its full cost bonding program to cover all coal mine bonding, further increasing the amount of surety bonds we must seek in order to permit our mining activities. We have been able to post surety bonds with the states to secure our reclamation obligations. However, the costs of surety bonds have fluctuated in recent years and the market terms of such bonds have generally become more unfavorable to mine operators. These changes in the terms of the bonds have been accompanied at times by a decrease in the number of companies willing to issue surety bonds. In addition, federal and state regulators are considering making financial assurance requirements with respect to mine closure and reclamation more stringent. If our creditworthiness declines, states may seek to require us to post letters of credit or cash collateral to secure those obligations, or we may be unable to obtain surety bonds, in which case we would be required to post letters of credit. Additionally, the sureties that post bonds on our behalf may require us to post security in order to secure the obligations underlying these bonds. Posting letters of credit in place of surety bonds or posting security to support these surety bonds would have an adverse effect on our liquidity. Furthermore, because we are required by state and federal law to have these bonds in place before mining can commence or continue, our failure to maintain surety bonds, letters of credit or other guarantees or security arrangements would materially and adversely affect our ability to mine coal. That failure could result from a variety of factors, including lack of availability, higher expense or unfavorable market terms, the exercise by third-party surety bond issuers of their right to refuse to renew the surety and restrictions on availability of collateral for current and future third-party surety bond issuers under the terms of our financing arrangements.

Risks Inherent in an Investment in Us

Our general partner and its affiliates, including CONSOL Energy, have conflicts of interest with us and limited fiduciary duties to us and our unitholders, and they may favor their own interests to our detriment and that of our unitholders.

Although our general partner has a duty to manage us in a manner that is in the best interests of our Partnership and our unitholders, the directors and officers of our general partner also have a duty to manage our general partner in a manner that is in the best interests of CONSOL Energy. Conflicts of interest may arise between CONSOL Energy and its affiliates, including our general partner, on the one hand, and us and our unitholders, on the other hand. In resolving these conflicts of interests, our general partner may favor its own interests and the interests of its affiliates, including CONSOL Energy, over the interests of our unitholders. These conflicts include, among others, the following situations:

neither our Partnership Agreement nor any other agreement requires CONSOL Energy to pursue a business strategy that favors us or utilizes our assets, which could involve decisions by CONSOL Energy to pursue and grow particular markets or undertake acquisition opportunities for itself. CONSOL Energy's directors and officers have a fiduciary

duty to make these decisions in the best interests of CONSOL Energy;

• our general partner is allowed to take into account the interests of parties other than us, such as CONSOL Energy, in resolving conflicts of interest;

• CONSOL Energy may be constrained by the terms of its debt instruments from taking actions, or refraining from taking actions, that may be in our best interests;

• our Partnership Agreement replaces the fiduciary duties that would otherwise be owed by our general partner with contractual standards governing its duties, limiting our general partner's liabilities and restricting the remedies available to our unitholders for actions that, without such limitations, might constitute breaches of fiduciary duty under Delaware law;

• except in limited circumstances, our general partner has the power and authority to conduct our business without unitholder approval;

• our general partner will determine which costs and expenses incurred by it are reimbursable by us;

our general partner may cause us to borrow funds in order to permit the payment of cash distributions, even if the purpose or effect of the borrowing is to make a distribution on the subordinated units, to make incentive distributions or to accelerate the expiration of the subordination period;

our Partnership Agreement does not restrict our general partner from causing us to pay it or its affiliates for any services rendered to us or entering into additional contractual arrangements with any of these entities on our behalf;

our general partner intends to limit its liability regarding our contractual and other obligations;

our general partner may exercise its right to call and purchase all of the common units not owned by it and its affiliates at a price not less than the then-current market price if it and its affiliates own more than 80% of our common units;

our general partner controls the enforcement of obligations owed to us by our general partner and its affiliates, including obligations under our operating agreement and employee services agreement;

our general partner decides whether to retain separate counsel, accountants or others to perform services for us; and

CONSOL Energy, which holds all of our incentive distribution rights, or any transferee holding incentive distribution rights, may elect to cause us to issue common units and general partner interests to it in connection with a resetting of the target distribution levels related to its incentive distribution rights, without the approval of the conflicts committee of the board of directors of our general partner, which we refer to as our conflicts committee, or our common unitholders. This election could result in lower distributions to our common unitholders in certain situations.

Our general partner and its affiliates, including CONSOL Energy, may engage in businesses that compete with us.

Neither our Partnership Agreement nor our omnibus agreement prohibit CONSOL Energy or any other affiliates of our general partner from owning assets or engaging in businesses that compete directly or indirectly with us. Under the terms of our Partnership Agreement, the doctrine of corporate opportunity, or any analogous doctrine, will not apply to our general partner or any of its affiliates, including CONSOL Energy. Any such person or entity that becomes aware of a potential transaction, agreement, arrangement or other matter that may be an opportunity for us will not have any duty to communicate or offer such opportunity to us. Any such person or entity will not be liable to us or to any limited partner for breach of any fiduciary duty or other duty by reason of the fact that such person or entity pursues or acquires such opportunity for itself, directs such opportunity to another person or entity or does not communicate such opportunity or information to us. Consequently, CONSOL Energy and other affiliates of our general partner may acquire, construct or dispose of additional coal assets in the future without any obligation to offer us the opportunity to purchase any of those assets. As a result, competition from CONSOL Energy and other affiliates of our general partner could materially and adversely impact our results of operations and distributable cash flow.

Our Partnership Agreement requires that we distribute all of our available cash, which could limit our ability to grow and make acquisitions.

Our Partnership Agreement requires that we distribute all of our available cash (which is defined in the Partnership Agreement) to our unitholders. As a result, we expect to rely primarily upon external financing sources, including commercial bank borrowings and the issuance of debt and equity securities, to fund our acquisitions and expansion capital expenditures. Therefore, to the extent we are unable to finance our growth externally, our required cash distributions will significantly impair our ability to grow. In addition, because we will distribute all of our available cash, our growth may not be as fast as that of businesses that reinvest their available cash to expand ongoing operations. To the extent we issue additional partnership interests in connection with any acquisitions or expansion capital expenditures, the payment of distributions on those additional partnership interests may increase the risk that we will be unable to maintain or increase our per unit distribution level. There are no other limitations in our Partnership Agreement on our ability to issue additional partnership interests, including partnership interests ranking senior to our common units as to distributions or in liquidation or that have special voting rights and other rights, and our unitholders will have no preemptive or other rights (solely as a result of their status as unitholders) to purchase any such additional partnership interests. The incurrence of additional commercial bank borrowings or other debt to

finance our growth strategy would result in increased interest expense, which, in turn, may reduce the amount of cash that we have available to distribute to our unitholders.

Our Partnership Agreement replaces our general partner's fiduciary duties to holders of our units with contractual standards governing its duties.

As permitted by Delaware law, our Partnership Agreement contains provisions that eliminate the fiduciary standards to which our general partner would otherwise be held by state fiduciary duty law and replaces those duties with several different contractual standards. However, the general partner is still subject to the implied contractual covenant of good faith and fair dealing, under which a court will enforce the reasonable expectations of the partners where the language in the Partnership Agreement does not provide for a clear course of action. Nevertheless, as a result of the elimination of fiduciary standards, our Partnership Agreement permits our general partner to make a number of decisions in its individual capacity, as opposed to in its

capacity as our general partner, free of any duties to us and our unitholders. This provision entitles our general partner to consider only the interests and factors that it desires and relieves it of any duty or obligation to give any consideration to any interest of, or factors affecting, us, our affiliates or our limited partners. Examples of decisions that our general partner may make in its individual capacity include:

- how to allocate business opportunities among us and affiliates of our general partner;
- whether to exercise its limited call right;
- how to exercise its voting rights with respect to any units it owns;
- whether to exercise its registration rights;
- whether to sell or otherwise dispose of units or other partnership interests that it owns;
- whether to elect to reset target distribution levels;
- whether to consent to any merger, consolidation or conversion of the Partnership or amendment to our Partnership Agreement; and
- whether to refer or not to refer any potential conflict of interest to the conflicts committee for special approval or to seek or not to seek unitholder approval.

By purchasing a unit, a unitholder is treated as having consented to the provisions in our Partnership Agreement, including the provisions discussed above.

Our general partner intends to limit its liability regarding our obligations.

Our general partner intends to limit its liability under contractual arrangements so that counterparties to such agreements have recourse only against our assets and not against our general partner or its assets or any affiliate of our general partner or its assets. Our general partner may therefore cause us to incur indebtedness or other obligations that are nonrecourse to our general partner. Our Partnership Agreement provides that any action taken by our general partner to limit its liability is not a breach of our general partner's duties, even if we could have obtained terms that are more favorable without the limitation on liability. In addition, we are obligated to reimburse or indemnify our general partner to the extent that it incurs obligations on our behalf. Any such reimbursement or indemnification payments would reduce the amount of cash otherwise available for distribution to our unitholders.

Our Partnership Agreement restricts the remedies available to holders of our common units and subordinated units for actions taken by our general partner that might otherwise constitute breaches of fiduciary duty.

Our Partnership Agreement contains provisions that restrict the remedies available to unitholders for actions taken by our general partner that might otherwise constitute breaches of fiduciary duty under state fiduciary duty law. For example, our Partnership Agreement provides that our general partner and its officers and directors will not be liable for monetary damages to us or our limited partners resulting from any act or omission unless there has been a final and non-appealable judgment entered by a court of competent jurisdiction determining that our general partner or its officers and directors, as the case may be, acted in bad faith or engaged in intentional fraud or willful misconduct or, in the case of a criminal matter, acted with knowledge that the conduct was criminal. Additionally, our general partner will not be in breach of its obligations under our Partnership Agreement or its duties to us or our limited partners if a transaction with an affiliate or the resolution of a conflict of interest is approved in accordance with, or otherwise meets the standards set forth in, our Partnership Agreement.

In connection with a situation involving a transaction with an affiliate or a conflict of interest, our Partnership Agreement provides that any determination by our general partner must be made in good faith, and that our general partner, our conflicts committee and the board of directors of our general partner are entitled to a presumption that they acted in good faith. In any proceeding brought by or on behalf of any limited partner or the Partnership, the

person bringing or prosecuting such proceeding will have the burden of overcoming such presumption.

Cost and expense reimbursements, which will be determined by our general partner in its sole discretion, and fees due to our general partner and its affiliates for services provided will be substantial and will reduce our distributable cash flow.

Under our Partnership Agreement, we are required to reimburse our general partner and its affiliates for all direct and indirect expenses it incurs or payments it makes on our behalf and all other expenses allocable to us or otherwise incurred by our general partner and its affiliates in connection with managing and operating our business and affairs (including expenses allocated to our general partner by its affiliates). Except to the extent specified under our omnibus agreement and the other agreements described under “Certain Relationships and Related Party Transactions—Agreements with Affiliates,” our general partner determines the amount of these expenses. Under the terms of the omnibus agreement we will be required to reimburse CONSOL Energy for the provision of certain administrative support services to us. Under our employee services agreement, we

will be required to reimburse CONSOL Energy for all direct third-party and allocated costs and expenses actually incurred by CONSOL Energy in providing operational services. Our general partner and its affiliates also may provide us other services for which we will be charged fees as determined by our general partner. The costs and expenses for which we will reimburse our general partner and its affiliates may include reimbursements for salary, bonus, incentive compensation and other amounts paid to affiliates of our general partner for the costs incurred in providing services for us or on our behalf and expenses allocated to our general partner by its affiliates. The costs and expenses for which we are required to reimburse our general partner and its affiliates are not subject to any caps or other limits under our Partnership Agreement. The total amount of such reimbursed expenses was \$7,530 for the year ended December 31, 2018. Payments to our general partner and its affiliates may be substantial and may reduce the amount of cash we have available to distribute to unitholders.

Unitholders have very limited voting rights and, even if they are dissatisfied, they will have limited ability to remove our general partner.

Unlike the holders of common stock in a corporation, unitholders have only limited voting rights on matters affecting our business and, therefore, limited ability to influence management's decisions regarding our business. For example, unitholders did not elect our general partner or the board of directors of our general partner and will have no right to elect our general partner or the board of directors of our general partner on an annual or other continuing basis. Through its direct ownership of our general partner, CONSOL Energy has the right to appoint the entire board of directors of our general partner, including its independent directors. Furthermore, if the unitholders are dissatisfied with the performance of our general partner, they will have little ability to remove our general partner. As a result of these limitations, the price at which our common units will trade could be diminished, because of the absence or reduction of a takeover premium in the trading price.

Our general partner may not be removed unless such removal is both (i) for cause and (ii) approved by a vote of the holders of at least 66.67% of the outstanding units, including any units owned by our general partner and its affiliates, voting together as a single class. "Cause" is narrowly defined under our Partnership Agreement to mean that a court of competent jurisdiction has entered a final, non-appealable judgment finding our general partner liable to us or any limited partner for intentional fraud or willful misconduct in its capacity as our general partner. Cause does not include most cases of charges of poor management of the business. CONSOL Energy owns 61.0% of our total outstanding common units and subordinated units on an aggregate basis. This will give CONSOL Energy the ability to prevent the removal of our general partner.

The restrictions in our Partnership Agreement applicable to holders of 20% or more of any class of our outstanding partnership interests do not apply to Greenlight Capital.

Unitholders' voting rights are restricted by the Partnership Agreement provision providing that any units held by a person or group that owns 20% or more of any class of units then outstanding, other than our general partner, its affiliates, their transferees and persons or groups who acquired such units with the prior approval of the board of directors of our general partner, cannot vote on any matter. In connection with the Concurrent Private Placement, our general partner waived this provision with respect to Greenlight Capital. As a result of this waiver, the common units purchased by Greenlight Capital in the Concurrent Private Placement are generally considered to be outstanding under our Partnership Agreement and will be entitled to vote on any matter on which the common unitholders are otherwise entitled to vote. Greenlight Capital owns 34.5% of our outstanding common units.

Our general partner interest or the control of our general partner may be transferred to a third party without unitholder consent.

Our general partner may transfer its general partner interest in us to a third party in a merger or in a sale of all or substantially all of its assets without the consent of the unitholders. Furthermore, there is no restriction in our Partnership Agreement on the ability of CONSOL Energy to transfer its membership interest in our general partner to a third party after June 30, 2025 without the consent of the unitholders. The new owner of our general partner would then be in a position to replace the board of directors and officers of our general partner with its own choices.

The incentive distribution rights of CONSOL Energy may be transferred to a third party without unitholder consent.

Subject to the Affiliated Company Credit Agreement, CONSOL Energy may transfer its incentive distribution rights to a third party at any time without the consent of our unitholders. If CONSOL Energy transfers its incentive distribution rights to a third party, our general partner, which is owned by CONSOL Energy, may not have the same incentive to grow our Partnership and increase quarterly distributions to unitholders over time as it would if CONSOL Energy had retained ownership of its incentive distribution rights. For example, a transfer of incentive distribution rights by CONSOL Energy could reduce the

likelihood that it will sell or contribute additional assets to us, as CONSOL Energy would have less of an economic incentive to grow our business, which in turn would impact our ability to grow our asset base.

We may issue an unlimited number of additional partnership interests without unitholder approval, which would dilute our then-existing unitholders' proportionate ownership interests in us.

At any time, we may issue an unlimited number of general partner interests or limited partner interests of any type without the approval of our unitholders and our unitholders will have no preemptive or other rights (solely as a result of their status as unitholders) to purchase any such general partner interests or limited partner interests. Further, there are no limitations in our Partnership Agreement on our ability to issue equity securities that rank equal or senior to our common units as to distributions or in liquidation or that have special voting rights and other rights.

The issuance by us of additional common units or other equity securities of equal or senior rank will have the following effects:

- our then-existing unitholders' proportionate ownership interests in us will decrease;
- the amount of cash we have available to distribute on each unit may decrease;
- because a lower percentage of total outstanding units will be subordinated units, the risk that a shortfall in the payment of the minimum quarterly distribution will be borne by our common unitholders will increase;
- the ratio of taxable income to distributions may increase;
- the relative voting strength of each previously outstanding unit may be diminished; and
- the market price of our common units may decline.

The issuance by us of additional general partner interests may have the following effects, among others, if such general partner interests are issued to a person who is not an affiliate of CONSOL Energy:

- management of our business may no longer reside solely with our current general partner; and
- affiliates of the newly admitted general partner may compete with us, and neither that general partner nor such affiliates will have any obligation to present business opportunities to us except with respect to rights of first offer contained in our omnibus agreement.

CONSOL Energy and Greenlight Capital may sell units in the public or private markets, and such sales could have an adverse impact on the trading price of the common units.

CONSOL Energy holds 5,174,454 common units and 11,611,067 subordinated units. All of the subordinated units will convert into common units at the end of the subordination period. In addition, Greenlight Capital holds 5,488,438 common units, per public filings. We also agreed to provide CONSOL Energy and Greenlight Capital with certain registration rights under applicable securities laws. The sale of these units described above in the public or private markets could have an adverse impact on the price of the common units or on any trading market that may develop.

Our general partner's discretion in establishing cash reserves may reduce the amount of cash we have available to distribute to unitholders.

Our Partnership Agreement requires our general partner to deduct from operating surplus the cash reserves that it determines are necessary to fund our future operating expenditures. In addition, the Partnership Agreement permits the general partner to reduce available cash by establishing cash reserves for the proper conduct of our business, to comply with applicable law or agreements to which we are a party, or to provide funds for future distributions to partners. These cash reserves will affect the amount of cash we have available to distribute to unitholders.

Our general partner has a limited call right that may require you to sell your common units at an undesirable time or price.

If at any time our general partner and its affiliates own more than 80% of our then-outstanding common units, our general partner will have the right, but not the obligation, which it may assign to any of its affiliates or to us, to acquire all, but not less than all, of the common units held by unaffiliated persons at a price not less than their then-current market price. As a result, common unitholders may be required to sell their common units at an undesirable time or price and may not receive any return on their investment. They may also incur a tax liability upon a sale of their units. Our general partner owns approximately 32.5% of our common units (excluding any common units purchased by the directors, director nominees and executive officers of our general partner, directors of CONSOL Energy and certain other individuals as selected by CONSOL Energy under our directed unit program). At the end of the subordination period, our general partner will own approximately 61.0% of our

outstanding common units (excluding any common units purchased by the directors, director nominee and executive officers of our general partner, directors of CONSOL Energy and certain other individuals as selected by CONSOL Energy under our directed unit program) and therefore would not be able to exercise the call right at that time.

Unitholders may have to repay distributions that were wrongfully distributed to them.

Under certain circumstances, unitholders may have to repay amounts wrongfully distributed to them. Under Section 17-607 of the Delaware Revised Uniform Limited Partnership Act (the “Delaware Act”), we may not make a distribution to the common unitholders if the distribution would cause our liabilities to exceed the fair value of our assets. Delaware law provides that for a period of three years from the date of the impermissible distribution, limited partners who received the distribution and who knew at the time of the distribution that it violated Delaware law will be liable to the limited partnership for the distribution amount. Transferees of common units are liable for the obligations of the transferor to make contributions to the Partnership that are known to the transferee at the time of the transfer and for unknown obligations if the liabilities could be determined from our Partnership Agreement. Liabilities to partners on account of their partnership interest and liabilities that are non-recourse to the Partnership are not counted for purposes of determining whether a distribution is permitted.

CONSOL Energy, or any transferee holding incentive distribution rights, may elect to cause us to issue common units to it in connection with a resetting of the target distribution levels related to its incentive distribution rights, without the approval of our conflicts committee or our common unitholders. The exercise of this election could result in lower distributions to our common unitholders in certain situations.

CONSOL Energy has the right, at any time when there are no subordinated units outstanding and it has received distributions on its incentive distribution rights at the highest level to which it is entitled (48%) for each of the prior four consecutive fiscal quarters and the amount of such distribution did not exceed the adjusted operating surplus for such quarter, to reset the initial target distribution levels at higher levels based on our distributions at the time of the exercise of the reset election. Following a reset election, the minimum quarterly distribution will be adjusted to equal the reset minimum quarterly distribution, and the target distribution levels will be reset to correspondingly higher levels based on percentage increases above the reset minimum quarterly distribution.

If CONSOL Energy elects to reset the target distribution levels, it will be entitled to receive a number of common units. The number of common units to be issued to CONSOL Energy will be equal to that number of common units that would have entitled their holder to an average aggregate quarterly cash distribution in the prior two quarters equal to the average of the distributions to our general partner on the incentive distribution rights in such two quarters. We anticipate that CONSOL Energy would exercise this reset right in order to facilitate acquisitions or internal growth projects that would not be sufficiently accretive to cash distributions per common unit without such conversion. It is possible, however, that CONSOL Energy could exercise this reset election at a time when it is experiencing, or expects to experience, declines in the cash distributions it receives related to its incentive distribution rights and may, therefore, desire to be issued common units rather than retain the right to receive distributions based on the initial target distribution levels. This risk could be elevated if our incentive distribution rights have been transferred to a third party. As a result, a reset election may cause our common unitholders to experience a reduction in the amount of cash distributions that they would have otherwise received had we not issued new common units and general partner interests in connection with resetting the target distribution levels. Additionally, CONSOL Energy has the right to transfer all or any portion of our incentive distribution rights at any time, and such transferee shall have the same rights as CONSOL Energy relative to resetting target distributions if our general partner concurs that the tests for resetting target distributions have been fulfilled.

Units held by persons who our general partner determines are not “eligible holders” at the time of any requested certification in the future may be subject to redemption.

As a result of certain laws and regulations to which we are or may in the future become subject, we may require owners of our common units to certify that they are both U.S. citizens and subject to U.S. federal income taxation on our income. Units held by persons who our general partner determines are not “eligible holders” at the time of any requested certification in the future may be subject to redemption. “Eligible holders” are limited partners whose (or whose owners’) (i) U.S. federal income tax status or lack of proof of U.S. federal income tax status does not have and is not reasonably likely to have, as determined by our general partner, a material adverse effect on the maximum applicable rates that can be charged to customers by us or our subsidiaries and (ii) nationality, citizenship or other related status does not create and is not reasonably likely to create, as determined by our general partner, a substantial risk of cancellation or forfeiture of any property in which we have an interest. The aggregate redemption price for redeemable interests will be an amount equal to the current market price (the date of determination of which will be the date fixed for redemption) of limited partner interests of the class to be so redeemed multiplied by the number of limited partner interests of each such class included among the redeemable interests. For these

purposes, the “current market price” means, as of any date for any class of limited partner interests, the average of the daily closing prices per limited partner interest of such class for the 20 consecutive trading days immediately prior to such date. The redemption price will be paid in cash or by delivery of a promissory note, as determined by our general partner. The units held by any person the general partner determines is not an eligible holder will not be entitled to voting rights.

Our Partnership Agreement designates the Court of Chancery of the State of Delaware as the exclusive forum for certain types of actions and proceedings that may be initiated by our unitholders, which limits our unitholders’ ability to choose the judicial forum for disputes with us or our general partner’s directors, officers or other employees.

Our Partnership Agreement provides that, with certain limited exceptions, the Court of Chancery of the State of Delaware (or, if such court does not have subject matter jurisdiction thereof, any other court located in the State of Delaware with subject matter jurisdiction) shall be the exclusive forum for any claims, suits, actions or proceedings (i) arising out of or relating in any way to our Partnership Agreement (including any claims, suits or actions to interpret, apply or enforce the provisions of our Partnership Agreement or the duties, obligations or liabilities among our partners, or obligations or liabilities of our partners to us, or the rights or powers of, or restrictions on, our partners or us), (ii) brought in a derivative manner on our behalf, (iii) asserting a claim of breach of a duty owed by any of our, or our general partner’s, directors, officers, or other employees, or owed by our general partner, to us or our partners, (iv) asserting a claim against us arising pursuant to any provision of the Delaware Act or (v) asserting a claim against us governed by the internal affairs doctrine. In addition, our Partnership Agreement provides that each limited partner irrevocably waives the right to trial by jury in any such claim, suit, action or proceeding. By purchasing a common unit, a limited partner is irrevocably consenting to these limitations and provisions regarding claims, suits, actions or proceedings and submitting to the exclusive jurisdiction of the Court of Chancery of the State of Delaware (or such other court) in connection with any such claims, suits, actions or proceedings. These provisions may have the effect of discouraging lawsuits against us and our general partner’s directors and officers.

The NYSE does not require a publicly traded limited partnership like us to comply with certain of its corporate governance requirements.

Our common units are listed on the NYSE. Because we are a publicly traded limited partnership, the NYSE does not require us to have a majority of independent directors on our general partner’s board of directors or to establish a compensation committee or a nominating and corporate governance committee. Additionally, any future issuance of additional common units or other securities, including to affiliates, are not subject to the NYSE’s shareholder approval rules that apply to a corporation. Accordingly, unitholders do not have the same protections afforded to shareholders of corporations that are subject to all of the NYSE corporate governance requirements.

Tax Risks

Our tax treatment depends on our status as a partnership for U.S. federal income tax purposes. If the Internal Revenue Service (the “IRS”) were to treat us as a corporation for U.S. federal income tax purposes, which would subject us to entity-level taxation, or if we were otherwise subjected to a material amount of additional entity-level taxation, then our distributable cash flow to our unitholders would be substantially reduced.

The anticipated after-tax economic benefit of an investment in our units depends largely on our being treated as a partnership for U.S. federal income tax purposes. We have not requested a ruling from the IRS on this or any other tax matter affecting us. Despite the fact that we are a limited partnership under Delaware law, it is possible in certain circumstances for a partnership such as ours to be treated as a corporation for U.S. federal income tax purposes. A change in our business or a change in current law could cause us to be treated as a corporation for U.S. federal income tax purposes or otherwise subject us to taxation as an entity.

If we were treated as a corporation for U.S. federal income tax purposes, we would pay U.S. federal income tax on our taxable income at the corporate tax rate, which is currently a maximum of 21%, and would likely pay state and local income tax at varying rates. Distributions would generally be taxed again as corporate dividends (to the extent of our current and accumulated earnings and profits), and no income, gains, losses, deductions, or credits would flow through to a unitholder. In addition, changes in current state law may subject us to additional entity-level taxation by individual states. Because of state budget deficits and other reasons, several states are evaluating ways to subject partnerships to entity-level taxation through the imposition of state income, franchise and other forms of taxation. Imposition of any such taxes may substantially reduce our distributable cash flow. Therefore, if we were treated as a corporation for U.S. federal income tax purposes, or otherwise subjected to a material amount of entity-level taxation, there would be a material reduction in the anticipated cash flow and after-tax return to our unitholders, likely causing a substantial reduction in the value of our units.

Our Partnership Agreement provides that, if a law is enacted or existing law is modified or interpreted in a manner that subjects us to taxation as a corporation or otherwise subjects us to entity-level taxation for federal, state or local income tax purposes, the minimum quarterly distribution amount and the target distribution levels may be adjusted to reflect the impact of that law on us.

The tax treatment of publicly traded partnerships or an investment in our units could be subject to potential legislative, judicial or administrative changes and differing interpretations, possibly on a retroactive basis.

The present U.S. federal income tax treatment of publicly traded partnerships, including us, or an investment in our units may be modified by administrative, legislative or judicial interpretation at any time. For example, from time to time, members of Congress and the President propose and consider substantive changes to the existing U.S. federal income tax laws that affect publicly traded partnerships, including the elimination of the qualifying income exception upon which we rely for our treatment as a partnership for U.S. federal income tax purposes. Any modification to the U.S. federal income tax laws and interpretations thereof may or may not be retroactively applied and could make it more difficult or impossible to meet the exception for us to be treated as a partnership for U.S. federal income tax purposes. We are unable to predict whether any of these changes or other proposals will ultimately be enacted. However, it is possible that a change in law could affect us, and any such changes could negatively impact the value of an investment in our units.

Our unitholders' allocated share of our income will be taxable to them for U.S. federal income tax purposes even if they do not receive any cash distributions from us.

Because a unitholder will be treated as a partner to whom we will allocate taxable income that could be different in amount than the cash we distribute, a unitholder's allocable share of our taxable income will be taxable to it, which may require the payment of federal income taxes and, in some cases, state and local income taxes, on its share of our taxable income even if it receives no cash distributions from us. Our unitholders may not receive cash distributions from us equal to their share of our taxable income or even equal to the actual tax liability that results from that income.

If the IRS contests the U.S. federal income tax positions we take, the market for our units may be adversely impacted and the cost of any IRS contest will reduce our distributable cash flow to our unitholders.

We have not requested a ruling from the IRS with respect to our treatment as a partnership for U.S. federal income tax purposes or any other matter affecting us. We intend to furnish to each unitholder, within 90 days after the close of each calendar year, specific tax information, including a Schedule K-1, which describes his or her share of our income, gains, losses and deductions for our preceding taxable year. In preparing this information, we will take various accounting and reporting positions. The IRS may adopt positions that differ from the conclusions of our counsel expressed in this report or from the positions we take, and the IRS's positions may ultimately be sustained in an audit of our U.S. federal income tax information returns. It may be necessary to resort to administrative or court proceedings to sustain some or all of our counsel's conclusions or the positions we take and such positions may not ultimately be sustained. A court may not agree with some or all of our counsel's conclusions or the positions we take. Any contest with the IRS, and the outcome of any IRS contest, may have a materially adverse impact on the market for our units and the price at which they trade. In addition, our costs of any contest with the IRS will be borne indirectly by our unitholders and our general partner because the costs will reduce our distributable cash flow. Adjustments resulting from an IRS audit may require each unitholder to adjust a prior year's tax liability, and possibly may result in an audit of his or her return. Any audit to a unitholder's return could result in adjustments not related to our returns, as well as those related to our returns.

If the IRS makes audit adjustments to our income tax returns for tax years beginning after December 31, 2017, it (and some states) may assess and collect any taxes (including any applicable penalties and interest) resulting from such audit adjustment directly from us, in which case our cash available for distribution to our unitholders might be substantially reduced and our current and former unitholders may be required to indemnify us for any taxes (including applicable penalties and interest) resulting from such audit adjustments that were paid on such unitholders' behalf.

Pursuant to the Bipartisan Budget Act of 2015, for tax years beginning after December 31, 2017, if the IRS makes audit adjustments to our income tax returns, it (and some states) may assess and collect any taxes (including any applicable penalties and interest) resulting from such audit adjustment directly from us. To the extent possible under the new rules, our general partner may elect to either pay the taxes (including any applicable penalties and interest) directly to the IRS or, if we are eligible, issue a revised information statement to each unitholder with respect to an audited and adjusted return. Although our general partner may elect to have our unitholders take such audit adjustment into account in accordance with their interests in us during the tax year under audit, there can be no assurance that such election will be practical, permissible or effective in all circumstances. As a result, our current unitholders may bear some or all of the tax liability resulting from such audit adjustment,

even if such unitholders did not own units in us during the tax year under audit. If, as a result of any such audit adjustment, we are required to make payments of taxes, penalties and interest, our cash available for distribution to our unitholders might be substantially reduced and our current and former unitholders may be required to indemnify us for any taxes (including any applicable penalties and interest) resulting from such audit adjustments that were paid on such unitholders' behalf. These rules are not applicable for tax years beginning on or prior to December 31, 2017.

Tax gain or loss on the disposition of our units could be more or less than expected.

If our unitholders sell units, they will recognize a gain or loss for U.S. federal income tax purposes equal to the difference between the amount realized and their tax basis in those units. Because distributions in excess of their allocable share of our net taxable income decrease their tax basis in their units, the amount, if any, of such prior excess distributions with respect to the units a unitholder sells will, in effect, become taxable income to the unitholder if it sells such units at a price greater than its tax basis in those units, even if the price received is less than its original cost. Furthermore, a substantial portion of the amount realized on any sale of units, whether or not representing gain, may be taxed as ordinary income due to potential recapture items, including depreciation and depletion recapture. In addition, because the amount realized includes a unitholder's share of our nonrecourse liabilities, a unitholder that sells units may incur a tax liability in excess of the amount of cash received from the sale.

Tax-exempt entities and non-U.S. persons face unique tax issues from owning our units that may result in adverse tax consequences to them.

Investment in our units by tax-exempt entities, such as employee benefit plans and individual retirement accounts (known as IRAs), and non-U.S. persons raises issues unique to them. For example, virtually all of our income allocated to organizations that are exempt from U.S. federal income tax, including IRAs and other retirement plans, will be unrelated business taxable income and will be taxable to them. Distributions to non-U.S. persons will be reduced by withholding taxes at the highest applicable effective tax rate, and each non-U.S. person will be required to file U.S. federal income tax returns and pay tax on its share of our taxable income. If you are a tax-exempt entity or a non-U.S. person, you should consult a tax advisor before investing in our units.

We will treat each purchaser of units as having the same tax benefits without regard to the actual units purchased. The IRS may challenge this treatment, which could adversely affect the value of our units.

Because we cannot match transferors and transferees of units and because of other reasons, we adopted depreciation and amortization positions that may not conform to all aspects of existing Treasury Regulations, promulgated under the Internal Revenue Code of 1986 (the "Code") referred to as "Treasury Regulations." A successful IRS challenge to those positions could adversely affect the amount of tax benefits available to a unitholder. Our tax counsel is unable to opine as to the validity of such filing positions. It also could affect the timing of these tax benefits or the amount of gain from a sale of units and could have a negative impact on the value of our units or result in audit adjustments to your tax returns.

We will prorate our items of income, gain, loss and deduction for U.S. federal income tax purposes between transferors and transferees of our units each month based upon the ownership of our units on the first business day of each month, instead of on the basis of the date a particular unit is transferred. The IRS may challenge this treatment, which could change the allocation of items of income, gain, loss and deduction among our unitholders.

We will prorate our items of income, gain, loss and deduction for U.S. federal income tax purposes between transferors and transferees of our units each month based upon the ownership of our units on the first day of each month, instead of on the basis of the date a particular unit is transferred. The use of this proration method may not be permitted under existing Treasury Regulations, and, accordingly, our tax counsel is unable to opine as to the validity

of this method. The U.S. Treasury Department issued regulations that provide a safe harbor pursuant to which publicly traded partnerships may use a similar monthly simplifying convention to allocate tax items among transferor and transferee unitholders. Nonetheless, the regulations do not specifically authorize the use of the proration method we adopted. If the IRS were to challenge this method or new Treasury Regulations were issued, we may be required to change the allocation of items of income, gain, loss and deduction among our unitholders.

A unitholder whose units are loaned to a “short seller” to effect a short sale of units may be considered as having disposed of those units. If so, he would no longer be treated for U.S. federal income tax purposes as a partner with respect to those units during the period of the loan and may recognize gain or loss from the disposition.

Because a unitholder whose units are loaned to a “short seller” to effect a short sale of units may be considered as having disposed of the loaned units, he may no longer be treated for U.S. federal income tax purposes as a partner with respect to those units during the period of the loan to the short seller and the unitholder may recognize gain or loss from such disposition. Moreover, during the period of the loan to the short seller, any of our income, gains, losses or deductions with respect to those units may not be reportable by the unitholder and any cash distributions received by the unitholder as to those units could be fully taxable as ordinary income. Unitholders desiring to assure their status as partners and avoid the risk of gain recognition from a loan to a short seller are urged to consult a tax advisor to discuss whether it is advisable to modify any applicable brokerage account agreements to prohibit their brokers from loaning their units.

We will adopt certain valuation methodologies in determining a unitholder’s allocations of income, gain, loss and deduction. The IRS may challenge these methodologies or the resulting allocations, and such a challenge could adversely affect the value of our units.

In determining the items of income, gain, loss and deduction allocable to our unitholders, in certain circumstances, including when we issue additional units, we must determine the fair market value of our assets. Although we may from time to time consult with professional appraisers regarding valuation matters, we make many fair market value estimates using a methodology based on the market value of our units as a means to measure the fair market value of our assets. The IRS may challenge these valuation methods and the resulting allocations of income, gain, loss and deduction.

A successful IRS challenge to these methods or allocations could adversely affect the amount, character and timing of taxable income or loss being allocated to our unitholders. It also could affect the amount of gain from our unitholders’ sale of units and could have a negative impact on the value of the units or result in audit adjustments to our unitholders’ tax returns without the benefit of additional deductions.

The elimination of any U.S. federal income tax preferences currently available with respect to coal exploration and development could negatively impact the value of our units.

The passage of any legislation or any other similar changes in U.S. federal income tax laws could eliminate or defer certain tax deductions that are currently available with respect to coal exploration and development and could increase the taxable income allocable to our unitholders and negatively impact the value of an investment in our units.

As a result of investing in our units, unitholders may become subject to state and local taxes and return filing requirements in jurisdictions where we operate or own or acquire properties.

In addition to U.S. federal income taxes, our unitholders will likely be subject to other taxes, including state and local taxes, unincorporated business taxes and estate, inheritance or intangible taxes that are imposed by the various jurisdictions in which we conduct business or control property now or in the future, even if they do not live in any of those jurisdictions. Our unitholders will likely be required to file state and local income tax returns and pay state and local income taxes in some or all of these various jurisdictions. Further, our unitholders may be subject to penalties for failure to comply with those requirements. We conduct business in Pennsylvania and West Virginia, which currently impose a personal income tax on individuals. As we make acquisitions or expand our business, we may control assets or conduct business in additional states that impose a personal income tax.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

The following map provides the location of the Partnership's significant properties. See "Business – Our Operations" in Item 1 of this Annual Report on Form 10-K for a description of our properties, incorporated herein by this reference. Our principal executive offices are located at 1000 CONSOL Energy Drive, Suite 100, Canonsburg, Pennsylvania 15317-6506.

Recoverable Coal Reserves

The estimates of our recoverable coal reserves are calculated internally using the face positions of the Pennsylvania Mining Complex's longwall mines as of December 31, 2018 using the same techniques and assumptions as in prior years. These estimates are based on geologic data, coal ownership information and current and proposed mine plans. Our recoverable coal reserves are proven and probable reserves that could be economically and legally extracted or produced at the time of the reserve determination, taking into account mining recovery and preparation plant yield. These estimates are periodically updated to reflect past coal production, new drilling information and other geologic or mining data. Acquisitions or dispositions of coal properties will also change these estimates. Changes in mining methods may increase or decrease the recovery basis for a coal seam, as will changes in preparation plant processes. The ability to update or modify the estimates of our recoverable coal reserves is restricted to the exploration group and all modifications are documented.

"Reserves" are defined by SEC Industry Guide 7 as that part of a mineral deposit which could be economically and legally extracted or produced at the time of the reserve determination. Industry Guide 7 divides reserves between "proven (measured) reserves" and "probable (indicated) reserves," which are defined as follows:

"Proven (Measured) Reserves." Reserves for which (a) quantity is computed from dimensions revealed in outcrops, trenches, workings or drill holes; and grade and/or quality are computed from the results of detailed sampling and (b) the sites for inspection, sampling and measurement are spaced so closely and the geologic character is so well defined that size, shape, depth and mineral content of reserves are well-established.

“Probable (Indicated) Reserves.” Reserves for which quantity and grade and/or quality are computed from information similar to that used for proven (measured) reserves, but the sites for inspection, sampling, and measurement are farther apart or are otherwise less adequately spaced. The degree of assurance, although lower than that for proven (measured) reserves, is high enough to assume continuity between points of observation.

Spacing of points of observation for confidence levels in our reserve calculations is based on guidelines in U.S. Geological Survey Circular 891 (Coal Resource Classification System of the U.S. Geological Survey). Our estimates for proven reserves have the highest degree of geologic assurance. Because of the well-known continuity of the Pittsburgh No. 8 Coal Seam, estimates for proven reserves are based on points of observation that are equal to or less than 3,000 feet, and estimates for probable reserves are computed from points of observation that are between 3,000 feet and 7,920 feet apart.

Our estimates of recoverable coal reserves do not rely on isolated points of observation. Small pods of reserves based on a single observation point are not considered; continuity between observation points over a large area is necessary for proven or probable reserves.

Our recoverable coal reserves fall within the range of commercially marketed coal grades in the United States. The marketability of coal depends on its value-in-use for a particular application, and this is affected by coal quality, including sulfur content, ash content and heating value. Modern power plant boiler design aspects can compensate for coal quality differences that occur. As a result, all of our coal can be marketed for the electric power generation industry. In addition, our reserves currently exhibit thermoplastic behavior suitable for cokemaking, which enables us, if market dynamics are favorable, to capture greater margins from selling our coal in the metallurgical market to cokemakers and steel manufacturers who utilize modern cokemaking technologies. The addition of this crossover market adds additional assurance that our recoverable coal reserves are commercially marketable. For the years ended December 31, 2018, 2017 and 2016, our portion of the Pennsylvania Mining Complex sold approximately 0.4 million tons, 0.4 million tons and 0.5 million tons of coal, respectively, in the metallurgical market.

The amount of coal we assign to a mining complex generally is sufficient to support mining through the duration of the applicable current mining permit. Under federal law, we must renew our mining permits every five years. All assigned reserves have their required permits or governmental approvals, or there is a high probability that these approvals will be secured. In addition, mines may have access to additional reserves that have not yet been assigned. We refer to these reserves as accessible. Accessible reserves are recoverable coal reserves that can be accessed by an existing mine, utilizing the existing infrastructure of the complex to mine and to process the coal in this area. Mining an accessible reserve does not require additional capital spending beyond that required to extend or to continue the normal progression of the mine, such as the sinking of airshafts or the construction of portal facilities.

Some reserves may be accessible by more than one mine because of the proximity of our mines to one another. In the table below, the accessible reserves indicated for a mine are based on our review of current mining plans and reflect our best judgment as to which mine is most likely to utilize the reserve. Assigned and accessible coal reserves are recoverable coal reserves which are either owned or leased. The leases have terms extending up to several years and generally provide for renewal through the anticipated life of the associated mine. These renewals are exercisable by the payment of minimum royalties. Under current mining plans, assigned reserves reported will be mined out within the period of existing leases or within the time period of probable lease renewal periods.

The following table sets forth additional information regarding the recoverable coal reserves at the Pennsylvania Mining Complex as of December 31, 2018 (tons in thousands):

Mine	Reserve Class	Average Seam Thickness (feet)	As Received Heat Value (1) (Btu/lb)		As Received lb SO ₂ / mmBtu	Recoverable Coal Reserves (2)(3)		
			Typical	Range		Owned (%)	Leased (%)	Total (tons)
Bailey:	Assigned	7.4	12,940	12,810 - 13,040	3.7	41 %	59 %	15,561
	Accessible	7.5	12,860	12,670 - 13,140	4.3	65 %	35 %	25,271
Enlow Fork:	Assigned	7.5	13,010	12,850 - 13,190	2.9	95 %	5 %	20,506
	Accessible	7.6	12,910	12,650 - 13,150	3.3	74 %	26 %	62,901
Harvey:	Assigned	6.9	13,030	12,900 - 13,200	3.0	93 %	7 %	10,910
	Accessible	7.7	12,830	12,790 - 13,190	4.0	99 %	1 %	39,476
Total								174,625

(1) The heat values (gross calorific values) shown for Assigned Operating reserves are based on the 2018 actual quality and five-year forecasted quality for each mine/reserve, assuming that the coal is washed to an extent consistent with normal full-capacity operation of each mine's/complex's preparation plant. Actual quality is based on laboratory analysis of samples collected from coal shipments delivered in 2018. Forecasted quality is derived from exploration sample analysis results, which have been adjusted to account for anticipated moisture and for the effects of mining and coal preparation. The heat values (gross calorific values) shown for Accessible Reserves are on an as received basis (dry values obtained from drill hole analyses, adjusted for moisture) and are prorated by the associated Assigned Operating product values to account for similar mining and processing methods.

(2) Recoverable coal reserves are calculated based on proposed mine plans in the area in which mineable coal exists, coal seam thickness and average density determined by laboratory testing of drill core samples. This calculation is adjusted to account for coal that will not be recovered during mining and for losses that occur if the coal is processed after mining. Reserve tons are reported on an as-received basis, based on the anticipated product moisture. Reserves are reported only for those coal seams that are controlled by ownership or leases.

(3) The recoverable coal reserves decreased 9.2 million tons from December 31, 2017 to December 31, 2018, as a result of producing 6.9 million tons for the year ended December 31, 2018, as well as a reduction of 2.3 million tons from a re-evaluation and reallocation of recoverable coal reserves among the three mines at the Pennsylvania Mining Complex.

ITEM 3. LEGAL PROCEEDINGS

Our operations are subject to a variety of risks and disputes normally incidental to our business. As a result, we may, at any given time, be a defendant in various legal proceedings and litigation arising in the ordinary course of business. However, we are not currently subject to any material litigation. Refer to paragraph one and two of Note 17 "Commitments and Contingent Liabilities," in the Notes to the Audited Consolidated Financial Statements in Item 8 of this Form 10-K, incorporated herein by reference.

ITEM 4. MINE SAFETY DISCLOSURES

The information concerning mine safety violations or other regulatory matters required by Section 1503(a) of the Dodd-Frank Wall Street Reform and Consumer Protection Act and Item 104 of Regulation S-K (17 CFR 229.104) is

included in exhibit 95 to this annual report.

43

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON UNITS AND RELATED UNITHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

The Partnership's common units have been listed on the New York Stock Exchange (NYSE) since July 1, 2015 and trade under the symbol "CCR". Prior to that, the Partnership's equity securities were not listed on any exchange or traded on any public trading market.

Transfer Agent and Registrar. The transfer agent and registrar for our common units is Computershare Trust Company, N.A.

Unitholders Profile. Pursuant to the records of the transfer agent, as of January 25, 2019, the number of registered holders of our common units was approximately nine. The Fourth Quarter 2018 cash distribution of \$0.5125 per common and subordinated unit was declared on January 24, 2019 to holders of record as of February 7, 2019 and will be paid on February 15, 2019.

Equity Compensation Plan Information. Please read "Item 12 - Security Ownership of Certain Beneficial Owners and Management and Related Unitholder Matters - Securities Authorized for Issuance Under Equity Compensation Plans."

Market Repurchases

The following table sets forth purchases of the Partnership's common units during the three months ended December 31, 2018 made by CONSOL Energy:

Period	(a) Total Number of Units Purchased (1)	(b) Average Price Paid per Unit	(c) Total Number of Units Purchased as Part of Publicly Announced Plans or Programs	(d) Maximum Number (or Approximate Dollar Value) of Units that May Yet be Purchased Under the Plans or Programs (in thousands) (2)
October 1, 2018 - October 31, 2018	90,422	\$ 18.73	90,422	\$ 21,921
November 1, 2018 - November 30, 2018	—	\$ —	—	\$ 21,921
December 1, 2018 - December 31, 2018	—	\$ —	—	\$ 21,921
Total	90,422	\$ 18.73		

(1) In July 2018, the board of directors of CONSOL Energy approved an expansion of its existing stock and debt repurchase program to allow CONSOL Energy to purchase common units of the Partnership in the open market in an amount up to \$25 million. Thereafter, on September 14, 2018, the board of directors of CONSOL Energy adopted a Rule 10b5-1 trading plan to facilitate these purchases.

(2) Management of CONSOL Energy cannot estimate the number of common units that will be purchased because purchases are made based upon the price of the Partnership's units, the Partnership's financial outlook and alternative investment options.

Distributions of Available Cash

General

Our Partnership Agreement requires that, within 45 days after the end of each quarter we distribute all of our available cash to unitholders of record on the applicable record date.

Definition of Available Cash

Available cash generally means, for any quarter, all cash and cash equivalents on hand at the end of that quarter:

less, the amount of cash reserves established by our general partner to:

44

provide for the proper conduct of our business (including reserves for our future capital expenditures, future acquisitions and anticipated future debt service requirements);
comply with applicable law or any loan agreement, security agreement, mortgage, debt instrument or other agreement or obligation to which we or any of our subsidiaries is a party or by which we or such subsidiary is bound or we or such subsidiary's assets are subject; or
provide funds for distributions to our unitholders and to our general partner for any one or more of the next four quarters (provided that our general partner may not establish cash reserves for distributions for this purpose if the effect of such reserves will prevent us from distributing the minimum quarterly distribution on all common units and any cumulative arrearages on such common units for the current quarter);
plus, if our general partner so determines, all or any portion of the cash on hand on the date of determination of available cash for the quarter resulting from working capital borrowings made subsequent to the end of such quarter.

The purpose and effect of the last bullet point above is to allow our general partner, if it so decides, to use cash from working capital borrowings made after the end of the quarter but on or before the date of determination of available cash for that quarter to pay distributions to unitholders. Under our Partnership Agreement, working capital borrowings are generally borrowings incurred under a credit facility, commercial paper facility or similar financing arrangement that are used solely for working capital purposes or to pay distributions to our partners and with the intent of the borrower to repay such borrowings within twelve months with funds other than from additional working capital borrowings.

Intent to Distribute the Minimum Quarterly Distribution

The Partnership intends to make a minimum quarterly distribution to the holders of common units and subordinated units of \$0.5125 per unit per quarter, or \$2.05 per unit on an annualized basis, to the extent the Partnership has sufficient available cash after the establishment of cash reserves and the payment of costs and expenses, including reimbursements of expenses to our general partner. The Partnership Agreement requires that all available cash that is deemed to be "Operating Surplus" under the terms of the Partnership Agreement be distributed, however, there is no guarantee that the Partnership will pay the minimum quarterly distribution on those units in any quarter. Please read Item 7. "Management's Discussion and Analysis of Financial Condition and Results of Operations — Capital Resources and Liquidity."

General Partner Interest

Initially, our general partner was entitled to 2% of all quarterly distributions from inception that we made prior to our liquidation. Our general partner has the right, but not the obligation, to contribute a proportionate amount of capital to us to maintain its current general partner interest. The general partner's initial 2% general partner interest in these distributions was reduced as a result of issuing additional limited partner interests in the form of Class A Preferred Units and our general partner did not contribute a proportionate amount of capital to maintain a 2% general partner interest. This resulted in our general partner now having a 1.7% general partner interest. As of the date of this Annual Report on Form 10-K, there are no outstanding Class A Preferred Units.

Incentive Distribution Rights

CONSOL Energy currently holds incentive distribution rights that entitle it to receive increasing percentages, up to a maximum of 48%, of the available cash we distribute from operating surplus in excess of \$0.5894 per unit per quarter.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Unless otherwise indicated, the following discussion and analysis of the financial condition and results of operations of our Partnership reflect a 25% undivided interest in the assets, liabilities and results of operations of the Pennsylvania Mining Complex. As used in the following discussion and analysis of the financial condition and results of operations of our Partnership, the terms "we," "our," "us," or like terms refer to the Partnership with respect to its 25% undivided interest in the Pennsylvania Mining Complex's combined assets, liabilities, revenues and costs. All amounts except per unit or per ton are displayed in thousands.

Overview

We are a master limited partnership formed in 2015 to manage and further develop all of our sponsor's active coal operations in Pennsylvania. Our primary strategy for growing our business and increasing distributions to our unitholders is to increase operating efficiencies to maximize realizations and make acquisitions that increase our distributable cash flow. The primary component of our growth strategy is based upon our expectation of future divestitures by CONSOL Energy to us of portions of its retained 75% undivided interest in the Pennsylvania Mining Complex. At December 31, 2018, the Partnership's assets include a 25% undivided interest in, and operational control over, CONSOL Energy's Pennsylvania Mining Complex, which consists of three underground mines and related infrastructure that produce high-Btu coal that is sold primarily to electric utilities in the eastern United States. We believe that our ability to efficiently produce and deliver large volumes of high-quality coal at competitive prices, the strategic location of our mines, and the industry experience of our management team position us as a leading producer of high-Btu thermal coal in the Northern Appalachian Basin and the eastern United States.

The Pennsylvania Mining Complex, which includes the Bailey Mine, the Enlow Fork Mine and the Harvey Mine, has extensive high-quality coal reserves. We mine our reserves from the Pittsburgh No. 8 Coal Seam, which is a large contiguous formation of uniform, high-Btu coal that is ideal for high-productivity, low-cost longwall operations. As of December 31, 2018, the Partnership's portion of the Pennsylvania Mining Complex included 174,625 tons of recoverable coal reserves with an average gross heat content of approximately 12,907 Btus per pound and approximately 3.6 pounds sulfur dioxide per million British thermal units ("lb SO₂/mmBtu"). Based on our current production capacity, these reserves are sufficient to support approximately 25 years of production. In addition, our reserves currently exhibit thermoplastic behavior suitable for cokemaking, which enables us, if market dynamics are favorable, to capture greater margins from selling our coal as a crossover product in the high-vol metallurgical market to cokemakers and steel manufacturers who utilize modern cokemaking technologies.

On November 28, 2017, CONSOL Energy was separated from our former sponsor into an independent publicly traded coal company (NYSE: CEIX). In connection with the separation, our former sponsor transferred to CONSOL Energy all of its ownership interest in our general partner and us, which consists of (i) 5,006,496 common units and 11,611,067 subordinated units, (ii) a 1.7% general partnership interest and (iii) all incentive distribution (IDRs). CONSOL Energy's coal business includes its 75% undivided interest in the Pennsylvania Mining Complex, terminal operations at the Port of Baltimore and undeveloped coal reserves located in the Northern Appalachian Basin, Central Appalachian Basin and Illinois Basin and certain related coal assets and liabilities.

How We Evaluate Our Operations

Our management team uses a variety of financial and operating metrics to analyze our performance. These metrics are significant factors in assessing our operating results and profitability. The metrics include: (i) coal production, sales volumes and average revenue per ton; (ii) cost of coal sold, a non-GAAP financial measure; (iii) cash cost of coal sold, a non-GAAP financial measure; (iv) average cash margin per ton, an operating ratio derived from non-GAAP

financial measures; (v) adjusted EBITDA, a non-GAAP financial measure; and (vi) distributable cash flow, a non-GAAP financial measure.

Cost of coal sold, cash cost of coal sold, average cash margin per ton, adjusted EBITDA and distributable cash flow normalize the volatility contained within comparable GAAP measures by adjusting certain non-operating or non-cash transactions. Each of these non-GAAP metrics are used as supplemental financial measures by management and by external users of our financial statements, such as investors, industry analysts, lenders and ratings agencies, to assess:

• our operating performance as compared to the operating performance of other companies in the coal industry, without regard to financing methods, historical cost basis or capital structure;

• the ability of our assets to generate sufficient cash flow to make distributions to our partners;

our ability to incur and service debt and fund capital expenditures;

the viability of acquisitions and other capital expenditure projects and the returns on investment of various investment opportunities; and

the attractiveness of capital projects and acquisitions and the overall rates of return on alternative investment opportunities.

These non-GAAP financial measures should not be considered an alternative to total costs, net income, operating cash flow, or any other measure of financial performance or liquidity presented in accordance with GAAP. These measures exclude some, but not all, items that affect net income or net cash, and these measures and the way we calculate them may vary from those of other companies. As a result, the items presented below may not be comparable to similarly titled measures of other companies.

Reconciliation of Non-GAAP Financial Measures

We evaluate our cost of coal sold and cash cost of coal sold on a cost per ton basis. Our cost of coal sold per ton represents our costs of coal sold divided by the tons of coal we sell. We define cost of coal sold as operating and other production costs related to produced tons sold, along with changes in coal inventory, both in volumes and carrying values. The cost of coal sold per ton includes items such as direct operating costs, royalty and production taxes, direct administration, and depreciation, depletion and amortization costs on production assets. Our costs exclude any indirect costs such as selling, general and administrative costs, freight expenses, interest expenses, depreciation, depletion and amortization costs on non-production assets and other costs not directly attributable to the production of coal. The GAAP measure most directly comparable to cost of coal sold is total costs. The cash cost of coal sold includes cost of coal sold less depreciation, depletion and amortization cost on production assets. The GAAP measure most directly comparable to cash cost of coal sold is total costs.

The following table presents a reconciliation of cost of coal sold and cash cost of coal sold to total costs, the most directly comparable GAAP financial measure, on a historical basis for each of the periods indicated (in thousands).

	Years Ended	
	December 31,	
	2018	2017
Total Costs	\$290,609	\$282,320
Freight Expense	(10,893)	(18,423)
Selling, General and Administrative Expenses	(13,931)	(15,697)
Loss on Extinguishment of Debt	—	(2,468)
Interest Expense, Net	(6,667)	(9,309)
Other Costs (Non-Production)	(11,534)	(5,714)
Depreciation, Depletion and Amortization (Non-Production)	(2,166)	(2,187)
Cost of Coal Sold	\$245,418	\$228,522
Depreciation, Depletion and Amortization (Production)	(42,576)	(39,250)
Cash Cost of Coal Sold	\$202,842	\$189,272

We define average cash margin per ton as average coal revenue per ton, net of average cash cost of coal sold per ton. The GAAP measure most directly comparable to average cash margin per ton sold is total coal revenue.

The following table presents a reconciliation of average cash margin per ton to coal revenue, the most directly comparable GAAP financial measure, on a historical basis for each of the periods indicated (in thousands, except for

per ton information).

47

	Years Ended December 31,	
	2018	2017
Total Coal Revenue	\$341,073	\$296,913
Operating and Other Costs	214,376	194,986
Less: Other Costs (Non-Production)	(11,534)	(5,714)
Cash Cost of Coal Sold	202,842	189,272
Add: Depreciation, Depletion and Amortization	44,742	41,437
Less: Depreciation, Depletion and Amortization (Non-Production)	(2,166)	(2,187)
Cost of Coal Sold	\$245,418	\$228,522
Total Tons Sold	6,920	6,523
Average Revenue per Ton Sold	\$49.28	\$45.52
Average Cash Cost per Ton Sold	29.29	29.02
Add: Depreciation, Depletion and Amortization Costs per Ton Sold	6.17	6.01
Average Cost per Ton Sold	35.46	35.03
Average Margin per Ton Sold	13.82	10.49
Add: Depreciation, Depletion and Amortization Costs per Ton Sold	6.17	6.01
Average Cash Margin per Ton Sold	\$19.99	\$16.50

We define adjusted EBITDA as (i) net income (loss) before net interest expense, depreciation, depletion and amortization, as adjusted for (ii) certain non-cash items, such as long-term incentive awards including phantom units under the CONSOL Coal Resources LP 2015 Long-Term Incentive Plan (“Unit-Based Compensation”). The GAAP measure most directly comparable to adjusted EBITDA is net income.

We define distributable cash flow as (i) net income (loss) before net interest expense, depreciation, depletion and amortization, as adjusted for (ii) certain non-cash items, such as Unit-Based Compensation, less net cash interest paid and estimated maintenance capital expenditures, which is defined as those forecasted average capital expenditures required to maintain, over the long-term, the operating capacity of our capital assets. These estimated capital expenditures do not reflect the actual cash capital incurred in the period presented. Distributable cash flow will not reflect changes in working capital balances. The GAAP measures most directly comparable to distributable cash flow are net income and net cash provided by operating activities. We define distribution coverage ratio as a ratio of the distributable cash flow to the distributions, which is the \$0.5125 per quarter distribution for all limited partner units, including common and subordinated units, issued for the periods presented.

The following table presents a reconciliation of adjusted EBITDA to net income, the most directly comparable GAAP financial measure, on a historical basis for each of the periods indicated. The table also presents a reconciliation of distributable cash flow to net income and operating cash flows, the most directly comparable GAAP financial measures, on a historical basis for each of the periods indicated (in thousands).

	Years Ended December 31,	
	2018	2017
Net Income	\$66,566	\$40,464
Plus:		
Interest Expense, Net	6,667	9,309
Depreciation, Depletion and Amortization	44,742	41,437
Loss on Extinguishment of Debt	—	2,468
Unit-Based Compensation	1,842	5,873
Adjusted EBITDA	\$119,817	\$99,551
Less:		
Cash Interest	7,217	8,224
Distributions to Preferred Units ¹	—	5,553
Estimated Maintenance Capital Expenditures	35,949	35,764
Distributable Cash Flow	\$76,651	\$50,010
Net Cash Provided by Operating Activities	\$125,379	\$72,642
Plus:		
Interest Expense, Net	6,667	9,309
Other, Including Working Capital	(12,229)	17,600
Adjusted EBITDA	\$119,817	\$99,551
Less:		
Cash Interest	7,217	8,224
Distributions to Preferred Units ¹	—	5,553
Estimated Maintenance Capital Expenditures	35,949	35,764
Distributable Cash Flow	\$76,651	\$50,010
Minimum Quarterly Distributions	\$57,392	\$50,982
Distribution Coverage Ratio	1.3	1.0

¹Distributions to Preferred Units represents income attributable to preferred units prior to conversion.

Results of Operations

Year Ended December 31, 2018 Compared to the Year Ended December 31, 2017

Total net income was \$66,566 for the year ended December 31, 2018 compared to \$40,464 for the year ended December 31, 2017. Our results of operations for each of these periods are presented in the table below. Variances are discussed following the table.

	For the Years Ended December 31,		
	2018	2017	Variance
	(in thousands)		
Revenue:			
Coal Revenue	\$341,073	\$296,913	\$44,160
Freight Revenue	10,893	18,423	(7,530)
Other Income	5,209	7,448	(2,239)
Total Revenue and Other Income	357,175	322,784	34,391
Cost of Coal Sold:			
Operating Costs	202,842	189,272	13,570
Depreciation, Depletion and Amortization	42,576	39,250	3,326
Total Cost of Coal Sold	245,418	228,522	16,896
Other Costs:			
Other Costs	11,534	5,714	5,820
Depreciation, Depletion and Amortization	2,166	2,187	(21)
Total Other Costs	13,700	7,901	5,799
Freight Expense	10,893	18,423	(7,530)
Selling, General and Administrative Expenses	13,931	15,697	(1,766)
Loss on Extinguishment of Debt	—	2,468	(2,468)
Interest Expense	6,667	9,309	(2,642)
Total Costs	290,609	282,320	8,289
Net Income	\$66,566	\$40,464	\$26,102
Adjusted EBITDA	\$119,817	\$99,551	\$20,266
Distributable Cash Flow	\$76,651	\$50,010	\$26,641
Distribution Coverage Ratio	1.3	1.0	0.3

Coal Production Rates

The table below presents total tons produced from the Pennsylvania Mining Complex on our 25% undivided interest for the periods indicated:

Mine	Years Ended December 31,		
	2018	2017	Variance
	(in thousands)		
Bailey	3,184	3,031	153
Enlow Fork	2,469	2,295	174
Harvey	1,245	1,201	44
Total	6,898	6,527	371

Coal production was 6,898 tons for the year ended December 31, 2018 compared to 6,527 tons for the year ended December 31, 2017. The Partnership's coal production increased 371 tons, primarily to satisfy increased demand for our products in the domestic and export markets, as well as a result of improved productivity, initial benefits from automation projects and improved geological conditions at the Enlow Fork mine.

Coal Operations

Coal revenue and cost components on a per unit basis for the years ended December 31, 2018 and 2017 are detailed in the table below. Our operations also include various costs such as selling, general and administrative, freight and other costs not included in our unit cost analysis, because these costs are not directly associated with coal production.

	For the Years Ended December 31,		
	2018	2017	Variance
Total Tons Sold (in thousands)	6,920	6,523	397
Average Revenue per Ton Sold	\$49.28	\$45.52	\$ 3.76
Average Cash Cost per Ton Sold	\$29.29	\$29.02	\$ 0.27
Depreciation, Depletion and Amortization per Ton Sold (Non-Cash Cost)	6.17	6.01	0.16
Total Costs per Ton Sold	\$35.46	\$35.03	\$ 0.43
Average Margin per Ton Sold	\$13.82	\$10.49	\$ 3.33
Add: Depreciation, Depletion and Amortization Costs per Ton Sold	6.17	6.01	0.16
Average Cash Margin per Ton Sold (1)	\$19.99	\$16.50	\$ 3.49

(1) Average cash margin per ton is an operating ratio derived from non-GAAP measures. See “– How We Evaluate Our Operations –

Reconciliation of Non-GAAP Financial Measures” for a reconciliation of non-GAAP measures to the most directly comparable GAAP measures.

Revenue and Other Income

Coal revenue was \$341,073 for the year ended December 31, 2018 compared to \$296,913 for the year ended December 31, 2017. The \$44,160 increase was attributable to a 397 ton increase in tons sold and a \$3.76 per ton higher average sales price. The increase in tons sold was driven by increased demand from our domestic customers, largely due to higher burn. The higher average sales price per ton sold in the 2018 period was primarily the result of higher realizations on our netback contracts due to strong power prices and an increased demand in the international thermal and crossover metallurgical coal markets that we serve.

Freight revenue is the amount billed to customers for transportation costs incurred. This revenue is based on the weight of coal shipped, negotiated freight rates and method of transportation, primarily rail, used by the customers for which we contractually provide transportation services. Freight revenue is completely offset in freight expense. Freight revenue and freight expense were both \$10,893 for the year ended December 31, 2018 compared to \$18,423 for the year ended December 31, 2017. The \$7,530 decrease was due to decreased shipments to customers where we were contractually obligated to provide transportation services.

Other income is comprised of income generated by the Partnership not in the ordinary course of business. Other income was \$5,209 for the year ended December 31, 2018 compared to \$7,448 for the year ended December 31, 2017. The \$2,239 decrease was primarily due to a \$2,390 decrease in coal contract buyouts and a \$1,403 gain that occurred during the year ended December 31, 2017 in relation to an agreement to avoid mining approximately 85 acres of reserves. These decreases were offset, in part, by an increase of \$1,498 in sales of externally purchased coal to blend and resell.

Cost of Coal Sold

Cost of coal sold is comprised of operating costs related to produced tons sold, along with changes in both volumes and carrying values of coal inventory. The cost of coal sold per ton includes items such as direct operating costs, royalties and production taxes, direct administration expenses, and depreciation, depletion and amortization costs on production assets. Total cost of coal sold was \$245,418 for the year ended December 31, 2018, or \$16,896 higher than the \$228,522 for the year ended December 31, 2017. Total costs per ton sold were \$35.46 per ton for the year ended December 31, 2018 compared to \$35.03 per ton for the year ended December 31, 2017. The increase in the total cost of coal sold was primarily driven by an increase in production-related costs, as more coal was mined to meet market demand. The increase in the average cost per ton sold was the result of additional royalty and production taxes due to a \$3.76 per ton higher average sales price. In addition, since the fourth quarter of 2017, we have seen modest inflation in the cost of supplies that contain steel and other commodities for which prices are strengthening, as well as in the cost of contract labor. We have been able to successfully offset these inflationary pressures through productivity gains, initial benefits from our automation investments, and a reduction in lease expense.

Total Other Costs

Total other costs are comprised of various costs that are not allocated to each individual mine and therefore are not included in unit costs. Total other costs increased \$5,799 for the year ended December 31, 2018 compared to the year ended December 31, 2017. The increase was primarily attributable to an increase in current year costs related to discretionary employee benefit expense, demurrage charges and externally purchased coal to blend and resell. This increase was partially offset by a decrease in severance costs due to organizational restructuring that occurred during the year ended December 31, 2017.

Selling, General and Administrative Expense

Selling, general and administrative expenses for the year ended December 31, 2018 decreased \$1,766 primarily due to a decrease in long-term incentive compensation recognized in relation to award modifications due to organizational restructuring in the year ended December 31, 2017.

Interest Expense

Interest expense for the year ended December 31, 2018 was \$6,667, which primarily relates to obligations under our Affiliated Company Credit Agreement. For the year ended December 31, 2017, \$9,309 of interest expense was incurred, primarily on the PNC Revolving Credit Facility. The PNC Revolving Credit Facility was refinanced through the Affiliated Company Credit Agreement on November 28, 2017. The decrease was primarily attributable to a lower average daily balance outstanding under the Affiliated Company Credit Agreement than had been drawn on the PNC Revolving Credit facility in the previous year. For a detailed explanation of our liquidity and financing arrangements, please read Item 7. "Management's Discussion and Analysis of Financial Condition and Results of Operations — Capital Resources and Liquidity."

Adjusted EBITDA

Adjusted EBITDA was \$119,817 for the year ended December 31, 2018 compared to \$99,551 for the year ended December 31, 2017. The \$20,266 increase was a result of a \$3.76 per ton increase in the average sales price, offset in part by a \$0.27 per ton increase in the cash cost of coal sold, resulting in a \$24,151 increase in Adjusted EBITDA. In addition, an increase of 397 sales tons resulted in an increase of \$6,550 in Adjusted EBITDA. The remaining variance is primarily due to various changes as discussed above, such as contract buyouts, award modifications, and severance costs during the year ended December 31, 2017, coupled with discretionary employee benefit expense and demurrage charges during the year ended December 31, 2018 and various other transactions throughout both periods, none of which are individually material.

Distributable Cash Flow

Distributable cash flow was \$76,651 for the year ended December 31, 2018 compared to \$50,010 for the year ended December 31, 2017. The \$26,641 increase was primarily attributable to a \$20,266 increase in Adjusted EBITDA as discussed

above, a \$5,553 decrease in distributions to holders of the Class A Preferred Units, which were all converted to common units on October 2, 2017, and a \$1,007 decrease in cash interest paid.

Capital Resources and Liquidity

Liquidity and Financing Arrangements

We expect our ongoing sources of liquidity to include cash generated from operations, borrowings under our Affiliated Company Credit Agreement, and, if necessary, the issuance of additional equity or debt securities. We believe that cash generated from these sources will be sufficient to meet our short-term working capital requirements and our long-term capital expenditure requirements and to make quarterly cash distributions as declared by the board of directors of our general partner. The Partnership filed a universal shelf registration on Form S-3 (333-215962) on March 10, 2017, which was declared effective by the SEC on March 14, 2017, for an aggregate amount of \$750,000 to provide the Partnership with additional flexibility to access capital markets quickly.

For 2019, we expect that the cash flow generated from operations will continue to exceed our maintenance capital requirements and we will have adequate access to capital to fund any incremental growth-related capital needs. We started the coarse refuse disposal area project in 2017, which is expected to continue through 2021. Our 2019 capital needs are expected to be between \$34,000 to \$38,000, which is increased from 2018 levels due to additional expected maintenance capital expenditures related to airshaft construction projects, as well as additional belt system related expenditures.

From time to time we change our exposure to various countries depending on the economics and profitability of coal sales. Given that coal markets are global, we expect, if possible, to offset any adverse impact from tariffs that may be imposed by governments in the countries in which one or more of our end users are located, by reallocating our customer base to other countries or to the domestic U.S. markets.

We expect to generate adequate cash flows and liquidity to meet reasonable increases in the cost of supplies that are passed on from our suppliers. We will also continue to seek alternate sources of supplies and replacement material to offset any unexpected increase in the cost of supplies.

Our Partnership Agreement requires that we distribute all of our available cash to our unitholders. As a result, we expect to rely primarily upon financing under the Affiliated Company Credit Agreement and the issuance of debt and equity securities to fund our acquisitions and expansion capital expenditures, if any.

On January 24, 2019, the Board of Directors of our general partner declared a cash distribution of \$0.5125 per unit for the year ended December 31, 2018 to the limited partner unitholders and the holder of the general partner interest. The cash distribution will be paid on February 15, 2019 to the unitholders of record at the close of business on February 7, 2019.

Credit Facility (PNC Revolving Credit Facility and Affiliated Company Credit Agreement)

On July 7, 2015, the Partnership, as borrower, and certain subsidiaries of the Partnership, as guarantors, entered into the PNC Revolving Credit Facility for a \$400,000 revolving credit facility with PNC, as administrative agent, and other lender parties thereto. On November 28, 2017, in connection with the separation, the Partnership paid all fees and other amounts outstanding, which aggregated to \$200,583, under the PNC Revolving Credit Facility and terminated the PNC Revolving Credit Facility and the related loan documents.

On November 28, 2017, the Partnership and the other Credit Parties entered into the Affiliated Company Credit Agreement by and among the Credit Parties, CONSOL Energy, as lender and administrative agent, and PNC, as collateral agent. The Affiliated Company Credit Agreement provides for a revolving credit facility in an aggregate principal amount of up to \$275,000 to be provided by CONSOL Energy, as lender. In connection with the completion of the separation and the Partnership's entry into the Affiliated Company Credit Agreement, the Partnership made an initial draw of \$200,583, the net proceeds of which were used to repay the PNC Revolving Credit Facility. Additional drawings under the Affiliated Company Credit Agreement are available for general partnership purposes. The Affiliated Company Credit Agreement matures on February 27, 2023. The collateral obligations under the Affiliated Company Credit Agreement generally mirror the PNC Revolving Credit Facility, including the list of entities that act as guarantors thereunder. The obligations under the Affiliated Company Credit Agreement are guaranteed by the Partnership's subsidiaries and secured by substantially all of the assets of the Partnership and its subsidiaries pursuant to the security agreement and various mortgages.

Interest on outstanding obligations under our Affiliated Company Credit Agreement accrues at a fixed rate ranging from 3.75% to 4.75% depending on the total net leverage ratio. The unused portion of our Affiliated Company Credit Agreement is subject to a commitment fee of 0.50% per annum.

As of December 31, 2018, the Partnership had \$163,000 of borrowings outstanding under the Affiliated Company Credit Agreement, leaving \$112,000 of unused capacity. Interest on outstanding borrowings under the Affiliated Company Credit Agreement at December 31, 2018 was accrued at a rate of 3.75%.

The Affiliated Company Credit Agreement contains certain covenants and conditions that, among other things, limit the Partnership's ability to: (i) incur or guarantee additional debt; (ii) make cash distributions (subject to certain limited exceptions); provided that we will be able to make cash distributions of available cash to partners so long as no event of default is continuing or would result therefrom; (iii) incur certain liens or permit them to exist; (iv) make particular investments and loans; provided that we will be able to increase our ownership percentage of our undivided interest in the Pennsylvania Mining Complex and make investments in the Pennsylvania Mining Complex in accordance with our ratable ownership; (v) enter into certain types of transactions with affiliates; (vi) merge or consolidate with another company; and (vii) transfer, sell or otherwise dispose of assets. The Partnership is also subject to covenants that require the Partnership to maintain certain financial ratios. For example, the Partnership is obligated to maintain at the end of each fiscal quarter (a) maximum first lien gross leverage ratio of 2.75 to 1.00 and (b) a maximum total net leverage ratio of 3.25 to 1.00, each of which will be calculated on a consolidated basis for the Partnership and its restricted subsidiaries at the end of each fiscal quarter. At December 31, 2018, the first lien gross leverage ratio was 1.40 to 1.00 and the total net leverage ratio was 1.39 to 1.00.

Receivables Financing Agreement

On November 30, 2017, (i) CONSOL Marine Terminals LLC, formerly known as CNX Marine Terminals LLC, as an originator of receivables, (ii) CPCC, as an originator of receivables and as initial servicer of the receivables for itself and the other originators (collectively, the "Originators"), each a wholly owned subsidiary of CONSOL Energy, and (iii) CONSOL Funding LLC (the "SPV"), as buyer, entered into a Purchase and Sale Agreement (the "Purchase and Sale Agreement"). Concurrently, (i) CONSOL Thermal Holdings, as sub-originator, and (ii) CPCC, as buyer and as initial servicer of the receivables for itself and CONSOL Thermal Holdings, entered into a Sub-Originator Agreement (the "Sub-Originator PSA"). In addition, on that date, the SPV entered into a Receivables Financing Agreement (the "Receivables Financing Agreement") by and among (i) the SPV, as borrower, (ii) CPCC, as initial servicer, (iii) PNC, as administrative agent, LC Bank and lender, and (iv) the additional persons from time to time party thereto as lenders. Together, the Purchase and Sale Agreement, the Sub-Originator PSA and the Receivables Financing Agreement establish the primary terms and conditions of an accounts receivable securitization program (the "Securitization"). On August 30, 2018, the Securitization was amended, among other things, to extend the scheduled termination date to August 30, 2021.

Pursuant to the Securitization, (i) CONSOL Thermal Holdings will sell current and future trade receivables to CPCC and (ii) the Originators will sell and/or contribute current and future trade receivables (including receivables sold to CPCC by CONSOL Thermal Holdings) to the SPV and the SPV will, in turn, pledge its interests in the receivables to PNC, which will either make loans or issue letters of credit on behalf of the SPV. The maximum amount of advances and letters of credit outstanding under the Securitization may not exceed \$100,000.

Loans under the Securitization will accrue interest at a reserve-adjusted LIBOR market index rate equal to the one-month Eurodollar rate. Loans and letters of credit under the Securitization also will accrue a program fee and a letter of credit participation fee, respectively, ranging from 2.00% to 2.50% per annum, depending on the total net leverage ratio of CONSOL Energy. In addition, the SPV paid certain structuring fees to PNC Capital Markets LLC and will pay other customary fees to the lenders, including a fee on unused commitments equal to 0.60% per annum.

The SPV's assets and credit are not available to satisfy the debts and obligations owed to the creditors of CONSOL Energy, CONSOL Thermal Holdings or any of the Originators. CONSOL Thermal Holdings, the Originators and CPCC as servicer are independently liable for their own customary representations, warranties, covenants and indemnities. In addition, CONSOL Energy has guaranteed the performance of the obligations of CONSOL Thermal Holdings, the Originators and CPCC as servicer, and will guarantee the obligations of any additional originators or successor servicer that may become party to the Securitization. However, neither CONSOL Energy nor its affiliates will guarantee collectability of receivables or the creditworthiness of obligors thereunder.

The agreements comprising the Securitization contain various customary representations and warranties, covenants and default provisions which provide for the termination and acceleration of the commitments and loans under the Securitization in certain circumstances including, but not limited to, failure to make payments when due, breach of

representation, warranty or covenant, certain insolvency events or failure to maintain the security interest in the trade receivables, and defaults under other material indebtedness.

As of December 31, 2018, the Partnership, through CONSOL Thermal Holdings, sold \$21,871 of trade receivables to CPCC. The Partnership has not derecognized the receivables due to its continued involvement in the collections efforts.

Cash Flows

	For the Years Ended December 31,		
	2018	2017	Variance
	(in thousands)		
Cash flows provided by operating activities	\$125,379	\$72,642	\$52,737
Cash used in investing activities	\$(30,973)	\$(17,996)	\$(12,977)
Cash used in financing activities	\$(94,936)	\$(62,898)	\$(32,038)

Year Ended December 31, 2018 Compared to the Year Ended December 31, 2017:

Cash flows provided by operating activities increased \$52,737 in the year ended December 31, 2018 compared to the year ended December 31, 2017 primarily due to an increase in net income and a change in working capital.

Cash flows used in investing activities increased \$12,977 in the year ended December 31, 2018 compared to the year ended December 31, 2017 as a result of increased capital expenditures of \$11,647 and a decrease in proceeds from the sale of assets of \$1,330. The increase in capital expenditures is due to the following items:

	For the Years Ended December 31,		
	2018	2017	Variance
	(in thousands)		
Building and Infrastructure	\$11,196	\$8,166	\$3,030
Equipment Purchases and Rebuilds	9,437	2,185	7,252
Refuse Storage Area	8,572	8,002	570
Other	1,938	1,143	795
Total Capital Expenditures	\$31,143	\$19,496	\$11,647

Cash flows used in financing activities increased \$32,038 in the year ended December 31, 2018 compared to the year ended December 31, 2017. The increase in cash used in financing activities was primarily due to \$33,583 in net payments made in the current year on the Affiliated Company Credit Agreement, compared to the prior year \$4,417 in net payments on long-term debt.

Off-Balance Sheet Arrangements

We do not maintain off-balance sheet transactions, arrangements, obligations or other relationships with unconsolidated entities or others that have or are reasonably likely to have a material current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources which are not disclosed in the Notes to the Audited Consolidated Financial Statements of this Form 10-K.

Critical Accounting Policies

Critical accounting policies are those that are important to our financial condition and require management's most difficult, subjective or complex judgments. Different amounts would be reported under different operating conditions

or under alternative assumptions. We have evaluated the accounting policies used in the preparation of the accompanying financial statements and related notes thereto and believe those policies are reasonable and appropriate.

We apply those accounting policies that we believe best reflect the underlying business and economic events, consistent with GAAP. Our more critical accounting policies include those related to the following items, but refer to Note 1 (Significant

55

Accounting Policies) of the audited consolidated financial statements included elsewhere in this report for a complete listing of our accounting policies.

Contingencies

The Partnership, from time to time, is subject to various lawsuits and claims with respect to such matters as personal injury, wrongful death, damage to property, exposure to hazardous substances, governmental regulations (including environmental remediation), employment and contract disputes, and other claims and actions, arising out of the normal course of business. Liabilities are recorded when it is probable that obligations have been incurred and the amounts can be reasonably estimated. Estimates are developed through consultation with legal counsel involved in the defense and are based upon an analysis of potential results, assuming a combination of litigation and settlement strategies. Legal fees associated with defending these various lawsuits and claims are expensed when incurred.

Asset Retirement Obligations

The Surface Mining Control and Reclamation Act established operational, reclamation and closure standards for all aspects of surface mining as well as most aspects of deep mining. Accounting for asset retirement obligations requires that the fair value of an asset retirement obligation be recognized in the period in which it is incurred if a reasonable estimate of fair value can be made. The present value of the estimated asset retirement costs is capitalized as part of the carrying amount of the long-lived asset. Asset retirement obligations are primarily related to the closure of the mines and gas wells and the reclamation of land upon exhaustion of coal reserves. Changes in the variables used to calculate the liabilities can have a significant effect on the mine closing and reclamation liabilities. We accrue for the costs of current mine disturbance and final mine and gas well closure, including the cost of treating mine water discharge where necessary. Estimates of our total reclamation, mine-closing and gas well closing liabilities, which are based upon permit requirements and our engineering expertise related to these requirements, including the current portion, were \$10,977 at December 31, 2018 and \$10,496 at December 31, 2017. These liabilities are reviewed annually, or when events and circumstances indicate an adjustment is necessary, by management and engineers. The estimated liability can significantly change if actual costs vary from assumptions or if governmental regulations change significantly.

The Partnership believes that the accounting estimates related to asset retirement obligations are “critical accounting estimates” because the Partnership must assess the expected amount and timing of asset retirement obligations. In addition, the Partnership must determine the estimated present value of future liabilities. Future results of operations for any particular quarterly or annual period could be materially affected by changes in the Partnership’s assumptions.

Recoverable Coal Reserve Values

There are numerous 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 recoverable coal reserves consists of estimates based on engineering, economic and geological data assembled and analyzed by our staff. Some of the factors and assumptions which impact economically recoverable coal 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.

Each of these factors may in fact vary considerably from the assumptions used in estimating recoverable coal 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 recoverable coal reserves will likely vary from estimates, and these variances may be material.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

	Page
Report of Independent Registered Public Accounting Firm	<u>58</u>
Consolidated Statements of Operations for the Years Ended December 31, 2018 and 2017	<u>59</u>
Consolidated Statements of Comprehensive Income for the Years Ended December 31, 2018 and 2017	<u>60</u>
Consolidated Balance Sheets at December 31, 2018 and 2017	<u>61</u>
Consolidated Statements of Partners' Capital for the Years Ended December 31, 2018 and 2017	<u>62</u>
Consolidated Statements of Cash Flows for the Years Ended December 31, 2018 and 2017	<u>63</u>
Notes to the Consolidated Financial Statements	<u>64</u>

Report of Independent Registered Public Accounting Firm

To the Unitholders of CONSOL Coal Resources LP and the Board of Directors of CONSOL Coal Resources GP LLC

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of CONSOL Coal Resources LP (the Partnership) as of December 31, 2018 and 2017, and the related consolidated statements of operations, comprehensive income, partners' capital and cash flows for each of the two years in the period ended December 31, 2018, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the consolidated financial position of the Partnership at December 31, 2018 and 2017, and the consolidated results of its operations and its cash flows for each of the two years in the period ended December 31, 2018, in conformity with U.S. generally accepted accounting principles.

Basis for Opinion

These financial statements are the responsibility of the Partnership's management. Our responsibility is to express an opinion on the Partnership's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Partnership in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Partnership is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Partnership's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ Ernst & Young LLP

We have served as the Partnership's auditor since 2015.

Pittsburgh, Pennsylvania
February 8, 2019

CONSOL COAL RESOURCES LP
CONSOLIDATED STATEMENTS OF OPERATIONS
(Dollars in thousands, except per unit data)

	For the Years Ended December 31,	
	2018	2017
Coal Revenue	\$341,073	\$ 296,913
Freight Revenue	10,893	18,423
Other Income	5,209	7,448
Total Revenue and Other Income	357,175	322,784
Operating and Other Costs ¹	214,376	194,986
Depreciation, Depletion and Amortization	44,742	41,437
Freight Expense	10,893	18,423
Selling, General and Administrative Expenses ²	13,931	15,697
Loss on Extinguishment of Debt	—	2,468
Interest Expense, Net ³	6,667	9,309
Total Costs	290,609	282,320
Net Income	\$66,566	\$ 40,464
Less: General Partner Interest in Net Income	1,127	662
Less: Net Income Allocable to Class A Preferred Units	—	5,553
Less: Distribution Effect of Preferred Unit Conversion	—	173
Limited Partner Interest in Net Income	\$65,439	\$ 34,076
Net Income per Limited Partner Unit - Basic	\$2.38	\$ 1.40
Net Income per Limited Partner Unit - Diluted	\$2.37	\$ 1.39
Limited Partner Units Outstanding - Basic	27,511,804	24,325,575
Limited Partner Units Outstanding - Diluted	27,611,924	24,461,373
Cash Distributions Declared per Unit ⁴		
Common Unit	\$2.05	\$ 2.05
Subordinated Unit	\$2.05	\$ 2.05

¹ Related Party of \$2,918 and \$3,503 for the years ended December 31, 2018 and 2017, respectively.

² Related Party of \$8,300 and \$3,109 for the years ended December 31, 2018 and 2017, respectively.

³ Related Party of \$6,667 and \$746 for the years ended December 31, 2018 and 2017, respectively.

⁴ Represents the cash distribution declared related to the period presented. See Note 22 - Subsequent Events.

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

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

	For the Years Ended December 31,	
	2018	2017
Net Income	\$66,566	\$40,464
Actuarially Determined Long-Term Liability Adjustments:		
Recognized Net Actuarial (Gain) Loss	(8)	1,366
Other Comprehensive Income Before Reclassifications	1,485	—
Total Actuarially Determined Long-Term Liability Adjustments	1,477	1,366
Other Comprehensive Income	1,477	1,366
Comprehensive Income	\$68,043	\$41,830

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

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

	December 31, 2018	December 31, 2017
ASSETS		
Current Assets:		
Cash	\$ 1,003	\$ 1,533
Trade Receivables	21,871	31,473
Other Receivables	1,068	1,970
Inventories	11,066	12,303
Prepaid Expenses	5,096	4,428
Total Current Assets	40,104	51,707
Property, Plant and Equipment:		
Property, Plant and Equipment	946,298	910,468
Less—Accumulated Depreciation, Depletion and Amortization	526,747	483,410
Total Property, Plant and Equipment—Net	419,551	427,058
Other Assets	14,908	15,474
TOTAL ASSETS	\$ 474,563	\$ 494,239
	December 31, 2018	December 31, 2017
LIABILITIES AND EQUITY		
Current Liabilities:		
Accounts Payable	\$ 24,834	\$ 19,718
Accounts Payable—Related Party	3,831	3,071
Other Accrued Liabilities	35,419	44,179
Total Current Liabilities	64,084	66,968
Long-Term Debt:		
Affiliated Company Credit Agreement—Related Party	163,000	196,583
Capital Lease Obligations	5,067	73
Total Long-Term Debt	168,067	196,656
Other Liabilities:		
Pneumoconiosis Benefits	4,260	3,833
Workers' Compensation	3,119	3,404
Asset Retirement Obligations	9,775	9,615
Other	518	607
Total Other Liabilities	17,672	17,459
TOTAL LIABILITIES	249,823	281,083
Partners' Capital:		
Common Units (15,911,211 Units Outstanding at December 31, 2018; 15,789,106 Units Outstanding at December 31, 2017)	212,122	205,974
Subordinated Units (11,611,067 Units Outstanding at December 31, 2018 and December 31, 2017)	(11,421)	(15,225)
General Partner Interest	12,119	11,964
Accumulated Other Comprehensive Income	11,920	10,443
Total Partners' Capital	224,740	213,156

TOTAL LIABILITIES AND PARTNERS' CAPITAL	\$ 474,563	\$ 494,239
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The accompanying notes are an integral part of these consolidated financial statements.

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

	Limited Partners				Accumulated	
	Class A Preferred Units	Common	Subordinated	General Partner	Other Comprehensive Income (Loss)	Total
Balance at December 31, 2016	\$69,151	\$140,967	\$ (7,631)	\$12,274	\$ 11,809	\$226,570
Net Income	5,553	18,040	16,209	662	—	40,464
Unitholder Distributions	(5,553)	(26,072)	(23,803)	(972)	—	(56,400)
Conversion of Preferred Units	(69,151)	69,151	—	—	—	—
Unit-Based Compensation	—	5,873	—	—	—	5,873
Units Withheld for Taxes	—	(1,985)	—	—	—	(1,985)
Actuarially Determined Long-Term Liability Adjustments	—	—	—	—	(1,366)	(1,366)
Balance at December 31, 2017	\$—	\$205,974	\$ (15,225)	\$11,964	\$ 10,443	\$213,156
Net Income	—	37,832	27,607	1,127	—	66,566
Unitholder Distributions	—	(32,614)	(23,803)	(972)	—	(57,389)
Unit-Based Compensation	—	1,842	—	—	—	1,842
Units Withheld for Taxes	—	(912)	—	—	—	(912)
Actuarially Determined Long-Term Liability Adjustments	—	—	—	—	1,477	1,477
Balance at December 31, 2018	\$—	\$212,122	\$ (11,421)	\$12,119	\$ 11,920	\$224,740

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

CONSOL COAL RESOURCES LP
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Dollars in thousands)

	For the Years Ended December 31,	
	2018	2017
Cash Flows from Operating Activities:		
Net Income	\$66,566	\$40,464
Adjustments to Reconcile Net Income to Net Cash Provided By Operating Activities:		
Depreciation, Depletion and Amortization	44,742	41,437
Loss (Gain) on Sale of Assets	34	(1,399)
Unit-Based Compensation	1,842	5,873
Loss on Extinguishment of Debt	—	2,468
Other Adjustments to Net Income	—	688
Changes in Operating Assets:		
Accounts and Notes Receivable	10,504	(9,510)
Inventories	1,237	(812)
Prepaid Expenses	(668)	(916)
Changes in Other Assets	741	(615)
Changes in Operating Liabilities:		
Accounts Payable	4,990	293
Accounts Payable—Related Party	760	88
Other Operating Liabilities	(6,528)	(5,785)
Changes in Other Liabilities	1,159	368
Net Cash Provided by Operating Activities	125,379	72,642
Cash Flows from Investing Activities:		
Capital Expenditures	(31,143)	(19,496)
Proceeds from Sales of Assets	170	1,500
Net Cash Used in Investing Activities	(30,973)	(17,996)
Cash Flows from Financing Activities:		
Payments on Capitalized Leases	(3,052)	(96)
Net (Payments on) Proceeds from Related Party Long-Term Notes	(33,583)	196,583
Net Payments on Revolver	—	(201,000)
Payments for Unitholder Distributions	(57,389)	(56,400)
Units Withheld for Taxes	(912)	(1,985)
Net Cash Used In Financing Activities	(94,936)	(62,898)
Net Decrease in Cash	(530)	(8,252)
Cash at Beginning of Period	1,533	9,785
Cash at End of Period	\$1,003	\$1,533

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

CONSOL COAL RESOURCES LP
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Dollars in thousands)
NOTE 1—SIGNIFICANT ACCOUNTING POLICIES

A summary of the significant accounting policies is included below. These, together with the other notes to the consolidated financial statements, are an integral part of the Consolidated Financial Statements.

Basis of Consolidation and Presentation:

On November 28, 2017, CONSOL Energy was separated from our former sponsor into an independent, publicly traded coal company via a pro rata distribution of all of CONSOL Energy's common stock to CNX's stockholders. CONSOL Energy was originally formed as CONSOL Mining Corporation in Delaware on June 21, 2017 to hold our former sponsor's coal business including its interest in the Pennsylvania Mining Complex and certain related coal assets, including our former sponsor's ownership interest in the Partnership and our general partner, our former sponsor's terminal operations at the Port of Baltimore and undeveloped coal reserves located in the Northern Appalachian, Central Appalachian and Illinois basins and certain related coal assets and liabilities. As part of the separation, CONSOL Mining Corporation changed its name to CONSOL Energy Inc. began using the ticker "CEIX", our former sponsor changed its name to CNX Resources Corporation kept the ticker "CNX", the Partnership changed its name to CONSOL Coal Resources LP and its ticker to "CCR" and the general partner changed its name to CONSOL Coal Resources GP LLC.

For the years ended December 31, 2018 and 2017, the Consolidated Financial Statements include the accounts of CONSOL Operating and CONSOL Thermal Holdings, wholly owned and controlled subsidiaries.

Jumpstart Our Business Startups Act ("JOBS Act"):

Under the JOBS Act, for as long as the Partnership remains an "emerging growth company" as defined in the JOBS Act, we may take advantage of certain exemptions from the SEC's reporting requirements that are applicable to other public companies that are not emerging growth companies, including not being required to provide an auditor's attestation report on management's assessment of the effectiveness of its system of internal control over financial reporting pursuant to Section 404 of the Sarbanes-Oxley Act, reduced disclosure obligations regarding executive compensation in our periodic reports, and exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and seeking unitholder approval of any golden parachute payments not previously approved. We may take advantage of these reporting exemptions until we are no longer an emerging growth company.

The Partnership will remain an emerging growth company for up to five years, although we will lose that status sooner if:

- we have more than \$1.07 billion of revenues in a fiscal year;
- limited partner interests held by non-affiliates have a market value of more than \$700 million (large accelerated filer);
- or
- we issue more than \$1 billion of non-convertible debt over a three-year period.

The JOBS Act also provides that an emerging growth company can delay adopting new or revised accounting standards until such time as those standards apply to private companies. The Partnership has irrevocably elected to "opt out" of this exemption and, therefore, will be subject to the same new or revised accounting standards as other public companies that are not emerging growth companies.

Additionally, under Rule 12b-2 of the Exchange Act, the Partnership qualifies as a “smaller reporting company” because the value of its limited partner interests held by non-affiliates as of the end of its most recently completed second fiscal quarter was less than \$250 million. For as long as the Partnership remains a smaller reporting company, it may take advantage of certain exemptions from the SEC’s reporting requirements that are otherwise applicable to public companies that are not smaller reporting companies.

Use of Estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses, as well as various disclosures. Actual results could differ from those estimates. The most significant

estimates included in the preparation of the consolidated financial statements are related to coal workers' pneumoconiosis, workers' compensation, asset retirement obligations, contingencies and recoverable coal reserve values.

Cash:

Cash includes cash on hand and on deposit with banking institutions.

Accounts Receivable:

Accounts receivable are recorded at the invoiced amount and do not bear interest. We reserve for specific accounts receivable when it is probable that all or a part of an outstanding balance will not be collected, such as customer bankruptcies. Collectability is determined based on terms of sale, credit status of customers and various other circumstances. We regularly review collectability and establish or adjust the allowance as necessary using the specific identification method. Account balances are charged off against the allowance after all means of collection have been exhausted and the potential for recovery is considered remote. There were no reserves for uncollectible trade amounts in the periods presented.

Inventories:

Inventories are stated at the lower of cost or net realizable value. The cost of coal inventories is determined by the first-in, first-out (FIFO) method. Coal inventory costs include labor, supplies, equipment costs, depreciation, depletion and amortization, operating overhead and other related costs. The cost of supplies inventory is determined by the average cost method and includes operating and maintenance supplies to be used in our coal operations.

Property, Plant and Equipment:

Property, plant and equipment is recorded at cost upon acquisition. Expenditures which extend the useful lives of existing plant and equipment are capitalized. Interest costs applicable to major asset additions are capitalized during the construction period. Costs of additional mine facilities required to maintain production after a mine reaches the production stage, generally referred to as "receding face costs," are expensed as incurred; however, the costs of additional airshafts and new portals are capitalized. Planned major maintenance costs, which do not extend the useful lives of existing plant and equipment, are expensed as incurred.

Coal exploration costs are expensed as incurred. Coal exploration costs include those incurred to ascertain existence, location, extent or quality of ore or minerals before, beginning the development stage of the mine.

Costs of developing new underground mines and certain underground expansion projects are capitalized.

Underground development costs, which are costs incurred to make the mineral physically accessible, include costs to prepare property for shafts, driving main entries for ventilation, haulage, personnel, construction of airshafts, roof protection and other facilities.

Airshafts and capitalized mine development associated with a coal reserve are amortized on a units-of-production basis as the coal is produced, so that each ton of coal is assigned a portion of the unamortized costs. We employ this method to match costs with the related revenues realized in a particular period. Rates are updated when revisions to coal reserve estimates are made. Coal reserve estimates are reviewed when information becomes available that indicates a reserve change is needed, or at a minimum once a year. Any material effect from changes in estimates is disclosed in the period the change occurs. Amortization of development cost begins when the development phase is complete and the production phase begins. At an underground mine, the end of the development phase and the

beginning of the production phase takes place when construction of the mine for economic extraction is substantially complete. Coal extracted during the development phase is incidental to the mine's production capacity and is not considered to shift the mine into the production phase.

Coal reserves are either owned in fee or controlled by lease. The duration of the leases vary; however, the lease terms generally are extended automatically to the exhaustion of economically recoverable coal reserves, as long as active mining continues. Coal interests held by lease provide the same rights as fee ownership for mineral extraction and are legally considered real property interests.

Advance mining royalties are advance payments made to lessors under terms of mineral lease agreements that are recoupable against future production using the units-of-production method. Depletion of leased coal interests is computed using the units-of-production method over recoverable coal reserves.

Advance mining royalties and leased coal interests are evaluated periodically, or at a minimum once a year, for impairment issues or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Any revisions are accounted for prospectively as changes in accounting estimates.

When properties are retired or otherwise disposed, the related cost and accumulated depreciation are removed from the respective accounts and any profit or loss on disposition is recognized in Other Income in the Consolidated Statements of Operations.

Depreciation of plant and equipment is calculated on the straight-line method over their estimated useful lives or lease terms generally as follows:

	Years
Buildings and improvements	10 to 45
Machinery and equipment	3 to 25
Leasehold improvements	Life of Lease

Costs to obtain coal lands are capitalized based on the cost at acquisition and are amortized using the units-of-production method over all estimated recoverable coal reserve tons assigned and accessible to the mine. Recoverable coal reserves are calculated on a clean coal ton equivalent, which excludes non-recoverable coal reserves and anticipated preparation plant processing refuse. Rates are updated when revisions to coal reserve estimates are made. Coal reserve estimates are reviewed when events and circumstances indicate a reserve change is needed, or at a minimum, once a year. Amortization of coal interests begins when the coal reserve is produced. At an underground mine, a ton is considered produced once it reaches the surface area of the mine. Any material effect from changes in estimates is disclosed in the period the change occurs.

Impairment of Long-lived Assets:

Impairment of long-lived assets is recorded when indicators of impairment are present and the undiscounted cash flows estimated to be generated by those assets are less than the assets' carrying value. The carrying value of the assets is then reduced to its estimated fair value, which is usually measured based on an estimate of future discounted cash flows. There were no indicators of impairment and therefore, no impairment losses were recognized during the years ended December 31, 2018 and 2017.

Pneumoconiosis Benefits and Workers' Compensation:

The Partnership is required by federal and state statutes to provide our portion of benefits to certain current and former totally disabled employees or their dependents for awards related to coal workers' pneumoconiosis ("CWP"). The Partnership is also required by various state statutes to provide our portion of workers' compensation benefits for employees who sustain employment related physical injuries or some types of occupational disease. Workers' compensation benefits include compensation for their disability, medical costs and, on some occasions, the cost of rehabilitation. The provisions for our portion of estimated benefits are determined on an actuarial basis for the Partnership's dedicated contract labor provided under a service agreement with CONSOL Energy.

Asset Retirement Obligations:

Mine closing reclamation costs, perpetual water care costs and other costs associated with dismantling and removing facilities are accrued using the accounting treatment prescribed by the Asset Retirement and Environmental Obligations Topic of the FASB Accounting Standards Codification. This topic requires the fair value of an asset retirement obligation to be recognized in the period in which it is incurred if a reasonable estimate of fair value can be

made. The present value of the estimated asset retirement costs is capitalized as part of the carrying amount of the long-lived asset. Depreciation of the capitalized asset retirement cost is generally determined on a units-of-production basis. Accretion of the asset retirement obligation is recognized over time and generally will escalate over the life of the producing asset, typically as production declines. Accretion is included in Depreciation, Depletion and Amortization on the Consolidated Statements of Operations. Asset retirement obligations primarily relate to the closure of mines which includes treatment of water and the reclamation of land upon exhaustion of coal reserves.

Accrued mine closing costs, perpetual care costs and reclamation costs and other costs of dismantling and removing facilities are regularly reviewed by management and are revised for changes in future estimated costs and regulatory requirements.

Subsidence:

Subsidence occurs when there is damage of the ground surface due to the removal of underlying coal. Areas affected may include, although not be limited to, streams, property, roads, pipelines and other land and surface structures. Total estimated subsidence claims are recognized in the period when the related coal has been extracted and are included in Operating and Other Costs on the Consolidated Statements of Operations and Other Accrued Liabilities on the Consolidated Balance Sheets. On occasion, we prepay the estimated damages prior to undermining the property, in return for release of liability. Prepayments are included as assets and either recognized as Prepaid Expenses or in Other Assets on the Consolidated Balance Sheets, if the payment is made less than or greater than one year, respectively, prior to undermining the property.

Income Taxes:

The Partnership's assets and liabilities are comprised of a 25% undivided interest in the Pennsylvania Mining Complex which assets and liabilities are held by CPCC and Conrhein. The Partnership does not share in the separate income tax consequences attributable to the owners of CPCC and Conrhein. Accordingly, no provision for federal or state income taxes has been recorded. As of December 31, 2018 and 2017, the Partnership had no liability reported for unrecognized tax benefits and had not incurred interest and penalties related to income taxes. The Partnership's operations are treated as a partnership for federal and state income tax purposes, with each partner being separately taxed on its share of taxable income. Therefore, the Partnership has excluded income taxes from these financial statements.

Revenue Recognition:

Revenues are recognized when title passes to the customers and the price is fixed and determinable. Generally, title passes when coal is loaded at the central preparation facility and, on occasion, at terminal locations or other customer destinations. Our coal contract revenue per ton is fixed and determinable and adjusted for nominal quality adjustments. Some coal contracts also contain positive electric power price-related adjustments in addition to a fixed base-price per ton. None of the Partnership's coal contracts allow for retroactive adjustments to pricing after title to the coal has passed. See Note 2 - Revenue for more information.

Freight Revenue and Expense:

Shipping and handling costs invoiced to coal customers and paid to third-party carriers are recorded as Freight Revenue and Freight Expense, respectively.

Contingencies:

The Partnership, from time to time, is subject to various lawsuits and claims with respect to such matters as personal injury, wrongful death, damage to property, exposure to hazardous substances, governmental regulations (including environmental remediation), employment and contract disputes, and other claims and actions, arising out of the normal course of business. Liabilities are recorded when it is probable that obligations have been incurred and the amounts can be reasonably estimated. Estimates are developed through consultation with legal counsel involved in the defense and are based upon an analysis of potential results, assuming a combination of litigation and settlement strategies. Legal fees associated with defending these various lawsuits and claims are expensed when incurred.

Recent Accounting Pronouncements:

In 2016, the Financial Accounting Standards Board (“FASB”) issued a new lease accounting standard, which requires lessees to put most leases on their balance sheets, but recognize the expenses in their income statements in a manner similar to current practice. The new standard states that a lessee will recognize a lease liability for the obligation to make lease payments and a right-of-use asset for the right to use the underlying asset for the lease term. Expenses related to leases determined to be operating leases will be recognized on a straight-line basis, while those determined to be financing leases will be recognized following a front-loaded expense profile in which interest and amortization are presented separately in the income statement. The following updates to this guidance were made in 2018:

In January 2018, the FASB issued Accounting Standards Update (“ASU”) 2018-01 - Leases (Topic 842): Land Easement Practical Expedient for Transition to Topic 842. This Update, if elected, would not require an entity to reassess the

accounting treatment of existing land easements not currently accounted for as a lease under Topic 840. Once an entity adopts Topic 842, it should apply that Topic prospectively to all new (or modified) land easements to determine whether the arrangement should be accounted for as a lease.

In July 2018, the FASB issued ASU 2018-11 - Leases (Topic 842) to assist stakeholders with implementation questions and issues as organizations prepare to adopt the new leasing standard. Under the amendments in Update 2018-11, entities may elect not to recast the comparative periods presented when transitioning to ASC 842 and lessors may elect not to separate lease and non-lease components when certain conditions are met.

In December 2018, the FASB issued ASU 2018-20 - Leases (Topic 842) to assist stakeholders with implementation questions and issues as organizations prepare to adopt the new leasing standard. The amendments in ASU 2018-20 address issues regarding sales taxes and similar taxes collected from lessees, certain lessor costs and recognition of variable payments for contracts with lease and nonlease components.

These changes will be effective for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years. The Partnership will adopt ASC 842 in 2019 using the transition option, "Comparatives Under 840 Option," established by ASU 2018-11, Leases (Topic 842), Targeted Improvements (ASU 2018-11). As most of our leases do not provide an implicit rate, we will take a portfolio approach of applying our incremental borrowing rate based on the information available at adoption date to calculate the present value of lease payments over the lease term. We will elect the package of practical expedients permitted under the transition guidance within the new standard, which allows us (1) to not reassess whether any expired or existing contracts are or contain leases, (2) to not reassess the lease classification for any expired or existing leases and (3) to not reassess initial costs for any existing leases. We will also elect the practical expedient to not evaluate land easements that existed or expired before the entity's adoption of Topic 842 and the practical expedient to not separate lease and non-lease components, that is, to account lease and non-lease components in a contract as a single lease component for all classes of underlying assets. Further, we will make an accounting policy election to keep leases with an initial term of 12 months or less off the balance sheet. We will recognize those lease payments in the Consolidated Statements of Operations over the lease term. Based on our lease portfolio, we anticipate recognizing an initial lease liability and related right-of-use asset on our balance sheet of approximately \$15,000 to \$25,000.

In August 2018, the FASB issued ASU 2018-14 - Compensation - Retirement Benefits - Defined Benefit Plans - General (Subtopic 715-20) to improve the effectiveness of disclosures in the notes to the financial statements by facilitating clear communication of the information required by GAAP. The amendments modify the disclosure requirements for employers that sponsor defined benefit pension or other postretirement plans. These changes will be effective for fiscal years ending after December 15, 2020, including interim periods within those fiscal years. Management is currently evaluating the impact this guidance may have on the Partnership's financial statements.

In August 2018, the FASB issued ASU 2018-13 - Fair Value Measurement (Topic 820) to improve the effectiveness of disclosures in the notes to the financial statements by facilitating clear communication of the information required by GAAP. The amendments modify the disclosure requirements on fair value measurements including the consideration of costs and benefits. These changes will be effective for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years. Management is currently evaluating the impact this guidance may have on the Partnership's financial statements.

In June 2018, the FASB issued ASU 2018-07 - Stock Compensation (Topic 718) Improvements to Nonemployee Share-Based Payment Accounting. The amendments in this update seek to simplify accounting for nonemployee share-based payments by clarifying and improving the areas of the overall measurement objective, measurement date, and awards with performance conditions. For public business entities, the amendments in this update are effective for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years. Management does not expect this update to have a material impact on the Partnership's financial statements.

In June 2016, the FASB issued ASU 2016-13 - Financial Instruments-Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments, which provides financial statement users with more decision-useful information about the expected credit losses on financial instruments and other commitments to extend credit held by a reporting entity at each reporting date. To achieve this, the amendments in this ASU replace the incurred loss impairment methodology in current GAAP with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates. The measurement of expected credit losses will be based on relevant information about past events, including historical experience, current conditions and reasonable and supportable forecasts that affect the collectibility of the reported amount. The amendments in this ASU will be applied using a modified-retrospective approach and, for public entities, are effective for fiscal years beginning after December 15, 2019 and interim periods within those annual periods. Early adoption is permitted for fiscal years beginning after December 15, 2018 and interim periods within those annual periods. Management does not expect this update to have a material impact on the Partnership's financial statements.

NOTE 2—REVENUE:

The following table disaggregates our revenue by major source to depict how the nature, amount, timing and uncertainty of the Partnership's revenues and cash flows are affected by economic factors:

	Year Ended December 31, 2018
Coal Revenue	\$ 341,073
Freight Revenue	10,893
Total Revenue from Contracts with Customers	\$ 351,966

ASU 2014-09 - Revenue from Contracts with Customers. On January 1, 2018, we adopted the new accounting standard ASC 606, Revenue from Contracts with Customers and all the related amendments (“new revenue standard”) for all contracts using the modified retrospective method. There was no cumulative adjustment to the opening balance of retained earnings as a result of initially applying the new revenue standard. The comparative information has not been restated and continues to be reported under the accounting standards in effect for those periods. We do not expect the adoption of the new revenue standard to have a material impact to our net income on an ongoing basis. Our revenue continues to be recognized when title passes to the customer. We have determined that each ton of coal represents a separate and distinct performance obligation. Our coal supply contracts and other sales and operating revenue contracts vary in length from short-term to long-term contracts and do not typically have significant financing components.

The estimated transaction price from each of our contracts is based on the total amount of consideration to which we expect to be entitled under the contract. Included in the transaction price for certain coal supply contracts is the impact of variable consideration, including quality price adjustments, handling services, per ton price fluctuations based on certain coal sales price indices and anticipated payments in lieu of shipments. The estimated transaction price for each contract is allocated to our performance obligations based on relative standalone selling prices determined at contract inception.

Coal Revenue

Revenues are recognized when title passes to the customers and the price is fixed and determinable. Generally, title passes when coal is loaded at the central preparation facility and, on occasion, at terminal locations or other customer destinations. Our coal contract revenue per ton is fixed and determinable and adjusted for nominal quality adjustments. Some coal contracts also contain positive electric power price-related adjustments in addition to a fixed base-price per ton. None of the Partnership's coal contracts allow for retroactive adjustments to pricing after title to the coal has passed.

Some of our contracts span multiple years and have annual pricing modification provisions, based upon market-driven or inflationary adjustments, where no additional value is exchanged. Also, our contracts contain favorable electric power price related adjustments, which represent market-driven price adjustments, wherein there is no additional value being exchanged. Management believes that the invoice price is the most appropriate rate at which to recognize revenue.

While we do, from time to time, experience costs of obtaining coal customer contracts with amortization periods greater than one year, those costs would be immaterial to our net income. As of and for the year ended December 31, 2018, we do not have any capitalized costs to obtain customer contracts on our balance sheet nor have we recognized

any amortization of previously existing capitalized costs of obtaining customer contracts. Further, the Partnership has not recognized any revenue in the current period from performance obligations satisfied (or partially satisfied) in previous periods.

Freight Revenue

Some of our coal contracts require that we sell our coal at locations other than our central preparation plant. The cost to transport our coal to the ultimate sales point is passed through to our customers and we recognize the freight revenue equal to the transportation cost when title of the coal passes to the customer.

Contract Balances

Contract assets are recorded as trade receivables and reported separately in the Partnership's Consolidated Balance Sheet from other contract assets as title passes to the customer and the Partnership's right to consideration becomes unconditional. Payments for coal shipments are typically due within two to four weeks of the invoice date. The Partnership

typically does not have material contract assets that are stated separately from trade receivables as the Partnership's performance obligations are satisfied as control of the goods or services passes to the customer, thereby granting the Partnership an unconditional right to receive consideration. Contract liabilities relate to consideration received in advance of the satisfaction of the Partnership's performance obligations. Contract liabilities are recognized as revenue at the point in time when control of the good or service passes to the customer.

NOTE 3—NET INCOME PER LIMITED PARTNER AND GENERAL PARTNER INTEREST:

The Partnership allocates net income among our general partner and limited partners using the two-class method in accordance with applicable authoritative accounting guidance. Under the two-class method, we allocate our net income to our limited partners and our general partner in accordance with the terms of our Partnership Agreement. We also allocate any earnings in excess of distributions to our limited partners and our general partner in accordance with the terms of our Partnership Agreement. We allocate any distributions in excess of earnings for the period to our general partner and our limited partners based on their respective proportionate ownership interests in us, after taking into account distributions to be paid with respect to the incentive distribution rights, as set forth in the Partnership Agreement.

Diluted net income per limited partner unit reflects the potential dilution that could occur if securities or agreements to issue common units, such as awards under the long-term incentive plan, were exercised, settled or converted into common units. When it is determined that potential common units resulting from an award subject to performance or market conditions should be included in the diluted net income per limited partner unit calculation, the impact is reflected by applying the treasury stock method.

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The following table illustrates the Partnership's calculation of net income per unit for common and subordinated partner units (in thousands, except for per unit information):

	For the Year Ended December 31, 2018	For the Year Ended December 31, 2017
Net Income	\$ 66,566	\$ 40,464
Less: General Partner Interest in Net Income	1,127	662
Less: Net Income Allocable to Class A Preferred Units	—	5,553
Less: Distribution Effect of Preferred Unit Conversion	—	173
Net Income Allocable to Limited Partner Units	\$ 65,439	\$ 34,076
Limited Partner Interest in Net Income - Common Units	\$ 37,832	\$ 18,040
Less: Distribution Effect of Preferred Unit Conversion	—	85
Net Income Allocable to Common Units	\$ 37,832	\$ 17,955
Limited Partner Interest in Net Income - Subordinated Units	\$ 27,607	\$ 16,209
Less: Distribution Effect of Preferred Unit Conversion	—	88
Net Income Allocable to Subordinated Units	\$ 27,607	\$ 16,121
Weighted Average Limited Partner Units Outstanding - Basic		
Common Units	15,900,737	12,714,508
Subordinated Units	11,611,067	11,611,067
Total	27,511,804	24,325,575
Weighted Average Limited Partner Units Outstanding - Diluted		
Common Units	16,000,857	12,850,306
Subordinated Units	11,611,067	11,611,067
Total	27,611,924	24,461,373
Net Income Per Limited Partner Unit - Basic		
Common Units	\$ 2.38	\$ 1.41
Subordinated Units	\$ 2.38	\$ 1.39
Net Income Per Limited Partner Unit - Diluted		
Common Units	\$ 2.36	\$ 1.40
Subordinated Units	\$ 2.38	\$ 1.39

The outstanding Class A Preferred Units were converted on a one-to-one basis into common units on October 2, 2017, under the terms of the Partnership Agreement. As a result, the Partnership issued an aggregate of 3,956,496 Common Units to our former sponsor and canceled the Class A Preferred Units. No Class A Preferred Units are currently outstanding. The effect of the preferred unit conversion resulted in the preferred units receiving a common distribution on November 15, 2017 in the amount of \$0.5125 per unit versus the stated 11% per annum previously paid on the Class A Preferred. There were no phantom units excluded from the computation of the diluted earnings per share because their effect would be anti-dilutive for the years ended December 31, 2018 and December 31, 2017.

NOTE 4—OTHER INCOME:

	For the Years Ended December 31,	
	2018	2017
Purchased Coal Sales	\$4,788	\$3,290
Property Easement and Option Income	295	—
Coal Contract Buyout	87	2,477
(Loss) Gain on Sale of Assets	(34)	1,399
Other	73	282
Total Other Income	\$5,209	\$7,448

NOTE 5—INTEREST EXPENSE:

	For the Years Ended December 31,	
	2018	2017
Interest on Notes - Related Party	\$7,709	\$746
Interest on Capitalized Leases	451	—
Revolver Interest	—	8,912
Capitalized Interest	(1,508)	(361)
Interest on Other Payables, Net	15	12
Total Interest Expense	\$6,667	\$9,309

NOTE 6—INVENTORIES:

	December 31, December 31,	
	2018	2017
Coal	\$ 1,160	\$ 2,853
Supplies	9,906	9,450
Total Inventories	\$ 11,066	\$ 12,303

NOTE 7—PROPERTY, PLANT AND EQUIPMENT:

	December 31, December 31,	
	2018	2017
Coal and Other Plant and Equipment	\$ 636,105	\$ 607,314
Coal Properties and Surface Lands	122,679	122,377
Airshafts	102,275	95,566
Mine Development	81,538	81,538
Coal Advance Mining Royalties	3,701	3,673
Total Property, Plant and Equipment	946,298	910,468
Less: Accumulated Depreciation, Depletion and Amortization	526,747	483,410
Total Net Property, Plant and Equipment	\$ 419,551	\$ 427,058

Coal reserves are controlled either through fee ownership or by lease. The duration of the leases vary; however, the lease terms generally are extended automatically to the exhaustion of economically recoverable coal reserves, as long as active mining continues. Coal interests held by lease provide the same rights as fee ownership for mineral extraction and are legally considered real property interests.

As of December 31, 2018 and 2017, property, plant and equipment includes gross assets under capital lease of \$11,919 and \$625, respectively. Accumulated amortization for capital leases was \$3,529 and \$473 at December 31, 2018 and 2017, respectively. Amortization expense for assets under capital leases approximated \$3,227 and \$95 for the years ended December 31, 2018 and 2017 respectively, and is included in Depreciation, Depletion and Amortization in the accompanying Consolidated Statements of Operations.

NOTE 8—OTHER ACCRUED LIABILITIES:

	December 31, 2018	December 31, 2017
Subsidence Liability	\$ 20,883	\$ 22,430
Accrued Payroll and Benefits	2,693	3,219
Accrued Interest (Related Party)	1,767	824
Accrued Other Taxes	1,071	1,399
Equipment Lease Rental	515	2,906
Longwall Equipment Buyout	—	5,658
Other	1,925	5,069
Current Portion of Long-Term Liabilities:		
Capital Leases	3,503	77
Workers' Compensation	1,554	1,381
Asset Retirement Obligations	1,202	881
Pneumoconiosis Benefits	165	195
Long-Term Disability	141	140
Total Other Accrued Liabilities	\$ 35,419	\$ 44,179

NOTE 9—LONG-TERM DEBT:

	December 31, 2018	December 31, 2017
Affiliated Company Credit Agreement (3.75% interest rate \$ at December 31, 2018)	163,000	\$ 196,583
Total Long-Term Debt	\$ 163,000	\$ 196,583

Affiliated Company Credit Agreement

On November 28, 2017, the Partnership and the other Credit Parties entered into the Affiliated Company Credit Agreement by and among the Credit Parties, CONSOL Energy, as lender and administrative agent, and PNC. The Affiliated Company Credit Agreement provides for a revolving credit facility in an aggregate principal amount of up to \$275,000 to be provided by CONSOL Energy, as lender. In connection with the completion of the separation and the Partnership's entry into the Affiliated Company Credit Agreement, the Partnership made an initial draw of \$200,583, the net proceeds of which were used to repay the PNC Revolving Credit Facility. Additional drawings under the Affiliated Company Credit Agreement are available for general partnership purposes. The Affiliated Company Credit Agreement matures on February 27, 2023. The collateral obligations under the Affiliated Company Credit Agreement generally mirror the PNC Revolving Credit Facility, including the list of entities that act as guarantors thereunder. The obligations under the Affiliated Company Credit Agreement are guaranteed by the Partnership's subsidiaries and secured by substantially all of the assets of the Partnership and its subsidiaries pursuant to the security agreement and various mortgages.

Interest on outstanding obligations under our Affiliated Company Credit Agreement accrues at a fixed rate ranging from 3.75% to 4.75% depending on the total net leverage ratio. The unused portion of our Affiliated Company Credit Agreement is subject to a commitment fee of 0.50% per annum.

The Partnership had available capacity under the Affiliated Company Credit Agreement of \$112,000 and \$78,417 as of December 31, 2018 and 2017, respectively. Interest on outstanding borrowings under the Affiliated Company Credit Agreement was accrued at a rate of 3.75% and 4.25% as of December 31, 2018 and 2017, respectively.

The Affiliated Company Credit Agreement contains certain covenants and conditions that, among other things, limit the Partnership's ability to: (i) incur or guarantee additional debt; (ii) make cash distributions (subject to certain limited exceptions); provided that we will be able to make cash distributions of available cash to partners so long as no event of default is continuing or would result therefrom; (iii) incur certain liens or permit them to exist; (iv) make particular investments and loans; provided that we will be able to increase our ownership percentage of our undivided interest in the Pennsylvania Mining Complex and make investments in the Pennsylvania Mining Complex in accordance with our ratable ownership; (v) enter into certain types of transactions with affiliates; (vi) merge or consolidate with another company; and (vii) transfer, sell or otherwise dispose of assets. The Partnership is also subject to covenants that require the Partnership to maintain certain financial ratios.

For example, the Partnership is obligated to maintain at the end of each fiscal quarter (a) maximum first lien gross leverage ratio of 2.75 to 1.00 and (b) a maximum total net leverage ratio of 3.25 to 1.00, each of which will be calculated on a consolidated basis for the Partnership and its restricted subsidiaries at the end of each fiscal quarter. At December 31, 2018, the Partnership was in compliance with its debt covenants with the first lien gross leverage ratio was 1.40 to 1.00 and the total net leverage ratio was 1.39 to 1.00.

NOTE 10—LEASES:

We use various leased facilities and equipment in our operations. Future minimum lease payments under capital and operating leases, together with the present value of the net minimum capital lease payments as of December 31, 2018 are as follows:

	Capital Leases	Operating Leases
2019	\$3,840	\$ 5,657
2020	4,178	5,271
2021	1,052	5,068
2022	12	2,614
2023	9	899
Thereafter	—	1,661
Total Minimum Lease Payments	\$9,091	\$ 21,170
Less Amount Representing Interest	521	
Present Value of Minimum Lease Payments	8,570	
Less Amount Due in One Year	3,503	
Total Long-Term Capital Lease Obligations	\$5,067	

Rental expense related to operating leases approximated \$11,323 and \$16,766 during the years ended December 31, 2018 and 2017, respectively.

NOTE 11—FAIR VALUE OF FINANCIAL INSTRUMENTS:

The Partnership determines the fair value of assets and liabilities based on the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants. The fair values are based on assumptions that market participants would use when pricing an asset or liability, including assumptions about risk and the risks inherent in valuation techniques and the inputs to valuations. The fair value hierarchy is based on whether the inputs to valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources (including LIBOR-based discount rates), while unobservable inputs reflect the Partnership's own assumptions of what market participants would use.

The fair value hierarchy includes three levels of inputs that may be used to measure fair value as described below.

Level One - Quoted prices for identical instruments in active markets.

Level Two - The fair value of the assets and liabilities included in Level 2 are based on standard industry income approach models that use significant observable inputs, including LIBOR-based discount rates.

74

Level Three - Unobservable inputs significant to the fair value measurement supported by little or no market activity. The significant unobservable inputs used in the fair value measurement of the Partnership's third party guarantees are the credit risk of the third party and the third party surety bond markets.

In those cases when the inputs used to measure fair value meet the definition of more than one level of the fair value hierarchy, the lowest level input that is significant to the fair value measurement in its totality determines the applicable level in the fair value hierarchy.

The following methods and assumptions were used to estimate the fair value for which the fair value option was not elected:

Long-term debt: The fair value of long-term debt is measured using unadjusted quoted market prices or estimated using discounted cash flow analyses. The discounted cash flow analyses are based on current market rates for instruments with similar cash flows.

The carrying amounts and fair values of financial instruments for which the fair value option was not elected are as follows:

	December 31, 2018		December 31, 2017	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Affiliated Company Credit Agreement - Related Party	\$163,000	\$163,000	\$196,583	\$196,583

The Partnership's debt obligations are valued through reference to the applicable underlying benchmark rate and, as a result, constitute Level 2 fair value measurements.

NOTE 12—ASSET RETIREMENT OBLIGATIONS:

	December 31, 2018	December 31, 2017
Balance at Beginning of Period	\$ 10,496	\$ 9,937
Accretion Expense	813	774
Payments	(50)	(209)
Revisions in Estimated Cash Flows	(282)	(6)
Balance at End of Period	\$ 10,977	\$ 10,496

NOTE 13—COAL WORKERS' PNEUMOCONIOSIS (CWP) AND WORKERS' COMPENSATION:

The Partnership is contractually obligated for our portion of medical and disability benefits to CPCC employees and their dependents resulting from occurrences of coal workers' pneumoconiosis disease. Conrhein has no current or former employees. The Partnership is also responsible under various state statutes for our portion of pneumoconiosis benefits. The calculation of our portion of the actuarial present value of the estimated pneumoconiosis obligation is based on an annual actuarial study by external actuaries and uses assumptions regarding disability incidence, medical costs, indemnity levels, mortality, death benefits, dependents and interest rates which are derived from actual experience and outside sources. Actuarial gains or losses can result from differences in incident rates and severity of claims filed as compared to original assumptions.

The Partnership is also contractually required to compensate individuals who sustain employment related physical injuries or some types of occupational diseases and, on some occasions, for our portion of costs of their rehabilitation. Workers' compensation laws will also compensate survivors of workers who suffer employment-related deaths. Workers' compensation laws are administered by state agencies with each state having its own set of rules and regulations regarding compensation that is owed to an employee that is injured in the course of employment. The Partnership primarily provides for our portion of these claims through a self-insurance program. The Partnership

recognizes an actuarial present value for our portion of the estimated workers' compensation obligation calculated by independent actuaries. The calculation is based on claims filed and an estimate of claims incurred, but not yet reported, as well as various assumptions. The assumptions include discount rate, future healthcare trend rate, benefit duration and recurrence of injuries. Actuarial gains associated with workers' compensation have resulted from discount rate changes, several years of favorable claims experience, various favorable state legislation changes and overall lower incident rates than our assumptions.

	CWP December 31, 2018 2017		Workers' Compensation December 31, 2018 2017	
Change in Benefit Obligation:				
Benefit Obligation at Beginning of Period	\$4,028	\$2,113	\$ 4,785	\$ 4,385
State Administrative Fees and Insurance Bond Premiums	—	—	90	243
Service Cost	1,489	1,131	1,464	1,225
Interest Cost	144	72	139	130
Actuarial (Gain) Loss	(1,050)	780	(355)	196
Benefits and Fees Paid	(186)	(68)	(1,601)	(1,394)
Benefit Obligation at End of Period	\$4,425	\$4,028	\$ 4,522	\$ 4,785
Current Assets	\$—	\$—	\$ 151	\$ —
Current Liabilities	(165)	(195)	(1,554)	(1,381)
Noncurrent Liabilities	(4,260)	(3,833)	(3,119)	(3,404)
Net Obligation Recognized	\$ (4,425)	\$ (4,028)	\$ (4,522)	\$ (4,785)
Amounts Recognized in Accumulated Other Comprehensive Income Consist of:				
Net Actuarial Gain	\$8,215	\$7,187	\$ 3,515	\$ 3,165
Net Amount Recognized	\$8,215	\$7,187	\$ 3,515	\$ 3,165

The components of the net periodic cost are as follows:

	CWP For the Years Ended December 31, 2018 2017		Workers' Compensation For the Years Ended December 31, 2018 2017	
Service Cost	\$1,489	\$1,131	\$ 1,464	\$ 1,225
Interest Cost	144	72	139	130
Recognized Net Actuarial Gain	(21)	(135)	(4)	(33)
State Administrative Fees and Insurance Bond Premiums	—	—	90	243
Net Periodic Benefit Cost	\$1,612	\$1,068	\$ 1,689	\$ 1,565

Amounts that are currently included in accumulated other comprehensive (loss) income are \$(25) and \$49 for CWP benefits and workers' compensation benefits, respectively, that are expected to be recognized in 2019 net periodic benefit costs:

Assumptions:

The weighted-average discount rates used to determine benefit obligations and net periodic cost (benefit) are as follows:

	CWP For the Years Ended December 31, 2018 2017		Workers' Compensation For the Years Ended December 31, 2018 2017	
Benefit Obligations	4.42 %	3.75 %	4.26 %	3.57 %
Net Periodic Cost (Benefit)	3.75 %	4.40 %	3.57 %	4.05 %

Assumed discount rates have a significant effect on the amounts reported for both CWP benefits and Workers' Compensation costs. A one-quarter percentage point change in assumed discount rate would have the following effect on benefit costs:

76

	0.25	0.25
	Percentage	Percentage
	Point	Point
	Increase	Decrease
CWP Costs (Decrease) Increase	\$ (82)	\$ 88
Workers' Compensation Costs Increase (Decrease)	\$ 38	\$ (40)

Cash Flows:

The Partnership does not intend to make contributions to the CWP or Workers' Compensation plans in 2019. We intend to pay benefit claims as they become due.

The following benefit payments, which reflect expected future claims as appropriate, are expected to be paid:

	CWP	Workers' Compensation		
	Benefits	Total Benefits	Actuarial Benefits	Other Benefits
2019	\$ 165	\$ 1,659	\$ 1,403	\$ 256
2020	139	2,404	2,142	262
2021	153	2,431	2,162	269
2022	172	2,460	2,185	275
2023	200	2,495	2,213	282
Year 2024-2028	1,606	13,103	11,582	1,521

NOTE 14—OTHER BENEFIT PLANS:

Pension:

The Partnership is contractually obligated to fund 25% of CPCC's portion of employees, which provide mining services to the Partnership, that participate in the CONSOL Energy Inc. Employee Retirement Plan (the "Plan"). In connection with the separation, the sponsorship of the CONSOL Energy Inc. Employee Retirement Plan (the "Pension Plan") was transferred to CONSOL Energy. The Pension Plan is a non-contributory defined benefit retirement plan covering substantially all full-time non-represented employees. Effective December 31, 2015, the Plan was frozen for all remaining participants in the Plan. The benefits for the Plan are based primarily on years of service and employees' pay. The costs of these benefits during the years ended December 31, 2018 and 2017 were \$258 and \$884, respectively. These costs are reflected in Operating and Other Costs in the Consolidated Statements of Operations.

Investment Plan:

The Partnership is contractually obligated to fund 25% of CPCC's portion of our former sponsor's investment plan through August 31, 2017 and 25% of CPCC's portion of the CPCC's investment plan (the "CPCC 401k plan") beginning September 1, 2017. Eligible employees of CPCC began participation in the CPCC 401k plan on September 1, 2017, which was the inception date of the CPCC 401k Plan. Both the 401k plan of our former sponsor and the CPCC 401k plans are available to most employees and include company matching of 6% of eligible compensation contributed by eligible employees of CPCC. Total payments and costs were \$4,795 and \$2,389 for the years ended December 31, 2018 and 2017, respectively. These costs are reflected in Operating and Other Costs in the Consolidated Statements of Operations.

The Plan also provides for discretionary contributions ranging from 1% to 6% of eligible compensation for eligible employees (as defined by the Plan). For the year ended December 31, 2018, \$2,330 was accrued as a discretionary contribution under this plan and was paid into employees accounts in the first quarter of 2019. There were no such discretionary contributions made for the year ended December 31, 2017. These costs are reflected in Operating and Other Costs in the Consolidated Statements of Operations and recorded in Accounts Payable on the Consolidated

Balance Sheet.

77

Long-Term Disability:

The Partnership is contractually obligated for its portion of a Long-Term Disability Plan available to all eligible full-time salaried employees of CPCC. The benefits for this plan are based on a percentage of monthly earnings, offset by all other income benefits available to the disabled.

	For the Years Ended December 31, 2018		December 31, 2017	
Benefit costs	\$119	\$	41	
Discount rate assumption used to determine net periodic benefit costs	3.22 %		3.43 %	

Long-Term Disability-related liabilities are included in Other Liabilities-Other and Other Accrued Liabilities on the Consolidated Balance Sheets and amounted to \$413 and \$494 at December 31, 2018 and 2017, respectively.

NOTE 15—SUPPLEMENTAL CASH FLOW INFORMATION:

As of December 31, 2018 and 2017, the Partnership purchased goods and services related to capital projects in the amount of \$467 and \$878, respectively, that are included in accounts payable.

During the year ended December 31, 2018, the Partnership terminated two operating leases on its longwall shields, and refinanced these as capital leases in the amount of \$11,495.

For the years ended December 31, 2018 and 2017, the Partnership paid interest expense, net of capitalized interest, of \$5,709 and \$7,864, respectively.

NOTE 16—CONCENTRATION OF CREDIT RISK:

The Partnership primarily markets thermal coal principally to electric utilities in the eastern United States. Substantially all revenues were generated from sales based in the United States for the years ended December 31, 2018 and 2017. We have contractual relationships with certain coal exporters who distribute coal to international markets. For the years ended December 31, 2018 and 2017, approximately 29% and 31% of our coal revenues were derived from these exporters, in which our coal was intended to be shipped to Asia, Europe, South America and Africa.

For the year ended December 31, 2018, we derived greater than 10% of our total coal sales revenue from three customers. For the year ended December 31, 2017, we derived greater than 10% of our total coal sales revenue from two customers.

NOTE 17—COMMITMENTS AND CONTINGENT LIABILITIES:

The Partnership is subject to various lawsuits and claims with respect to such matters as personal injury, wrongful death, damage to property, exposure to hazardous substances, governmental regulations (including environmental remediation), employment and contract disputes and other claims and actions arising out of the normal course of its business. We accrue the estimated loss for these lawsuits and claims when the loss is probable and can be estimated. Our current estimated accruals related to these pending claims, individually and in the aggregate, are immaterial to the financial position, results of operations or cash flows of the Partnership. It is possible that the aggregate loss in the future with respect to these lawsuits and claims could ultimately be material to the financial position, results of operations or cash flows of the Partnership; however, such amounts cannot be reasonably estimated.

At December 31, 2018, the Partnership was contractually obligated to CONSOL Energy for financial guarantees and letters of credit to certain third parties which were issued by CONSOL Energy on behalf of the Partnership. The maximum potential total of future payments that we could be required to make under these instruments is \$83,324. The instruments are comprised of \$301 of letters of credit expiring in the next three years, \$73,569 of environmental

surety bonds expiring within the next three years and \$9,454 of employee-related and other surety bonds expiring within the next three years. Employee-related financial guarantees have primarily been provided to support various state workers' compensation and federal black lung self-insurance programs. Environmental financial guarantees have primarily been provided to support various performance bonds related to reclamation and other environmental issues. Other guarantees have been extended to support

insurance policies, legal matters, full and timely payments of mining equipment leases, and various other items necessary in the normal course of business. These amounts have not been reduced for potential recoveries under recourse or collateralization provisions. Generally, recoveries under reclamation bonds would be limited to the extent of the work performed at the time of the default. No amounts related to these financial guarantees and letters of credit are recorded as liabilities on the financial statements. The Partnership's management believes that these guarantees will expire without being funded, and therefore the commitments will not have a material adverse effect on the financial condition of the Partnership.

NOTE 18—RECEIVABLES FINANCING AGREEMENT

On November 30, 2017, (i) CONSOL Marine Terminals LLC, formerly known as CNX Marine Terminals LLC, as an originator of receivables, (ii) CPCC, as an originator of receivables and as initial servicer of the receivables for itself and the other originators (collectively, the "Originators"), each a wholly owned subsidiary of CONSOL Energy, and (iii) CONSOL Funding LLC (the "SPV"), as buyer, entered into a Purchase and Sale Agreement (the "Purchase and Sale Agreement"). Concurrently, (i) CONSOL Thermal Holdings, as sub-originator, and (ii) CPCC, as buyer and as initial servicer of the receivables for itself and CONSOL Thermal Holdings, entered into a Sub-Originator Agreement (the "Sub-Originator PSA"). In addition, on that date, the SPV entered into a Receivables Financing Agreement (the "Receivables Financing Agreement") by and among (i) the SPV, as borrower, (ii) CPCC, as initial servicer, (iii) PNC, as administrative agent, LC Bank and lender, and (iv) the additional persons from time to time party thereto as lenders. Together, the Purchase and Sale Agreement, the Sub- Originator PSA and the Receivables Financing Agreement establish the primary terms and conditions of an accounts receivable securitization program (the "Securitization"). On August 30, 2018, the Securitization was amended, among other things, to extend the scheduled termination date to August 30, 2021.

Pursuant to the Securitization, (i) CONSOL Thermal Holdings will sell current and future trade receivables to CPCC and (ii) the Originators will sell and/or contribute current and future trade receivables (including receivables sold to CPCC by CONSOL Thermal Holdings) to the SPV and the SPV will, in turn, pledge its interests in the receivables to PNC, which will either make loans or issue letters of credit on behalf of the SPV. The maximum amount of advances and letters of credit outstanding under the Securitization may not exceed \$100,000. Loans under the Securitization will accrue interest at a reserve-adjusted LIBOR market index rate equal to the one-month Eurodollar rate. Loans and letters of credit under the Securitization also will accrue a program fee and participation fee, respectively, ranging from 2.00% to 2.50% per annum, depending on the total net leverage ratio of CONSOL Energy. In addition, the SPV paid certain structuring fees to PNC Capital Markets LLC and will pay other customary fees to the lenders, including a fee on unused commitments. The SPV's assets and credit are not available to satisfy the debts and obligations owed to the creditors of CONSOL Energy, CONSOL Thermal Holdings or any of the Originators. CONSOL Thermal Holdings, the Originators and CPCC as servicer are independently liable for their own customary representations, warranties, covenants and indemnities. In addition, CONSOL Energy has guaranteed the performance of the obligations of CONSOL Thermal Holdings, the Originators and CPCC as servicer, and will guarantee the obligations of any additional originators or successor servicer that may become party to the Securitization. However, neither CONSOL Energy nor its affiliates will guarantee collectability of receivables or the creditworthiness of obligors thereunder.

The Securitization contains various customary representations and warranties, covenants and default provisions which provide for the termination and acceleration of the commitments and loans under the Securitization in circumstances including, but not limited to, failure to make payments when due, breach of representation, warranty or covenant, certain insolvency events or failure to maintain the security interest in the trade receivables, and defaults under other material indebtedness.

As of December 31, 2018, the Partnership, through CONSOL Thermal Holdings, sold \$21,871 of trade receivables to CPCC. The Partnership has not derecognized the receivables due to its continued involvement in the collections efforts.

NOTE 19—RELATED PARTY:

CONSOL Energy

The Partnership, prior to the separation, entered into several agreements with our sponsor and its affiliates, including an omnibus agreement. On September 30, 2016, in connection with the First Drop Down, we and the other parties to the omnibus agreement entered into a First Amended and Restated Omnibus Agreement. On November 28, 2017, in connection with the separation, the general partner, the Partnership, our former sponsor, CONSOL Energy and certain of its subsidiaries entered into the First Amendment to the First Amended and Restated Omnibus Agreement to add CONSOL Energy as a party to the omnibus agreement, eliminate the right-of-first offer to the Partnership for the 75% of the Pennsylvania Mining Complex not owned by the Partnership, effect an assignment of all our former sponsor's rights and obligations to CONSOL Energy and remove our former sponsor as a party to the agreement and, except with respect to our former sponsor's obligations under

Article II of the omnibus agreement, eliminate all of our former sponsor's obligations under the omnibus agreement and make certain adjustments to the indemnification obligations of the parties.

Charges for services from CONSOL Energy include the following:

	For the Years Ended December 31,	
	2018	2017
Operating and Other Costs	\$2,918	\$3,503
Selling, General and Administrative Expenses	8,300	3,109
Total Services from CONSOL Energy	\$11,218	\$6,612

For the year ended December 31, 2018, \$7,709 of interest was incurred under the Affiliated Company Credit Agreement, of which \$6,667 is included in Interest Expense in the Consolidated Statements of Operations and \$1,042 was capitalized and included in Property, Plant and Equipment on the Consolidated Balance Sheets. For the year ended December 31, 2017, \$746 of interest was incurred under the Affiliated Company Credit Agreement and is included in Interest Expense in the Consolidated Statements of Operations. Interest is calculated based upon a fixed rate, determined quarterly, depending on the total net leverage ratio. For the years ended December 31, 2018 and 2017, the average interest rate was 3.97% and 4.25%, respectively. See Note 9 - Long-Term Debt for more information.

At December 31, 2018 and December 31, 2017, the Partnership had a net payable to CONSOL Energy in the amount of \$3,831 and \$3,071, respectively. This payable includes reimbursements for business expenses, executive fees, stock-based compensation and other items under the omnibus agreement.

In July 2018, CONSOL Energy's Board of Directors approved an expansion of its stock and debt repurchase program. The program expansion allows CONSOL Energy to use up to \$25 million of the program to purchase CONSOL Coal Resources LP's outstanding common units in the open market. The repurchase program does not obligate CONSOL Energy to repurchase any dollar amount or number of common units and CONSOL Energy's Board of Directors may modify, suspend or discontinue its authorization of the program at any time. During the year ended December 31, 2018, 167,958 common units were repurchased at an average price of \$18.33 per unit.

NOTE 20—LONG-TERM INCENTIVE PLAN:

Under the CONSOL Coal Resources LP 2015 Long-Term Incentive Plan (the "LTIP"), our general partner may issue long-term equity-based awards to directors, officers and employees of our general partner or its affiliates, or to any consultants, affiliates of our general partner or other individuals who perform services for us. These awards are intended to compensate the recipients thereof based on the performance of our common units and their continued service during the vesting period, as well as to align their long-term interests with those of our unitholders. We are responsible for the cost of awards granted under the LTIP and all determinations with respect to awards to be made under the LTIP will be made by the board of directors of our general partner or any committee thereof that may be established for such purpose or by any delegate of the board of directors or such committee, subject to applicable law, which we refer to as the plan administrator.

The LTIP limits the number of units that may be delivered pursuant to vested awards to 2,300,000 common units, subject to proportionate adjustment in the event of unit splits and similar events. Common units subject to awards that are canceled, forfeited, withheld to satisfy exercise prices or tax withholding obligations or otherwise terminated without delivery of the common units will be available for delivery pursuant to other awards. The Partnership recognizes forfeitures as they occur.

The general partner has granted equity-based phantom units that vest over a period of a recipient's continued service with the Partnership. The phantom units will be paid in common units or an amount of cash equal to the fair market value of a unit based on the vesting date. The awards may accelerate upon a change in control of the Partnership. Compensation expense is recognized on a straight-line basis over the requisite service period, which is generally the vesting term. The Partnership modified certain employees' phantom awards to eliminate the service requirement, resulting in \$40 and \$1,686 of incremental compensation cost for the years ended December 31, 2018 and 2017, respectively. The Partnership recognized \$1,842 and \$5,873 of compensation expense for the years ended December 31, 2018 and 2017, respectively, which is included in Selling, General and Administrative Expense in the Consolidated Statements of Operations. As of December 31, 2018, there is \$1,305 of unearned compensation that will vest over a weighted average period of 1.03 years. The total fair value of phantom units vested during the years ended December 31, 2018 and 2017 was \$2,508 and \$4,098, respectively. The following represents the

nonvested phantom units and their corresponding weighted average grant date fair value:

	Number of Units	Weighted Average Grant Date Fair Value per Unit
Nonvested at December 31, 2017	401,409	\$ 14.87
Granted	18,807	\$ 15.95
Vested	(179,281)	\$ 13.99
Forfeited	(17,259)	\$ 14.81
Nonvested at December 31, 2018	223,676	\$ 15.67

NOTE 21—FINANCIAL INFORMATION FOR SUBSIDIARY GUARANTORS AND FINANCE SUBSIDIARY OF POSSIBLE FUTURE PUBLIC DEBT:

The Partnership filed a Registration Statement on Form S-3 (333-215962) with the SEC on March 10, 2017, which was declared effective by the SEC on March 14, 2017, to register the offer and sale of various securities including debt securities. The registration statement registers guarantees of debt securities by CONSOL Operating and CONSOL Thermal Holdings (“Subsidiary Guarantors”). The Subsidiary Guarantors are 100% owned by the Partnership and any guarantees by the Subsidiary Guarantors will be full and unconditional and joint and several. In addition, the registration statement also includes CONSOL Coal Finance, which was formed for the sole purpose of co-issuing future debt securities with the Partnership. CONSOL Coal Finance is wholly owned by the Partnership, has no assets or any liabilities and its activities will be limited to co-issuing debt securities and engaging in other activities incidental thereto. The Partnership does not have any other subsidiaries other than the Subsidiary Guarantors and CONSOL Coal Finance. In addition, the Partnership has no assets or operations independent of the Subsidiary Guarantors, and there are no significant restrictions upon the ability of the Subsidiary Guarantors to distribute funds to the Partnership by dividend or loan other than under the Affiliated Company Credit Agreement described in these notes. In the event that more than one of the Subsidiary Guarantors guarantee public debt securities of the Partnership in the future, those guarantees will be full and unconditional and will constitute the joint and several obligations of the Subsidiary Guarantors. None of the assets of the Partnership, the Subsidiary Guarantors or CONSOL Coal Finance represent restricted net assets pursuant to Rule 4-08(e)(3) of Regulation S-X under the Securities Act of 1933, as amended.

NOTE 22—SUBSEQUENT EVENTS:

On January 24, 2019, the Board of Directors of our general partner declared a cash distribution of \$0.5125 per unit for the quarter ended December 31, 2018 to the limited partner unitholders and the holder of the general partner interest. The cash distribution will be paid on February 15, 2019 to the unitholders of record at the close of business on February 7, 2019.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURES

None.

ITEM 9A. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Under the supervision and with the participation of the management of the Partnership’s general partner, including the Chief Executive Officer and Chief Financial Officer of the general partner, an evaluation of the effectiveness of our disclosure controls and procedures pursuant to Rules 13a-15(e) under the Securities Exchange Act of 1934, as

amended (the “Exchange Act”), was conducted as of the end of the period covered by this report. Based upon this evaluation, the Chief Executive Officer and Chief Financial Officer of the Partnership’s general partner have concluded that the Partnership’s disclosure controls and procedures were effective as of the end of the period covered by this report.

Management’s Report on Internal Control over Financial Reporting

The management of the Partnership’s general partner is responsible for establishing and maintaining adequate internal control over financial reporting, which is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. The Partnership’s internal control over financial reporting includes policies and procedures that (1)

pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect transactions and dispositions of assets; (2) provide reasonable assurances that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures are being made only in accordance with authorizations of management and the directors of the Partnership; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Partnership's assets that could have a material effect on our financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Accordingly, even effective controls can provide only reasonable assurance with respect to financial statement preparation and presentation. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management assessed the effectiveness of the Partnership's internal control over financial reporting as of December 31, 2018. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) ("COSO") in Internal Control-Integrated Framework. Based on our assessment and those criteria, management has concluded that the Partnership maintained effective internal control over financial reporting as of December 31, 2018.

This annual report on Form 10-K for the fiscal year ended December 31, 2018 does not include an attestation report of the Partnership's independent accounting firm due to a transition period established by rules of the Securities and Exchange Commission for emerging growth companies.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting that occurred during the fourth quarter of the fiscal year covered by this Annual Report on Form 10-K that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

ITEM 9B. OTHER INFORMATION

None.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE OF GENERAL PARTNER

We are managed and operated by the directors and executive officers of our general partner, CONSOL Coal Resources GP LLC. Our general partner is not elected by our unitholders and will not be subject to re-election by our unitholders in the future. CONSOL Energy owns all of the membership interests in our general partner and has the right to appoint the entire board of directors of our general partner, including our independent directors. Our unitholders are not entitled to nominate candidates for, or elect the directors of our general partner's board of directors or to directly or indirectly participate in our management or operations. Our general partner will be liable, as general partner, for all of our debts (to the extent not paid from our assets), except for indebtedness or other obligations that are made specifically nonrecourse to it. Whenever possible, we intend to incur indebtedness that is nonrecourse to our general partner.

Our general partner has seven directors of which three, Messrs. Greenwood, Sandman and Wallace, have been determined by our board to be independent as defined under the independence standards established by the New York Stock Exchange ("NYSE") and the Exchange Act. NYSE does not require a publicly traded limited partnership like us to have a majority of independent directors on the board of directors of its general partner.

The following table presents information for the board of directors and executive officers of CONSOL Coal Resources GP LLC as of December 31, 2018. In evaluating director candidates, CONSOL Energy will assess whether a candidate possesses the integrity, judgment, knowledge, experience, skill and expertise that are likely to enhance the ability of our board of directors to manage and direct our affairs and business, including, when applicable, to enhance the ability of committees of the board of directors of our general partner to fulfill their duties. Directors hold office until their successors have been appointed or qualified or until their earlier death, resignation, removal or disqualification. Executive officers are appointed by, and serve at the discretion of, the board of directors.

Name	Age	Position with Our General Partner
James A. Brock	62	Chairman of the Board and Chief Executive Officer
David M. Khani	55	Director and Chief Financial Officer
John Rothka	41	Chief Accounting Officer
Martha A. Wiegand	48	General Counsel and Secretary
Michael L. Greenwood	63	Director and Member of the Audit* and Conflicts Committee
Deborah J. Lackovic	46	Director
Kurt R. Salvatori	49	Director
Dan D. Sandman	70	Director and Member of Audit and Conflicts Committee
Jeffrey L. Wallace	62	Director and Member of Audit and Conflicts* Committees

*Indicates Chair of Committee

James A. Brock was appointed Chief Executive Officer and a director of our general partner effective March 16, 2015. Mr. Brock also serves as President and Chief Operating Officer of CONSOL Energy. He has held the Chief Executive Officer position at CONSOL Energy since July 11, 2017 and he assumed the responsibility of President of CONSOL Energy on December 2, 2017. From December 10, 2010 to November 28, 2017, Mr. Brock served as the Chief Operating Officer - Coal of CNX. Prior to this appointment, he served as Senior Vice President-Northern Appalachia-West Virginia Operations of CNX from 2007 to 2010. From 2006 to 2007, Mr. Brock served as Vice President-Operations. Mr. Brock began his career with CNX in 1979 at the Matthews Mine and since then has served at various locations in many positions including Section Foreman, Mine Longwall Coordinator, General Mine Foreman and Superintendent. Since 2018, Mr. Brock has served on the board of directors of each of the National Coal Council and the American Coalition for Clean Coal Electricity. We believe Mr. Brock's extensive knowledge of our industry and our operations gained during his decades of service with CNX and later CONSOL Energy in positions of increasing responsibility in its coal operations provide the board of directors of our general partner with valuable

experience and critical insight into our business and operations.

David M. Khani was appointed a director of our general partner effective March 16, 2015 and was appointed Chief Financial Officer of the general partner effective August 2, 2017. Since July 11, 2017, Mr. Khani has served as Executive Vice President and Chief Financial Officer of CONSOL Energy. Prior to that, Mr. Khani joined CNX on September 1, 2011 as its Vice President-Finance, and was promoted to Executive Vice President and Chief Financial Officer effective March 1, 2013, a

position he held until August 2, 2017. Prior to joining CNX, Mr. Khani was with FBR Capital Markets & Co. (“FBR”), an investment banking and advisory firm and held the following positions: Director of Research from February 2007 through October 2010, and then Co-Director of Research from November 2010 through August 2011. Prior to that time he served as the Managing Director and Co-Head of FBR’s Energy and Natural Resources Group. From May 30, 2014 until January 2018, Mr. Khani served as a director and the Chief Financial Officer of the general partner of CONE Midstream Partners LP. We believe Mr. Khani’s energy industry and financial experience provides the board of directors of our general partner with valuable experience in our financial and investor relations matters.

John Rothka was appointed Chief Accounting Officer of our general partner effective August 2, 2017. Prior to that, Mr. Rothka served as the Controller of our general partner from July 2015. Mr. Rothka was part of CNX’s Accounting Department from September 2005 to July 2015, where he served in positions of increasing responsibility, and was promoted to Senior Manager in February 2012, which position he held until July 2015. Prior to joining CNX, Mr. Rothka began his professional career at the accounting firm of Aronson LLC from September 1999 to November 2002 before joining Deloitte from November 2002 to September 2005, where he held several positions of increasing responsibilities in the audit and assurance groups.

Martha A. Wiegand was appointed General Counsel and Secretary of our general partner effective March 16, 2015. Ms. Wiegand also serves as General Counsel and Secretary of CONSOL Energy, a position that she has held since July 11, 2017 and where she is responsible for a variety of legal matters, including coal marketing and transportation, labor and employment, financing arrangements and certain corporate transactions. Prior to the separation, Ms. Wiegand was also Associate General Counsel of our former sponsor, having joined its Legal Department in December 2008 as Senior Counsel and having been promoted to Associate General Counsel effective in 2012. Prior thereto, Ms. Wiegand worked for approximately 10 years for several large Pittsburgh-based law firms, where she handled financing and corporate transactions for clients in the banking and energy industries, among others. She is licensed to practice law in Pennsylvania and New Jersey and a member of the American Bar Association, the Pennsylvania Bar Association and the Energy & Mineral Law Foundation.

Michael L. Greenwood became a member of the board of directors of our general partner on July 1, 2015. Mr. Greenwood is Managing Director of Carnegie Capital LLC (2004 - present), a private financial advisory firm providing corporate and private equity clients investment banking assistance with acquisitions, divestitures and debt and equity capital fundings. From 2002 to 2004, Mr. Greenwood was Vice President-Finance and Treasurer of Energy Transfer Partners, L.P., a diversified energy company, and Chief Financial Officer and Treasurer of its predecessor, Heritage Propane Partners, L.P. From 1994 to 2002, he was Chief Financial Officer and Treasurer of Alliance Resource Partners, L.P., a producer and marketer of coal to major utilities. Prior to his career at Alliance Resource Partners, Mr. Greenwood held a number of financial positions in the energy industry with Mapco Inc., Penn Central Corporation and The Williams Companies. Additionally, Mr. Greenwood previously served on the boards of Hiland Partners, LP, Libra Natural Resources plc, Global Power Equipment Group Inc., Hiland Holdings GP and International Resource Partners GP. He also serves as a trustee of the Oklahoma State University Foundation and as a director of the OSU Research Foundation. Mr. Greenwood’s previous experience with public master limited partnerships and the coal industry, as well as his expertise in financial matters, provide him with the necessary skills to be a member of the board of directors of our general partner.

Deborah J. Lackovic became a member of the board of directors of our general partner on November 28, 2017. Ms. Lackovic currently serves as the Director of Benefits of CONSOL Energy. From January 2005 to November 28, 2017, Ms. Lackovic served in various supervisory roles of increasing responsibility within human resources at CNX (most recently as the General Manager of Compensation and Benefits, a position she held from December 2012 until being promoted to Director of Benefits in September 2017). She joined CNX’s Accounting Department in May 1996, where she served in positions of increasing responsibility and was promoted to Manager Financial Reporting in June 2002, a position she served in until December 2004. Prior to joining CNX, Ms. Lackovic worked at Deloitte from September 1994 to April 1996. We believe Ms. Lackovic’s extensive knowledge of our industry and her depth of experience managing human resources and benefit and retirement plans in the coal industry gained during her years of service with CNX and later CONSOL Energy provide the board of directors of our general partner with valuable experience.

Kurt R. Salvatori became a member of the board of directors of our general partner on November 28, 2017. Mr. Salvatori currently serves as the Chief Administrative Officer of CONSOL Energy, a position he has held since July 11, 2017. Mr. Salvatori has served as Vice President of Administration of CONSOL Pennsylvania Coal Company since January 1, 2017. Previously, Mr. Salvatori served as Vice President of Shared Services for CNX from 2016 to January 2017, and prior to that as Vice President of Human Resources from September 2011 to June 2016. Mr. Salvatori joined CNX in April 1992 and held numerous positions at CNX and CNX Gas Corporation, including Director of Human Resources from April 2006 to September 2011, Manager of Human Resources from January 2005 to April 2006, and Supervisor of Retirement and Investment Plans from April 2002 to January 2005. We believe Mr. Salvatori brings extensive knowledge of our industry to the board of the

general partner and his broad knowledge of various executive compensation, human resources, labor and employment and other administrative oversight issues specific to the coal industry gained during his years of service with CNX and later CONSOL Energy provide the board of directors of our general partner with a valuable perspective and experience.

Dan D. Sandman became a member of the board of directors of our general partner on February 8, 2017. Mr. Sandman is an adjunct professor at The Ohio State University Moritz College of Law, where he has taught corporate governance law since 2007. Mr. Sandman also serves on the board of directors as lead independent director and audit committee of MPLX GP LLC, the general partner of MPLX LP, a publicly traded master limited partnership engaged in the gathering, processing and transportation of natural gas, liquids, oil and refined petroleum products. He has also served on the board of directors of Roppe Corporation, a privately held company, since 1987. Additionally, Mr. Sandman serves on the boards of directors of the Carnegie Science Center, the Carnegie Hero Commission and Grove City College. From 2002 to 2007, Mr. Sandman served as vice chairman of the board of directors and chief legal & administrative officer of United States Steel, until his retirement. Prior to his career with United States Steel, Mr. Sandman held a number of legal positions, including general counsel, with Marathon Oil Company, and subsequently served as general counsel and secretary of USX Corporation, a holding company that owned Marathon Oil and United States Steel. Mr. Sandman graduated with a bachelor's degree from The Ohio State University and a juris doctor degree from The Ohio State University College of Law. Mr. Sandman's extensive strategic, corporate governance and legal experience working with publicly traded companies including energy companies and master limited partnerships, as well as his skills, knowledge and experience in the areas of transactional law, regulatory compliance, ethics and risk management matters, provide the board of directors with valuable experience.

Jeffrey L. Wallace became a member of the board of directors of our general partner on July 1, 2015. Mr. Wallace was the Vice President of Fuel Services (2006 to 2015) of Southern Company Generation, the generation subsidiary of The Southern Company, an electric utility serving 4.2 million customers in the southeast United States, with more than 40,000 megawatts of generating capacity. In that role, Mr. Wallace was responsible for managing the \$7 billion annual fuel planning, procurement and delivery program for 85 power plants. Prior to that position, he was Vice President of Planning and Utility Relations at Georgia Power, a Southern Company subsidiary. He joined the company in 1978, working in accounting and budgeting, resource management and customer service, among other areas, since that time. Mr. Wallace is a graduate of the University of Georgia with degree in accounting and he earned his MBA in finance from Georgia State University. He also has an Executive MBA from Harvard Business School. Mr. Wallace has served on the boards of directors of the Boy Scouts of America (Atlanta Area Council), the South Fulton Chamber of Commerce, the American Coal Council, the National Coal Council and the Rail Energy Transportation Advisory Committee to the Surface Transportation Board. Mr. Wallace's experience with electric utilities and the coal industry, as well as his expertise in financial matters, provide him with the necessary skills to be a member of the board of directors of our general partner.

Board Leadership Structure

The board of directors of our general partner has no policy with respect to the separation of the offices of chairman of the board of directors and chief executive officer. Instead, that relationship is defined and governed by the amended and restated limited liability company agreement of our general partner, which permits the same person to hold both offices. Directors of the board of directors of our general partner are designated or appointed by CONSOL Energy. Currently, the CEO of the general partner is the chairman of the board of directors of the general partner.

Board Role in Risk Oversight

Our corporate governance guidelines provide that the board of directors of our general partner is responsible for reviewing the process for assessing the major risks facing us and the options for their mitigation. This responsibility will be largely satisfied by the audit committee, which is responsible for reviewing and discussing with management and our independent registered public accounting firm our major risk exposures and the policies management has implemented to monitor such exposures, including our financial risk exposures and risk management policies.

Meetings of Non-Management Directors and Communications with Directors

At least annually, all of the independent directors of our general partner meet in executive session without management participation or participation by non-independent directors. Mr. Greenwood, as the Chairman of the audit committee, serves as the presiding director for such executive sessions. The presiding director may be contacted by mail or courier service:

Presiding Director of the Board of Directors,
C/O Martha A. Wiegand, General Counsel and Secretary,
CONSOL Coal Resources LP
1000 CONSOL Energy Drive, Suite 100
Canonsburg, PA 15317

Committees of the Board of Directors

The board of directors of our general partner has one standing committee: an audit committee. The conflicts committee is convened on an as needed basis. NYSE does not require a publicly traded limited partnership like us to establish a compensation or a nominating and corporate governance committee.

Audit Committee

Our general partner is required by NYSE to have an audit committee of at least three members and all of the audit committee members must meet the independence and experience requirements established by NYSE and the Exchange Act.

The audit committee consists of Messrs. Greenwood (Chairman), Sandman and Wallace. Each member of the audit committee satisfies the independence requirements established by NYSE and the Exchange Act and is financially literate. In addition, the board of directors of our general partner has determined that each member of the audit committee qualifies as an “audit committee financial expert” as such term is defined under the SEC’s regulations. This designation is a disclosure requirement of the SEC related to each audit committee member's experience and understanding with respect to certain accounting and auditing matters. The designation does not impose upon the audit committee members any duties, obligations or liabilities that are greater than those generally imposed on them as members of the audit committee and the board of directors of our general partner. As audit committee financial experts, each member of the audit committee also has the accounting or related financial management expertise required by NYSE rules.

The audit committee of the board of directors of our general partner assists the board of directors in its oversight of the integrity of our financial statements and our compliance with legal and regulatory requirements and partnership policies and controls. The audit committee has the sole authority to (i) retain and terminate our independent registered public accounting firm, (ii) approve all auditing services and related fees and the terms thereof performed by our independent registered public accounting firm and (iii) pre-approve any non-audit services and tax services to be rendered by our independent registered public accounting firm. The audit committee is also responsible for confirming the independence and objectivity of our independent registered public accounting firm. Our independent registered public accounting firm is given unrestricted access to the audit committee and our management, as necessary.

Conflicts Committee

From time to time, on an as-needed basis, the board of directors of our general partner convenes a conflicts committee under our Partnership Agreement, to review specific matters that may involve conflicts of interest in accordance with

the terms of our Partnership Agreement. The board of directors of our general partner will determine whether to refer a matter to the conflicts committee on a case-by-case basis. The members of the conflicts committee, Messrs. Wallace (Chairman), Sandman and Greenwood, are not officers or employees of our general partner or directors, officers or employees of its affiliates (including CONSOL Energy), and meet the independence and experience standards established by the NYSE and the Exchange Act to serve on an audit committee of a board of directors. Our Partnership Agreement provides that the members of our conflicts committee may not own any interest in our general partner or any interest in us or our subsidiaries other than common units or awards under our long-term incentive plan. If our general partner seeks approval from the conflicts committee, then it will be presumed that, in making its decision, the conflicts committee acted in good faith, and in any proceeding brought by or on behalf of any limited partner or the Partnership challenging such determination, the person bringing or prosecuting such proceeding will have the burden of overcoming such presumption.

Code of Conduct and Code of Ethics

Our general partner has adopted a code of business conduct and ethics applicable to all of its directors, officers, employees and other personnel and to our subsidiaries, as well as to suppliers, vendors, agents, contractors and consultants. The code of business conduct and ethics, along with our corporate governance guidelines and audit committee charter, are posted on our website, www.ccrp.com. You may also obtain a copy by contacting Martha A. Wiegand, General Counsel and Secretary, CONSOL Coal Resources LP, 1000 CONSOL Energy Drive, Suite 100, Canonsburg PA 15317. We intend to satisfy our disclosure requirement regarding certain amendments to, or waivers from, provisions of its code of business conduct and ethics by posting such information on our website.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1934 requires directors, executive officers and persons who beneficially own more than ten percent of a registered class of our equity securities (collectively, “Insiders”) to file with the SEC initial reports of ownership and reports of changes in ownership of such equity securities. Insiders are also required to furnish us with copies of all Section 16(a) forms that they file. Based solely upon a review of the copies of forms furnished to us, or written representations from certain reporting persons that no Forms 5 were required, we believe that the Insiders complied with all filing requirements under Rule 16(a) with respect to transactions in our equity securities during 2018, except for: (i) a late filing on Form 4 for one transaction related to vesting of an equity award for each of Messrs. Wallace, Greenwood and Sandman, which was one day late due to administrative error and (ii) a late filing on Form 4 by CONSOL Energy related to the purchase of CCR common units, which was one day late due to administrative error.

ITEM 11. EXECUTIVE COMPENSATION

Compensation of Our Officers and Directors

We are currently considered an emerging growth company and a smaller reporting company for purposes of the SEC’s executive compensation disclosure rules. In accordance with these rules, we are permitted to provide reduced disclosure about executive compensation arrangements.

The Compensation Discussion and Analysis and Executive Compensation sections of CONSOL Energy’s Proxy 2019 Statement will include a full discussion of the compensation policies and programs in which our named executive officers participated in 2018. CONSOL Energy’s Proxy Statement will be available upon its filing on the SEC’s website at <http://www.sec.gov> and on CONSOL Energy’s website at <http://www.consolenergy.com>.

Executive Compensation, Relationship to Our Sponsor

During 2018, the executive officers of our general partner were employed and compensated entirely by our sponsor or its affiliates (other than our general partner).

As discussed further below, such compensation included base salaries, annual incentive awards and equity grants from our sponsor. The executive officers of our general partner also participate in employee benefit plans and arrangements maintained by our sponsor and its affiliates, including plans that may be established in the future.

Reimbursement to our Sponsor for Compensation Paid

We are a party to an omnibus agreement with our sponsor under which we agreed to reimburse our sponsor on a monthly basis for compensation related expenses (including salary, bonus, incentive compensation and other amounts) attributable to the portion of an executive’s compensation that is allocable to our general partner. Prior to the separation and distribution of our sponsor the executive officers of our general partner devoted approximately 100% of their overall professional working time to the business and affairs of the Pennsylvania Mining Complex (on a 100% basis). Since the separation our general partner and our sponsor have had the same executive officers. Their time is split between our general partner’s and our sponsor’s business and affairs, including the business and affairs of the Pennsylvania Mining Complex. As a result of our 25% undivided interest in the Pennsylvania Mining Complex, we

reimburse our sponsor for approximately 25% of the total compensation related expenses (including salary, bonus, incentive compensation and other amounts) incurred by our sponsor and attributable to our executive officers' compensation. The total reimbursable compensation related expenses attributable to each of Mr. Brock, Mr. Khani, and Ms. Wiegand for the year ended December 31, 2018 was approximately \$295,301, \$285,870 and \$109,219,

respectively, and the total reimbursable compensation related expenses attributable to each of Mr. Brock, Mr. Khani, and Ms. Wiegand for the year ended December 31, 2017 was approximately \$238,214, \$73,750 and \$80,858, respectively.

Summary Compensation Table

The following summarizes the total compensation earned by the named executive officers of our general partner during 2018 and other years indicated, including all compensation related expenses disclosed above, which were paid entirely by our sponsor (or an affiliate of our sponsor):

Name and Principal Position	Year	Salary ⁽¹⁾	Bonus ⁽²⁾	Stock Awards ⁽³⁾	Option Awards	Non-Equity Incentive Compensation	Change in Pension Value and Nonqualified Deferred Compensation Earnings ⁽⁵⁾	All Other Compensation ⁽⁶⁾	SEC Total
James A. Brock*	2018	\$ 641,163	—	\$ 2,438,915	—	\$ 1,430,000	—	\$ 46,000	\$4,556,078
President and Chief Executive Officer	2017	\$ 419,855	—	\$ 2,138,000	—	\$ 540,042	\$ 417,165	\$ 891,572	\$4,406,634
David M. Khani*	2018	\$ 530,566	—	\$ 2,770,188	—	\$ 739,058	\$ 52,599	\$ 52,814	\$4,145,245
Chief Financial Officer	2017	\$ 530,068	\$ 150,000	\$ 3,197,592	—	\$ 612,955	\$ 99,402	\$ 29,200	\$4,619,277
Martha A. Wiegand	2018	\$ 297,500	—	\$ 133,980	—	\$ 300,000	\$ 18,866	\$ 47,788	\$798,134
General Counsel and Secretary	2017	\$ 234,331	\$ 200,000	\$ 300,000	—	\$ 139,359	\$ 21,814	\$ 104,309	\$99,736

* Messrs. Brock and Khani also serve as members of the board of directors of our general partner. They do not receive any additional compensation for this service.

The amounts in this column represent base salaries before compensation reduction under any CONSOL Energy or (1) affiliated company qualified retirement and/or 401(k) savings plan in effect during 2018 and 2017.

(2) No discretionary cash awards were paid to any of our named executive officers during 2018.

The values set forth in this column represent the aggregate grant date fair value of the service-based and performance-based restricted stock unit awards made by CONSOL Energy to each of our named executive officers during 2018. All amounts included have been computed in accordance with FASB ASC Topic 718. The assumptions used in determining the grant date fair value of the stock awards are set forth in Note 20 to our consolidated financial statements, included in this Annual Report on Form 10-K for the fiscal year ended December 31, 2018, and Note 20 to the financial statements of CONSOL Energy included in its Annual Report on (3) Form 10-K for the fiscal year ended December 31, 2018. For grants of restricted stock units, the fair value per share is equal to the closing price of CONSOL Energy's common stock on the NYSE (under the ticker "CEIX") on the date of grant for awards made by CONSOL Energy. With respect to the performance-based restricted stock units ("PSUs"), the value is reported assuming the target level of performance is achieved. The value of the 2018 PSU awards to each named executive officer assuming the maximum level of performance is achieved would be \$4,877,829 (Brock), \$5,540,376 (Khani) and \$267,960 (Wiegand).

(4) The 2018 amounts shown in this column represent cash payments made to the named executive officers under the CONSOL Energy 2018 Short Term Incentive (STIC).

(5) Amounts in this column reflect the actuarial increase in the present value of each named executive officer's benefit under the CONSOL Energy Employee Retirement Plan, the CONSOL Energy Retirement Restoration Plan, the CONSOL Energy Supplemental Retirement Plan and the CONSOL Energy New Restoration Plan between December 31, 2017 and December 31, 2018. These amounts were determined using the interest rate and mortality assumptions set forth in our consolidated financial statements, included in our Annual Report on Form 10-K for the

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fiscal year ended December 31, 2018. Zero is shown for Mr. Brock for 2018 because the actual change in pension value was a decrease in the amount of \$57,808.

(6) The amounts shown in this column for 2018 are derived as follows:

Category	Brock	Khani	Wiegand
401(k) Plan Contributions (a)	\$16,500	\$16,500	\$16,500
Vehicle Allowance (b)	\$13,000	\$13,000	\$13,000
Executive Health Physical (c)	\$0	\$1,656	\$1,788
Business and Country Club Dues (d)	\$0	\$5,158	\$0
Discretionary Contribution to 401(k) (e)	\$16,500	\$16,500	\$16,500

(a) Annual employer matching contributions to the 401(k) plan

(b) Vehicle allowance/Company vehicle

(c) Executive health physical

(d) Business and Country Club Dues

(e) Discretionary Contribution made by CONSOL under its 401(k) plan

Narrative Disclosure to Summary Compensation Table and Additional Narrative Disclosure

General

As noted above, during 2018, the named executive officers of our general partner are employed and compensated by our sponsor or its affiliates (other than our general partner). Because the executive officers of our general partner are employed by our sponsor or its affiliates, compensation of the executive officers is set and paid by our sponsor and its affiliates. The executive officers of our general partner also participate in employee benefit plans and arrangements sponsored by our sponsor and its affiliates, including plans that may be established in the future.

Our sponsor provides compensation to the executive officers in the form of base salaries, annual cash incentive awards, long-term equity incentive awards and participation in various employee benefits plans and arrangements, including broad-based and supplemental defined contribution and defined benefit retirement plans.

Elements of Compensation

The following sets forth a more detailed explanation of the elements of the compensation programs as they relate to Mr. Brock, Mr. Khani, and Ms. Wiegand in 2018 and 2017:

Base Salary. Base salary is set by our sponsor and is designed to provide a competitive fixed rate of pay recognizing employees' different levels of responsibility and performance. In setting an executive's base salary, our sponsor considers factors including, but not limited to, the need to attract and retain talented leadership, external market data, the internal worth and value assigned to the executive's role and responsibilities at our sponsor, and the named executive's skills and performance.

Annual Cash Incentives. Our sponsor's annual cash incentive program (STIC) provides participants with an opportunity to earn performance based annual cash bonus awards. Target annual bonus levels are established at the beginning of each year and are based on a percentage of the executive's base salary as described in the chart below. In 2018, our sponsor designed a short-term incentive arrangement (the "2018 "STIC") under which an annual cash incentive award would be earned subject to the sponsor's successful achievement of performance goals related to Operating Margin and Free Cash Flow, equally weighted, but subject to modification influenced by each executive officer's contribution towards achieving environmental and safety initiatives. 2018 STIC awards include a threshold, target and maximum performance levels. If actual performance against the threshold level of performance is not achieved, then no cash payment will be made. The maximum performance possible (for outstanding performance) is 200%.

Long-Term Equity-Based Compensation Award. Our sponsor's long-term equity-based compensation program (LTIC) for 2018 included equity awards for each of our executive officers to be delivered in the form of 60% performance-based restricted stock units (PSUs) and 40% service-based restricted stock units (RSUs). The PSUs vest ratably over a period of three years, but only to the extent that pre-established performance metrics related to relative total stockholder return and cash flow are achieved. The PSUs include threshold, target and maximum performance levels. If actual performance against the threshold level of performance is not achieved, then no payout will be made. The maximum performance possible (for outstanding performance) is 200% of target performance. The RSUs vest ratably over a period of three years. Target long-term levels for the 2018 long-term equity awards are established at the beginning of each year and are based on a percentage of the executive's base salary as described in the chart below. For 2018, our executive officers had the following targets for the STIC and LTIC:

Name of Executive	Base Salary	Target 2018 STIC	Target 2018 LTIC
Mr. Brock	\$650,000	110%	350%
Mr. Khani	\$530,566	70%	487%
Ms. Wiegand	\$300,000	50%	42%

Payout of Prior Long-Term Equity Awards

2016-2020 PSU Grants and Payout. In January 2016, Messrs. Brock and Khani were granted PSUs by our former sponsor (which were converted into CONSOL Energy awards under the employee matters agreement executed as part

of the separation) that vest, if earned, ratably over a five-year period (January 1, 2016 through December 31, 2020) based on Absolute Stock Price and Relative TSR compared to the S&P 500.

Named Executive Officer	2018 PSU Tranche (at target)	Target Payout (%)	Payout Amounts (# of shares)
James A. Brock, President and Chief Executive Officer	9,960	200 %	19,920
David Khani, Chief Financial Officer	19,920	200 %	39,840

2017-2021 PSU Grant Payout. In January 2017, Mr. Khani was granted PSUs by our former sponsor (which were converted into CONSOL Energy awards under the EMA as a result of the separation) that vest, if earned, ratably over a five-year period (January 1, 2017 through December 31, 2021) based on Absolute Stock Price and Relative TSR compared to the S&P 500. This PSU award provides for a catch-up payout at target for missed years if the Absolute Stock Price portion is achieved at target performance or greater at the end of a future period.

Named Executive Officer	2018 PSU Tranche (at target) and 2017 PSU Tranche 50% lookback at target)	Target Payout (%)	Payout Amounts (# of shares)
David Khani, Chief Financial Officer	12,063	134 %	16,164
	6,031	100 %	6,031

2018 - 2020 PSU Grants and Payout. In February 2018, Messrs. Brock and Khani were granted PSUs by CONSOL Energy that vest, if earned, ratably over a three-year period (January 1, 2018 through December 31, 2020) based on Free Cash Flow and Relative TSR compared to the Metals and Mining Index.

Named Executive Officer	2018 PSU Tranche (at target)	Target Payout (%)	Payout Amounts (# of shares)
James A. Brock, President and Chief Executive Officer	14,361	200 %	28,722
David Khani, Chief Financial Officer	16,312	200 %	32,624
Martha Wiegand, General Counsel	788	200 %	1,576

CONSOL Energy Outstanding Equity Awards at December 31, 2018

Our executive officers received and continue to receive equity or equity-based awards under our sponsor's equity compensation program. Our named executive officers did not receive any grants of awards under the CNX Coal Resources LP 2015 Long-Term Incentive Plan in 2018. The following table provides additional information about our executive officers' outstanding equity awards in CONSOL Energy as of December 31, 2018.

Name	Option Awards			Stock Awards			
	Number of Securities Underlying Unexercised Options (#) Exercisable	Option Exercise Price (\$)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested (\$)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not

				Vested (\$) (8)
James A. Brock, Chief Executive Officer	45,491 28,722 19,920	(9) (5) (7)	\$1,442,520 \$910,775 \$631,633	68,566 (10) \$2,174,228
David Khani, Chief Financial Officer	69,996 14,296 39,840 18,094 32,624	(1) (2) (7) (6) (5)	\$2,219,573 \$453,326 \$1,263,326 \$573,761 \$1,034,507	160,555 (4) \$5,091,199
Martha A. Wiegand, General Counsel & Secretary	6,049 1,576	(9) (5)	\$191,814 \$49,975	1,579 (11) \$50,071

- (1) RSUs granted on January 31, 2017, December 12, 2017 and February 6, 2018 and vest in three equal installments (subject to rounding) beginning on the first anniversary of the grant date.
- (2) RSU's granted on January 31, 2014, which, subject to continued employment, vest in one lump sum on the fifth anniversary of the grant date.
- (3) The market value for the RSUs was determined by multiplying the closing market price for CONSOL Energy common stock on December 31, 2018 (\$31.71) by the number of shares underlying the RSU awards.
This column shows the number of unvested PSUs as of December 31, 2018. The performance period for the PSUs granted in 2016 is January 2016 through December 2020, vesting one-fifth per year, for the PSUs granted in 2017 is January 2017 through December 2021, vesting one-fifth per year and for the PSUs granted in 2018 is January 2018 through December 2021, vesting one-third per year. The amounts presented for the 2017 and 2018 PSU awards are based on achieving the target level and for the 2016 at maximum level. The 2016 and 2017 PSU provide for a catch up payout at target for missed years if the Absolute Stock Price portion of the award is achieved at target performance or greater at the end of a future period.
- (4) The performance period for the 2018 tranche of the 2018 PSU awards was January 1, 2018 through December 31, 2018. The amounts are based on actual results for the period.
The performance period for the 2018 tranche of the 2017 PSU awards was January 1, 2018 through December 31, 2018, plus the look-back for the 2017 tranche based on year end results. The amounts are based on actual results for the period.
- (5) The performance period for the 2018 tranche of the 2016 PSU awards was January 1, 2018 through December 31, 2018. The amounts are based on actual results for the period.
- (6) The market value for the PSUs was determined by multiplying the closing market price for CONSOL Energy common stock on December 31, 2018 (\$31.71) by the number of shares underlying the RSU awards.
- (7) RSUs granted on December 12, 2017 and February 6, 2018 vest in three equal installments (subject to rounding) beginning on the first anniversary of the grant date.
This column shows the number of unvested PSUs as of December 31, 2018. The performance period for the PSUs granted in 2016 is January 2016 through December 2020, vesting one-fifth per year, and for the PSUs granted in 2018 is January 2018 through December 2021, vesting one-third per year. The amounts presented for the 2018 PSU awards are based on achieving the target level and for the 2016 at maximum level. The 2016 PSU provide for a catch up payout at target for missed years if the Absolute Stock Price portion of the award is achieved at target performance or greater at the end of a future period.
- (8) This column shows the number of unvested PSUs as of December 31, 2018. The performance period for the PSUs granted in 2018 is January 1, 2018 through December 31, 2021, vesting one-third per year. The amounts presented for the 2018 PSU awards are based on achieving the target level.
- (9) Retirement, Health, Welfare and Additional Benefits. CONSOL Energy employees are eligible to participate in a variety of employee benefit plans and programs, subject to the terms and eligibility requirements of those plans, which include a broad-based 401(k) savings plan, as well as a supplemental defined benefit retirement restoration plan that provides benefits to executive officers and key employees, including Mr. Brock, Mr. Khani, and Ms. Wiegand, in excess of IRS imposed limits under the broad-based 401(k) savings plan. CONSOL Energy also provides limited executive perquisites, which are described in the footnotes to the Summary Compensation Table for 2018.
- (10) Employee Retirement Plan (the "Pension Plan")
- (11) CONSOL Energy maintains a pension plan that is a non-contributory defined benefit plan that pays retirement benefits based on years of service and compensation. The sponsorship of this plan was transferred from our former sponsor to CONSOL Energy in connection with the separation. It is a qualified plan, meaning that it is subject to a variety of IRS rules. These rules contain various requirements on coverage, funding, vesting and the amount of compensation that can be taken into account in calculating benefits. The Pension Plan has a fairly broad application across CONSOL Energy's employee population and forms a part of the general retirement benefit program available to

employees.

Eligibility: The Pension Plan covers employees of CONSOL Energy and affiliated participating companies that are classified as regular, full-time employees or that complete 1,000 hours of service during a specified twelve-month period. The Pension Plan was amended as of December 31, 2015 to provide for a hard freeze of the Pension Plan for all remaining participants in the plan.

Form of Payment: The portion of accrued pension benefits earned under the Pension Plan as of December 31, 2005 may be, upon the election of the participant, paid in the form of a lump-sum payment except in the case of an incapacity retirement. Pension benefits earned after January 1, 2006 are payable in the form of a single life annuity, 50% joint and survivor annuity, 75% joint and survivor annuity or 100% joint and survivor annuity.

Calculation of Benefits: Pension benefits are based on an employee's years of service and average monthly pay during the employee's five highest-paid years. Average monthly pay for this purpose excludes compensation in excess of limits imposed by the Code. Prior to January 1, 2006, pension benefits were calculated based on the average monthly pay during the employee's three highest-paid years and included annual amounts payable under CONSOL Energy's STIC, again excluding compensation in excess of limits imposed by the Code.

Categories: The Pension Plan provides for various categories of retirement, including normal retirement, early retirement, separation retirement, and incapacity retirement, based upon years of service, age and certain other factors.

Supplemental Retirement Plan

CONSOL Energy established the CONSOL Energy Supplemental Retirement Plan on November 28, 2017 with respect to certain obligations it assumed related to current and former CNX coal business employees who participated in our former sponsor's supplemental retirement plan prior to November 28, 2017. The CONSOL Energy Supplemental Retirement Plan was designed primarily for the purpose of providing benefits for a select group of management and highly compensated employees of CONSOL Energy and its subsidiaries and is intended to qualify as a "top hat" plan under the Employee Retirement Income Security Act of 1974, as amended. The plan was frozen effective December 31, 2011 for current and future employees except for certain "excepted employees". The accrued benefits for all members in the CONSOL Energy Supplemental Retirement Plan were frozen per the terms of the plan prior to the plan's effective date of November 28, 2017.

The amount of each participant's benefit under the plan as of age 65 (expressed as an annual amount) is equal to 50% of "final average compensation" multiplied by the "service fraction" as calculated on the earlier of the participant's date of employment termination with CONSOL Energy or the date benefits were frozen per the terms of the plan. "Final average compensation" means the average of a participant's five highest consecutive annual compensation amounts (annual base salary plus amounts received under the STIC) while employed by CONSOL Energy or its subsidiaries up until the date benefits were frozen per the terms of the plan. The "service fraction" means a fraction with a numerator equal to a participant's number of years of service and with a denominator of 20. The service fraction can never exceed one.

The benefit described above will be reduced by a participant's age 65 vested benefits (including benefits which have been paid or are payable in the future (converted to an annual amount)) under: (i) the Pension Plan; (ii) the Restoration Plan; and (iii) any other plan or arrangement providing retirement-type benefits, to the extent service under such arrangement is credited under the Supplemental Retirement Plan.

No benefit will be vested under the Supplemental Retirement Plan until a participant has five years of service with CONSOL Energy or its participating subsidiaries while the participant meets the eligibility standards in the plan. Benefits under the Supplemental Retirement Plan are paid in the form of a life annuity with a guaranteed term of 20 years (which is the actuarial equivalent of a single life annuity) commencing in the month following the later to occur of: (a) the end of the month following the month in which the participant turns age 50 or (b) the end of the month following the month in which the employment termination of a participant occurs. In the event the benefits commence prior to the participant's normal retirement age, the benefit will be actuarially reduced as necessary (using assumptions specified in the Pension Plan).

New Restoration Plan

CONSOL Energy also established a New Restoration Plan on November 28, 2017 with respect to the obligations it assumed related to current and former CNX coal business employees who participated in our former sponsor's restoration plan (formerly known as the CONSOL Energy New Restoration Plan) prior to November 28, 2017. The New Restoration Plan is designed primarily for the purpose of providing benefits for a select group of management and highly compensated employees of CONSOL Energy and its subsidiaries and is intended to qualify as a "top hat" plan under the Employee Retirement Income Security Act of 1974, as amended.

The CONSOL Energy Compensation Committee has reserved the right to terminate a participant's participation in the New Restoration Plan at any time. Additionally, if a participant's employment is terminated or if a participant no longer meets the New Restoration Plan's basic eligibility standards, the participant's participation in New Restoration Plan (and such person's right to accrue any benefits thereunder) will terminate automatically with no further action required.

Eligibility for benefits under the New Restoration Plan is determined each calendar year (the "Award Period"). Participants whose sum of annual base pay as of December 31 and amounts received under the STIC or other annual incentive program earned for services rendered by the participant during the Award Period exceed the compensation limits imposed by section 401(a)(17) of the Code (up to \$275,000 for 2018) are eligible for benefits under the New Restoration Plan for the Award

Period. The amount of each eligible participant's benefit under the plan is equal to 9% times annual base salary as of December 31 including amounts received under the STIC or other annual incentive program earned for services rendered by the participant during the Award Period less 6% times the lesser of annual base salary as of December 31 or the compensation limit imposed by the Code for the Award Period.

Benefits under the New Restoration Plan will be paid in the form of two hundred forty (240) equal monthly installments, with each installment equal to the value of the participant's account at commencement divided by two hundred forty (240). Benefits shall commence in the month immediately following the later to occur of: (i) the month in which the participant turns age 60 or (ii) the month containing the six-month anniversary date of the participant's separation from service.

Severance and Change in Control Programs. CONSOL Energy has entered into change in control severance agreements with each of Mr. Brock, Mr. Khani and Ms. Wiegand which are described below.

Agreements between Our Executive Officers and CONSOL Energy

Our general partner's officers have not entered into any agreements with us or our general partner or with CONSOL Energy specifically in relation to their services with us and our general partner. However, in relation to their employment with CONSOL Energy, each of Mr. Khani and Ms. Wiegand have entered into a severance and change in control ("CIC") agreement with CONSOL Energy that became effective February 15, 2018. In addition, Mr. Brock entered into an individual employment agreement with CONSOL Energy that also became effective February 15, 2018. These agreements were developed and approved by CONSOL Energy in connection with a competitive review the company conducted relating to its overall compensation plans and programs. Generally, these agreements supersede the terms and conditions that were established by CIC agreements in place during 2017.

These agreements for Mr. Khani and Ms. Wiegand provide for both (i) non-CIC cash severance and (ii) CIC cash severance exclusively upon a termination of employment absent "cause," subject to the following requirements. In the case of a "CIC scenario," the agreement is "double trigger" and each executive is only entitled to cash severance if, following, or in connection with, a CIC the executive's employment is terminated by CONSOL Energy absent "cause" or if the executive resigns due to constructive or good reason termination within ninety (90) day prior to the CIC or within two (2) years following the CIC. The agreements do not include any gross up feature arising from the excise tax payable on an excess parachute payment.

Under these agreements, Mr. Khani and Ms. Wiegand would be entitled to receive:

- a lump sum cash payment equal to a 1x multiple of base salary in a non-CIC involuntary termination of employment absent "cause";
- a lump sum cash payment equal to a multiple of base salary plus a multiple of annual incentive pay) in an involuntary termination of employment or constructive (or good reason) termination related to a CIC absent "cause" (2.5x for Mr. Khani and 2x for Ms. Wiegand);
- a prorated payment of the executive's annual incentive compensation for the year in which the termination occurs;
- accelerated vesting of any outstanding long-term incentive compensation upon the 2nd trigger related to a CIC termination event; provided, however, that any outstanding performance-based awards shall be settled at the greater or target or actual performance (if ascertainable at the CIC) and prorated for service to the date of the CIC;
- continued healthcare for eighteen (18) months;
- outplacement assistance in the form of a cash payment equal to \$25,000;
- a cash payment equal to the total amount the executive would have received under the CONSOL Energy 401(k) plan assuming he or she continued employment for a period of eighteen (18) months; and
- a pension enhancement in the form a cash payment equivalent to the difference between the present value of the executive's accrued benefit at his or her actual termination date under CONSOL Energy's qualified defined benefit plan and the present value of the accrued benefit the executive would have received assuming he or she continued employment for eighteen (18) months.

The agreements also contain confidentiality, non-competition and non-solicitation obligations pursuant to which Mr. Khani and Ms. Wiegand have agreed not to compete with the business for two (2) years, or to solicit customers or employees for one (1) year following a termination of employment.

No payment or benefits are provided under these agreements unless the executive executes, and does not revoke, a written release of any and all claims (other than entitlements under the terms of the agreements or which may not be released under applicable law).

For purposes of these agreements, the following definitions apply:

“Cause” is defined as a determination by a majority of the board of directors of CONSOL Energy that the executive has

- (a) engaged in gross negligence in the performance of his or her duties;
- (b) been convicted of a plea of guilty or nolo contendere to a felony or any misdemeanor involving fraud, theft or embezzlement;
- (c) failed or refused to perform his or her duties and responsibilities with the company (with an opportunity to cure);
- (d) breached a material restrictive covenant relating to non-competition, non-solicitation or confidentiality;
- (e) willfully violated any material provision of the company’s code of conduct; or
- (f) willfully engaged in conduct demonstrably and materially injurious to the company.

“Change in control” generally means:

- (a) an individual, entity or group acquires beneficial ownership of more than twenty-five (25) percent of the total fair market value of the common stock of the company or combined voting power of the company;
- (b) the board composition is modified so less than a majority of the board pre-CIC remains in control;
- (c) the consummation of or reorganization, merger or consolidation of the company or other business combination involving the sale of all or substantially all of the assets of the company; or
- (d) a complete liquidation of the company.

“Constructive” or “good reason” termination” means:

- (a) a material adverse change in position or material diminution in duties and responsibilities;
- (b) a material reduction in base salary (excluding generally a reduction applicable to all executive officers); or
- (c) the relocation of the executive’s principal work location that increases his or her commute by fifty (50) or more miles.

The individual employment agreement between Mr. Brock and CONSOL Energy, which also became effective on February 15, 2018, provides for a three (3) year initial term of employment automatically renewed for additional one (1) year periods unless either party provides advance written notice within sixty (60) days of the end of the term. Similar to the severance and CIC agreements discussed immediately above for Mr. Khani and Ms. Wiegand, the employment agreement provides for double trigger change in control cash severance equal to a three times (3x) multiple of his base salary plus a three times (3x) multiple of his annual incentive compensation, but only in the event of the executive’s involuntary termination of employment (including resignation following constructive or good reason termination) absent “cause.” In addition, the agreement provides for non CIC cash severance payable in lump sum form to Mr. Brock equal to two times (2x) his base salary only and payable exclusively in the event of an involuntary termination of employment absent “cause.” The agreement includes customary restrictive covenants during employment and post termination relating to confidentiality, non-competition and non-solicitation and requires the executive to sign an appropriate release of claims identical to the provisions discussed above, and the agreement supersedes any agreement previously in place during 2017 (or earlier) that was adopted by CONSOL or any predecessor company. The employment agreement does not include any gross up feature arising from the excise tax payable on an excess parachute payment.

Compensation of Our Directors

The officers or employees of our general partner or of our sponsor who also serve as directors of our general partner do not receive additional compensation for their service as a director of our general partner. Directors of our general partner who are not officers or employees of our general partner or of our sponsor, or “non-employee directors,” receive cash and equity-based compensation for their services as directors. We directly pay all compensation earned by our non-employee directors for their services to us. As of December 31, 2018 the non-employee director compensation program consists of the following:

- an annual retainer of \$60,000 (payable in quarterly installments);
- an additional annual retainer of \$20,000 (payable in quarterly installments) for service as chair of the audit committee;
- an additional payment of \$1,000 for service as chair of the conflicts committee, if convened, per transaction;
- \$5,000 per member for conflicts committee service if convened, per transaction; and
- an annual equity-based award (phantom units) granted under the Partnership's LTIP (described below), having a value as of the grant date of approximately \$100,000 and vesting on the first anniversary of the grant date.

Non-employee directors also receive reimbursement for out-of-pocket expenses they incur in connection with attending meetings of the board of directors or its committees. Each director will be indemnified for his or her actions associated with being a director to the fullest extent permitted under Delaware law.

The following table sets forth the compensation earned by our directors for the 2018 fiscal year.

Name (1)	Fees Earned or Paid in Cash (\$)	Stock Awards (1)	Option Awards	All Other Compensation	Total
Michael Greenwood	\$80,000	\$100,000	\$0	\$0	\$180,000
Dan Sandman	\$60,000	\$100,000	\$0	\$0	\$160,000
Jeff Wallace	\$60,000	\$100,000	\$0	\$0	\$160,000

(1) The values set forth in this column reflect awards of phantom units under the Partnership LTIP, and are based on the aggregate grant date fair value of the awards computed in accordance with FASB ASC Topic 718 (disregarding the impact of estimated forfeitures related to service-based vesting conditions). For phantom units, the grant date fair value is computed based upon the closing price of the Partnership's units on the date of grant. The phantom units were granted on February 6, 2018 and vested in one lump sum on February 6, 2019, the first anniversary of the grant date. As of December 31, 2018, the number of phantom units held by our current non-employee directors was 6,269 for each of Messrs. Sandman, Greenwood and Wallace.

Our Long-Term Incentive Plan (LTIP)

Our general partner adopted the CONSOL Coal Resources LP 2015 Long-Term Incentive Plan (the “LTIP”) under which our general partner may issue long-term equity based awards in our Partnership to directors, officers and employees of our general partner or its affiliates, or to any consultants, affiliates of our general partner or other individuals who perform services for us. These awards are intended to compensate the recipients thereof based on the performance of our common units and their continued service during the vesting period, as well as to align their long-term interests with those of our unitholders. All determinations with respect to awards to be made under our LTIP will be made by the board of directors of our general partner or any committee thereof that may be established for such purpose or by any delegate of the board of directors or such committee, subject to applicable law, which we refer to as the plan administrator. The board of directors of our general partner has been designated as the plan administrator. The following description reflects the terms that are included in the LTIP.

General

The LTIP provides for the grant, from time to time at the discretion of the board of directors of our general partner or any delegate thereof, subject to applicable law, of unit awards, restricted units, phantom units, unit options, unit appreciation rights, distribution equivalent rights, profits interest units and other unit-based awards in our Partnership. The purpose of awards under the LTIP is to provide additional incentive compensation to individuals providing services to us, and to align the economic interests of such individuals with the interests of our unitholders. The LTIP limits the number of units that may be delivered pursuant to vested awards to 2,300,000 common units, subject to proportionate adjustment in the event of unit splits and similar events. Common units subject to awards that are canceled, forfeited, withheld to satisfy exercise prices or tax withholding

obligations or otherwise terminated without delivery of the common units will be available for delivery pursuant to other awards.

Restricted Units and Phantom Units

A restricted unit is a common unit that is subject to forfeiture. Upon vesting, the forfeiture restrictions lapse and the recipient holds a common unit that is not subject to forfeiture. A phantom unit is a notional unit that entitles the grantee to receive a common unit upon the vesting of the phantom unit or on a deferred basis upon specified future dates or events or, in the discretion of the plan administrator, cash equal to the fair market value of a common unit. The plan administrator of the LTIP may make grants of restricted units and phantom units under the LTIP that contain such terms, consistent with the LTIP, as the plan administrator may determine are appropriate, including the period over which restricted units or phantom units will vest. The plan administrator of the LTIP may, in its discretion, base vesting on the grantee's completion of a period of service or upon the achievement of specified financial objectives or other criteria or upon a change of control (as defined in the LTIP) or as otherwise described in an award agreement. Distributions made by us to our unitholders with respect to awards of restricted units may be subject to the same vesting requirements as the restricted units.

Distribution Equivalent Rights

The plan administrator of the LTIP, in its discretion, may also grant distribution equivalent rights, either as standalone awards or in tandem with other awards. Distribution equivalent rights are rights to receive an amount in cash, restricted units or phantom units equal to all or a portion of the cash distributions made on units during the period an award remains outstanding.

Unit Options and Unit Appreciation Rights

The LTIP also permits the grant of options covering common units. Unit options represent the right to purchase a number of common units at a specified exercise price. Unit appreciation rights represent the right to receive the appreciation in the value of a number of common units over a specified exercise price, either in cash or in common units. Unit options and unit appreciation rights may be granted to such eligible individuals and with such terms as the plan administrator of the LTIP may determine, consistent with the LTIP; however, a unit option or unit appreciation right must have an exercise price equal to at least the fair market value of a common unit on the date of grant.

Unit Awards

Awards covering common units may be granted under the LTIP with such terms and conditions, including restrictions on transferability, as the plan administrator of the LTIP may establish.

Profits Interest Units

Awards granted to grantees who are partners, or granted to grantees in anticipation of the grantee becoming a partner or granted as otherwise determined by the plan administrator, may consist of profits interest units. The plan administrator will determine the applicable vesting dates, conditions to vesting and restrictions on transferability and any other restrictions for profits interest awards.

Other Unit-Based Awards

The LTIP also permits the grant of "other unit-based awards," which are awards that, in whole or in part, are valued or based on or related to the value of a common unit. The vesting of another unit-based award may be based on a participant's continued service, the achievement of performance criteria or other measures. On vesting or on a deferred basis upon specified future dates or events, another unit-based award may be paid in cash and/or in units (including restricted units) or any combination thereof as the plan administrator of the LTIP may determine.

Source of Common Units

Common units to be delivered with respect to awards may be newly-issued units, common units acquired by us or our general partner in the open market, common units already owned by our general partner or us, common units acquired by our general partner directly from us or any other person or any combination of the foregoing.

Anti-Dilution Adjustments and Change in Control

If an “equity restructuring” event occurs that could result in an additional compensation expense under applicable accounting standards if adjustments to awards under the LTIP with respect to such event were discretionary, the plan administrator of the LTIP will equitably adjust the number and type of units covered by each outstanding award and the terms and conditions of such award to equitably reflect the restructuring event, and the plan administrator will adjust the number and type of units with respect to which future awards may be granted under the LTIP. With respect to other similar events, including, for example, a combination or exchange of units, a merger or consolidation or an extraordinary distribution of our assets to unitholders, that would not result in an accounting charge if adjustment to awards were discretionary, the plan administrator of the LTIP shall have discretion to adjust awards in the manner it deems appropriate and to make equitable adjustments, if any, with respect to the number of units available under the LTIP and the kind of units or other securities available for grant under the LTIP. Furthermore, upon any such event, including a change in control of us or our general partner, or a change in any law or regulation affecting the LTIP or outstanding awards or any relevant change in accounting principles, the plan administrator of the LTIP will generally have discretion to (i) accelerate the time of exercisability or vesting or payment of an award, (ii) require awards to be surrendered in exchange for a cash payment or substitute other rights or property for the award, (iii) provide for the award to be assumed by a successor or one of its affiliates, with appropriate adjustments thereto, (iv) cancel unvested awards without payment or (v) make other adjustments to awards as the plan administrator deems appropriate to reflect the applicable transaction or event.

Termination of Service

The consequences of the termination of a grantee’s membership on the board of directors of our general partner or other service arrangement will generally be determined by the plan administrator in the terms of the relevant award agreement.

Amendment or Termination of Long-Term Incentive Plan

The plan administrator of the LTIP, at its discretion, may terminate the LTIP at any time with respect to the common units for which a grant has not previously been made. The plan administrator of the LTIP also has the right to alter or amend the LTIP or any part of it from time to time or to amend any outstanding award made under the LTIP, provided that no change in any outstanding award may be made that would materially impair the vested rights of the participant without the consent of the affected participant or result in taxation to the participant under Section 409A of the Internal Revenue Code.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED UNITHOLDER MATTERS

The following table sets forth the beneficial ownership of common units and subordinated units of CONSOL Coal Resources LP that were outstanding at January 25, 2019 and held by:

- each unitholder known by us to beneficially hold 5% or more of our outstanding units;
- each director or director nominee of our general partner;
- each executive officer of our general partner; and
- all of the directors, director nominees and executive officers of our general partner as a group.

In addition, our general partner holds a 1.7% general partner interest.

Beneficial ownership is determined under the rules of the SEC and generally includes voting or investment power with respect to securities. Unless indicated below, to our knowledge, the persons and entities named in the following table have sole voting and sole investment power with respect to all units beneficially owned by them, subject to community property laws where applicable. The percentage of units beneficially owned is based on a total of 15,911,211 common units and 11,611,067 subordinated units outstanding at January 25, 2019.

Name of Beneficial Owner (1)	Common Units Beneficially Owned	Percentage of Common Units Beneficially Owned	Subordinated Units Beneficially Owned	Percentage of Subordinated Units Beneficially Owned	Percentage of Total Common and Subordinated Units Beneficially Owned
CONSOL Energy Inc. (2)	5,174,454	32.5 %	11,611,067	100.0 %	61.0 %
Greenlight Capital, Inc. (3)	5,488,438	34.5 %	—	—	19.9 %
Directors/Director Nominees and Executive Officers					
Michael L. Greenwood	31,994	(4) *	—	—	*
David M. Khani	13,000	*	—	—	*
John M. Rothka	4,413	(5) *	—	—	*
James A. Brock	76,551	*	—	—	*
Dan D. Sandman	14,936	(6) *	—	—	*
Jeffrey L. Wallace	21,994	(7) *	—	—	*
Martha A. Wiegand	10,609	*	—	—	*
Kurt R. Salvatori	3,619	*	—	—	*
Deborah J. Lackovic	-	-	—	—	-
All Directors, Director Nominees and Executive Officers as a group (9 persons)	177,116	(8) 1.1 %	—	—	*
* Less than 1%.					
Unless otherwise indicated, the address for all beneficial owners in this table is c/o					
(1) CONSOL Coal Resources GP LLC, 1000 CONSOL Energy Drive, Suite 100, Canonsburg, Pennsylvania 15317.					
(2) CONSOL Energy is the sole owner of the membership interests in our general partner. We issued					

1,050,000 common units and 11,611,067 subordinated units to CNX in connection with the completion of the IPO. In connection with the separation, on November 28, 2017, the common units and subordinated units held by CNX were transferred to CONSOL Energy. The amount reported in the table above does not include the 1.7% general partner interest held by CONSOL Energy and its affiliates.

(3) According to a Schedule 13D/A filed with the SEC on July 5, 2018 by Greenlight Capital, Inc. (“Greenlight”), DME Advisors GP, LLC (“DME GP”), DME Advisors, L.P., DME Capital Management, LP and David Einhorn, (i) Greenlight has

shared voting
and dispositive
power over
2,963,538
common units,
(ii) DME GP
has shared
voting and
dispositive
power over
2,524,900
common units,
(iii) DME
Advisors, L.P.
has shared
voting and
dispositive
power over
719,300
common units,
(iv) DME
Capital
Management,
LP has shared
voting and
dispositive
power over
1,805,600
common units
and (v) David
Einhorn has
shared voting
and dispositive
power over
5,488,438
common units.
The address for
this reporting
person is
Greenlight
Capital, Inc.,
140 East 45th
Street, Floor
24, New York,
New York
10017.

(4) Includes
6,269
common

units that will
be issued to
Mr.
Greenwood
upon the
settlement of
phantom
units that will
vest
within 60
days of
January 25,
2019. The
phantom
units may, in
the discretion
of the plan
administrator
of the LTIP,
alternatively
be settled in
cash.

Includes
2,093
common
units that will
be issued to
Mr. Rothka
upon the
settlement of
phantom
units that will
vest within
(5) 60 days of
January 25,
2019. The
phantom
units may, in
the discretion
of the plan
administrator
of the LTIP,
alternatively
be settled in
cash.

(6) Includes
6,269
common
units that will

be issued to
Mr. Sandman
upon the
settlement of
phantom
units that will
vest
within 60
days of
January 25,
2019. The
phantom
units may, in
the discretion
of the plan
administrator
of the LTIP,
alternatively
be settled in
cash.

Includes
6,269
common
units that will
be issued to
Mr. Wallace
upon the
settlement of
phantom
units that will
vest within 60
(7) days of
January 25,
2019. The
phantom
units may, in
the discretion
of the plan
administrator
of the LTIP,
alternatively
be settled in
cash.
(8) Includes
20,900
common
units that will
be issued to
the executive

officers and
directors of
the
Partnership
upon the
settlement of
phantom
units that will
vest within 60
days of
January 25,
2019. The
phantom
units may, in
the discretion
of the plan
administrator
of the LTIP,
alternatively
be settled in
cash.

The following table sets forth, as of December 31, 2018, the number of shares of CONSOL Energy common stock beneficially owned by each of the directors and named executive officers of our general partner and all of the directors and

executive officers of our general partner as a group. The percentage of total shares is based on 27,437,844 shares outstanding as of December 31, 2018. Amounts shown below include options that are currently exercisable or that may become exercisable within 60 days of December 31, 2018 and the shares underlying deferred stock units and the shares underlying restricted stock units that will be settled within 60 days of December 31, 2018. Unless otherwise indicated, the named person has the sole voting and dispositive powers with respect to the shares of CONSOL Energy common stock set forth opposite such person's name.

Name of Beneficial Owner	Total Common Stock Beneficially Owned		Percent of Total Outstanding
Directors/Director Nominees and Executive Officers			
James A. Brock	46,876	(1)	*
Martha A. Wiegand	2,883	(2)	*
David M. Khani	102,414	(3)	*
John M. Rothka	1,042	(4)	*
Dan D. Sandman	-		*
Michael L. Greenwood	-		-
Jeffrey L. Wallace	-		-
Kurt R. Salvatori	4,809	(5)	*
Deborah J. Lackovic	1,520	(6)	*
All Directors, Director Nominees and Executive Officers as a group (9 persons)	159,544		*

*Less than 1%.

Includes
9,574
shares of
restricted
stock that
(1) will vest
within 60
days of
January
25, 2019.

Includes
526
shares of
restricted
stock that
(2) will vest
within 60
days of
January
25, 2019.

(3)

Includes
41,621
shares of
restricted
stock that
will vest
within 60
days of
January
25, 2019.

Includes
220
shares of
restricted

(4) stock that
will vest
within 60
days of
January
25, 2019.

Includes
526

(5) shares of
restricted
stock that
will vest
within 60
days of
January
25, 2019.

Includes
577

(6) shares of
restricted
stock that
will vest
within 60
days of
January
25, 2019.

Includes
53,044

(7) shares of
restricted
stock that
will vest
within 60
days of
January
25, 2019.

Securities Authorized for Issuance under Equity Compensation Plans

The following table summarizes information regarding the number of common units that are available for issuance under the Partnership's LTIP as of December 31, 2018.

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensations plans (excluding securities reflected in column)
Equity compensation plans approved by security holders	223,676	(1) \$	—(2) 1,511,055
Equity compensation plans not approved by security holders	—	—	—
Total	223,676	\$	— 1,511,055

(1) Of this total, 223,676 are phantom units.

(2) The weighted average exercise price does not take into account the phantom stock units.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

As of January 25, 2019, our sponsor, CONSOL Energy owns 5,174,454 common units and 11,611,067 subordinated units, representing a 61.0% limited partner interest, as well as all of our incentive distribution rights. As further discussed in “Item 5 - Market for Registrant's Common Units and Related Unitholder Matters and Issuer Purchases of Equity Securities - Market Repurchases,” CONSOL Energy’s board of directors has authorized CONSOL Energy to purchase up to \$25 million in value of our common units. As of January 25, 2019, it has purchased a total of 167,958 common units. In addition, our general partner owns a 1.7% general partner interest in us.

General

Whenever a conflict arises between our general partner or its affiliates, on the one hand, and us and our limited partners, on the other hand, the board of directors of our general partner will resolve that conflict.

Although not required, we anticipate that the board of directors of our general partner will ask the Conflicts Committee to approve the fairness of significant transactions, such as the consideration of the acquisition of any additional interests in the Pennsylvania Mining Complex. See “Committees of the Board of Directors - Conflicts Committee” in Item 10.

The board of directors of our general partner has not adopted a formal written related-person transaction approval policy. However, in the event of a potential related person transaction other than potential conflicts transactions of the type described in the paragraph above, we expect that the board of directors of our general partner would use the procedure described in “Procedures for Review, Approval and Ratification of Related Person Transactions” below when reviewing, approving, or ratifying the related person transaction. For these purposes, a “related person” is a director, nominee for director, executive officer, or holder of more than 5% of our common units, or any immediate family member of a director, nominee for director or executive officer. This procedure applies to any financial transaction, arrangement or relationship or any series of similar financial transactions, arrangements or relationships in which we are a participant and in which a related person has a direct or indirect interest, other than the following:

- payment of compensation by us to a related person for the related person’s service in the capacity or capacities that give rise to the person’s status as a related person;

- transactions available to all employees or all unitholders on the same terms;

- purchases from us in the ordinary course of business at the same price and on the same terms as offered to our other customers, regardless of whether the transactions are required to be reported in our filings with the SEC; and

- transactions, which when aggregated with the amount of all other transactions between the related person and us, involve less than \$120,000 in a fiscal year.

Partnership Agreement

We completed our IPO in July 2015. As part of the IPO, our general partner entered into an agreement of limited partnership with us, which outlines the various rights and obligations of our general partner with respect to the Partnership, its various classes of units, distributions and other cash payments with respect to our units and other related issues.

On November 28, 2017, in connection with the separation, the Partnership entered into the Third Amended and Restated Agreement of Limited Partnership of the Partnership to change the name of the Partnership to “CONSOL Coal Resources LP” from “CNX Coal Resources LP” and to delete references to the Class A Preferred Units (which are no longer outstanding) representing limited partner interests in the Partnership, all of which had been converted into common units.

Distributions and Other Cash Payments to General Partner and its Affiliates

Cash Distributions on Common Units, Subordinated Units and General Partner Interest

We generally make cash distributions of distributable cash to our unitholders pro rata of 98.3% to our limited partners (including to CONSOL Energy as the holder of 5,174,454 common units and 11,611,067 subordinated units), and 1.7% to our general partner. In addition, if distributions exceed the minimum quarterly distribution and target distribution levels, the incentive distribution rights held by our general partner will entitle our general partner to increasing percentages of the distributions, up to 48% of the distributions above the highest target distribution level.

During 2018, we distributed approximately \$34.1 million to CONSOL Energy with respect to common and subordinated units and approximately \$1.0 million with respect to the general partner interest (including incentive distribution rights, all of which were held by our general partner prior to November 28, 2017).

Assuming we generate sufficient distributable cash flow to support the payment of the full minimum quarterly distribution on all of our outstanding units for four quarters, our general partner would receive an annual distribution of approximately \$1.0 million on the 1.7% general partner interest, and our sponsor would receive an annual distribution of approximately \$34.4 million on its common units and subordinated units.

Liquidation Stage

Upon our liquidation, the partners, including our general partner, will be entitled to receive liquidating distributions according to their respective capital account balances.

Reimbursement of expenses to our general partner and its affiliates

Under our Partnership Agreement, we are required to reimburse our general partner and its affiliates for all costs and expenses that they incur on our behalf for managing and controlling our business and operations. Except to the extent specified under our omnibus agreement and the other agreements described under “Agreements with Affiliates” below, our general partner determines the amount of these expenses and such determinations must be made in good faith under the terms of our Partnership Agreement. We will also reimburse our sponsor for any additional out-of-pocket costs and expenses incurred by our sponsor and its affiliates in providing general and administrative services to us. The costs and expenses for which we are required to reimburse our general partner and its affiliates are not subject to any caps or other limits under our Partnership Agreement.

Under our omnibus agreement, we will reimburse our sponsor for expenses incurred by our sponsor and its affiliates in providing certain general and administrative services to us, including the provision of executive management services by certain officers of our general partner. The expenses of other employees will be allocated to us based on the amount of time actually spent by those employees on our business. These reimbursable expenses also include an allocable portion of the compensation and benefits of employees and executive officers of other affiliates of our general partner who provide services to us and are exclusive of any expenses incurred under the employee services agreement.

Pursuant to the employee services agreement, we will reimburse CONSOL Energy monthly for (i) all direct third-party costs and expenses actually incurred by CONSOL Energy in providing operational services, (ii) salary, benefits and other compensation cost of CONSOL Energy’s employees performing the operational services to the extent such employees are performing the operational services; and (iii) an allocated proportionate share of costs and payments for retiree medical and life insurance, workers’ compensation, disability and coal workers’ pneumoconiosis benefits for employees (including former employees whose employment terminated prior to the completion of our IPO

in July of 2015) of CPCC. Please read “Agreements With Affiliates” below.

The total amount of such reimbursed expenses was approximately \$18.9 million for the year ended December 31, 2018.

Agreements with Affiliates

We entered into various agreements with our sponsor and its affiliates at the time of our July 2015 IPO. We agreed to modify certain of these agreements in connection with our First Drop Down and in connection with the separation. In addition, as part of the separation, CONSOL Energy agreed to replace CNX as our sponsor subject to certain modifications to the various agreements that we had with our former sponsor prior to the separation.

While not the result of arm's-length negotiations, we believe the terms of all of the agreements with CONSOL Energy and its affiliates are generally no less favorable to either party than those that could have been negotiated with unaffiliated parties with respect to similar services.

Affiliated Company Credit Agreement

On November 28, 2017, the Partnership and certain of its subsidiaries (collectively, the "Credit Parties") entered into the Affiliated Company Credit Agreement by and among the Credit Parties, CONSOL Energy, as lender and administrative agent, and PNC. The Affiliated Company Credit Agreement provides for a revolving credit facility in an aggregate principal amount of up to \$275 million to be provided by CONSOL Energy, as lender. In connection with the completion of the separation and the Partnership's entry into the Affiliated Company Credit Agreement, the Partnership made an initial draw of \$201 million, the net proceeds of which were used to repay the PNC Revolving Credit Facility. Additional drawings under the Affiliated Company Credit Agreement are generally available for general partnership purposes. The Affiliated Company Credit Agreement matures on February 27, 2023. The collateral obligations under the Affiliated Company Credit Agreement generally mirror the PNC Revolving Credit Facility, including the list of entities that will act as guarantors thereunder.

The obligations under Affiliated Company Credit Agreement are guaranteed by the Partnership's subsidiaries and secured by substantially all of the assets of the Partnership and its subsidiaries pursuant to the security agreement and various mortgages.

The Affiliated Company Credit Agreement contains certain covenants and conditions that, among other things, limit the Partnership's ability to (i) incur or guarantee additional debt, (ii) make cash distributions (subject to certain limited exceptions); provided that we will be able to make cash distributions of available cash to partners so long as no event of default is continuing or would result therefrom, (iii) incur certain liens or permit them to exist, (iv) make particular investments and loans; provided that we will be able to increase our ownership percentage of our undivided interest in the Pennsylvania Mining Complex and make investments in the Pennsylvania Mining Complex in accordance with our ratable ownership, (v) enter into certain types of transactions with affiliates, (vi) merge or consolidate with another company, and (vii) transfer, sell or otherwise dispose of assets. The Partnership is also subject to covenants that require the Partnership to maintain certain financial ratios. For example, the Partnership is obligated to maintain at the end of each fiscal quarter (a) maximum first lien gross leverage ratio of 2.75 to 1.00 and (b) a maximum total net leverage ratio of 3.25 to 1.00, each of which will be calculated on a consolidated basis for the Partnership and its restricted subsidiaries at the end of each fiscal quarter. As of December 31, 2018, the Partnership had \$163 million of borrowings outstanding under the Affiliated Company Credit Agreement, which accrued interest at an average rate of 3.97% during fiscal year 2018. During the fiscal years ended December 31, 2018 and 2017, the Partnership made \$108 million and \$4 million in principal payments, respectively, and \$7 million and \$0 in interest payments, respectively, under the Affiliated Company Credit Agreement.

Receivables Financing Agreement

On November 30, 2017, (i) CONSOL Marine Terminals LLC, formerly known as CNX Marine Terminals LLC, as an originator of receivables, (ii) the Originators, each a wholly owned subsidiary of CONSOL Energy, and (iii) the SPV, as buyer, entered into the Purchase and Sale Agreement. Concurrently, (i) CONSOL Thermal Holdings, as sub-originator, and (ii) CPCC, as buyer and as initial servicer of the receivables for itself and CONSOL Thermal Holdings, entered into the Sub-Originator PSA. In addition, on that date, the SPV entered into the Receivables Financing Agreement by and among (i) the SPV, as borrower, (ii) CPCC, as initial servicer, (iii) PNC, as administrative agent, LC Bank and lender, and (iv) the additional persons from time to time party thereto as lenders. Together, the Purchase and Sale Agreement, the Sub-Originator PSA and the Receivables Financing Agreement establish the primary terms and conditions of the Securitization. On August 30, 2018, the Securitization was amended,

among other things, to extend the scheduled termination date to August 30, 2021.

Pursuant to the Securitization, (i) CONSOL Thermal Holdings will sell current and future trade receivables to CPCC and (ii) the Originators will sell and/or contribute current and future trade receivables (including receivables sold to CPCC by CONSOL Thermal Holdings) to the SPV and the SPV will, in turn, pledge its interests in the receivables to PNC, which will either make loans or issue letters of credit on behalf of the SPV. The maximum amount of advances and letters of credit outstanding under the Securitization may not exceed \$100 million.

Loans under the Securitization will accrue interest at a reserve-adjusted LIBOR market index rate equal to the one-month Eurodollar rate. Loans and letters of credit under the Securitization also will accrue a program fee and a letter of credit participation fee, respectively, ranging from 2.00% to 2.50% per annum, depending on the total net leverage ratio of CONSOL Energy. In addition, the SPV paid certain structuring fees to PNC Capital Markets LLC and will pay other customary fees to the lenders, including a fee on unused commitments equal to 0.60% per annum.

The SPV's assets and credit are not available to satisfy the debts and obligations owed to the creditors of CONSOL Energy, CONSOL Thermal Holdings or any of the Originators. CONSOL Thermal Holdings, the Originators and CPCC as servicer are independently liable for their own customary representations, warranties, covenants and indemnities. In addition, CONSOL Energy has guaranteed the performance of the obligations of CONSOL Thermal Holdings, the Originators and CPCC as servicer, and will guarantee the obligations of any additional originators or successor servicer that may become party to the Securitization. However, neither CONSOL Energy nor its affiliates will guarantee collectability of receivables or the creditworthiness of obligors thereunder.

The agreements comprising the Securitization contain various customary representations and warranties, covenants and default provisions which provide for the termination and acceleration of the commitments and loans under the Securitization in certain circumstances including, but not limited to, failure to make payments when due, breach of representation, warranty or covenant, certain insolvency events or failure to maintain the security interest in the trade receivables, and defaults under other material indebtedness.

As of December 31, 2018, the Partnership, through CONSOL Thermal Holdings, sold approximately \$22 million of trade receivables to CPCC. The Partnership has not derecognized the receivables due to its continued involvement in the collections efforts.

Operating Agreement

In connection with the July 2015 IPO, CONSOL Thermal Holdings, our wholly owned subsidiary, entered into an operating agreement for the Pennsylvania Mining Complex with CPCC and Conrhein, each of which are affiliates of our sponsor. Under the operating agreement, CONSOL Thermal Holdings was named as operator and assumed management and control over the day-to-day operations of the Pennsylvania Mining Complex for the life of the mines. As operator, CONSOL Thermal Holdings is responsible for managing and conducting all operations with respect to the Pennsylvania Mining Complex, including the following operational services:

- mining the Pennsylvania Mining Complex;
- handling coal production and delivery thereof to purchasers and/or facilities;
- operating the beltlines transporting raw coal into the Pennsylvania Mining Complex's preparation plant and loading facility;
- storing, preparing, treating, managing and loading coal at the preparation plant and, if applicable, blending coal;
- disposing, stockpiling, handling, treating and/or storing all coal refuse; and
- planning and coordinating of anticipated mining operations.

On September 30, 2016, in connection with the First Drop Down, CONSOL Thermal entered into a first amendment to the Operating Agreement to provide that CONSOL Thermal, as the operator under the operating agreement, will be responsible for managing and conducting the following additional operational services with respect to the Pennsylvania Mining Complex:

- health, environmental, safety and security services, including Mine Safety and Health Administration reporting;
- services related to the acquisition, divestiture, management and administration of the real property interests underlying the Pennsylvania Mining Complex;
- acquiring, managing and administering all permits necessary for the operation of the Pennsylvania Mining Complex in material compliance with such permits;
- services necessary to (i) market the production from the Pennsylvania Mining Complex and (ii) negotiate, manage and administer the contracts necessary for the operation of the Pennsylvania Mining Complex;
- logistics relating to operation of the Pennsylvania Mining Complex; and
-

preparing, or causing to be prepared, such daily reports typically prepared by an operator of a mining complex similar to the Pennsylvania Mining Complex that are prepared in the ordinary course of business and monthly per ton reports and annual reserve reports.

On November 28, 2017, in connection with the separation, CPCC, Conrhein, CONSOL Thermal Holdings and the Partnership entered into the Second Amendment to the Pennsylvania Mine Complex Operating Agreement to permit the Partnership to enter into the Affiliated Company Credit Agreement and to make certain other required changes.

Pursuant to the operating agreement, CONSOL Thermal Holdings, on one hand, and CPCC and Conrhein, on the other, each appoint one representative to a two-member operating committee, which meets quarterly to review the annual budget for

the Pennsylvania Mining Complex. While CONSOL Thermal Holdings has been delegated the authority and responsibility for managing and further developing the Pennsylvania Mining Complex, certain material actions, including the approval of the annual plan and budget and any permanent or extended temporary decommissioning of any of the mines at the Pennsylvania Mining Complex, will require the unanimous consent of the operating committee. CONSOL Thermal Holdings may be removed as operator only in the event of its bankruptcy or gross negligence or willful misconduct in connection with the operational services.

Any liabilities arising from the operation of the Pennsylvania Mining Complex that are not the result of CONSOL Thermal Holdings' gross negligence or willful misconduct will be borne by CONSOL Thermal Holdings, CPCC and Conrhein pro rata in relation to such person's ownership percentage of the Pennsylvania Mining Complex. Under the operating agreement, CONSOL Thermal Holdings invoices CPCC and Conrhein on a monthly basis for its pro rata share of the costs associated with the operation of the Pennsylvania Mining Complex.

The total amount of such amounts invoiced was approximately \$462.6 million for 2018.
Employee Services Agreement

Through our subsidiary CONSOL Thermal Holdings, we entered into an employee services agreement with CPCC, a subsidiary of CONSOL Energy. Under the employee services agreement, CPCC, subject to our management, direction and control, provides personnel to mine and process coal from the Pennsylvania Mining Complex and perform the operational services that we are charged with providing under the operating agreement described above. The employees of CPCC are not our employees, and CPCC has the sole and exclusive responsibility to pay and provide benefits for such employees.

Pursuant to the employee services agreement, we reimburse CPCC monthly for (i) all direct third-party costs and expenses actually incurred by CPCC in providing operational services, including royalties required to be paid on the coal mined, certain taxes applicable to the coal and coal workers, per-ton reclamation fees or taxes and penalties imposed by any governmental authority for violation of any law or regulation arising out of CPCC's performance of the operational services, except to the extent such penalties were as a result of CPCC's gross negligence or willful misconduct, (ii) salary, benefits and other compensation costs of CPCC's employees performing the operational services to the extent such employees are performing the operational services; and (iii) market rate rental fees for use of CPCC's assets in performing the operational services, if any. We paid approximately \$64.6 million to CPCC for such reimbursed expenses for the year ended December 31, 2018.

Contract Agency Agreement

Through our subsidiary CONSOL Thermal Holdings, we entered into a contract agency agreement with CONSOL Energy Sales Company ("CES"), a subsidiary of CONSOL Energy. Under the contract agency agreement, CES, at our direction and subject to our control, acts as agent to market and sell the coal produced from the Pennsylvania Mining Complex and administers our existing coal purchase and sale contracts, including any extensions or renewals thereof, and any new coal purchase and sale contracts for the sale of coal produced from the Pennsylvania Mining Complex. On November 28, 2017, in connection with the separation, CONSOL Thermal, CES and certain other parties entered into the First Amendment to Contract Agency Agreement to amend the terms of the contract agency agreement to remove from the terms of the agreement certain contracts and parties that pertain to operations of CNX related to natural gas sales.

The administration of these coal purchase and sale contracts includes CES' making elections, enforcing rights, executing coal sale confirmations and invoicing, in each case at our direction and with respect to the coal reserves attributable to our interests and CES' interest in the Pennsylvania Mining Complex. CES will cause all revenues under these coal purchase and sale contracts to be deposited directly into our account.

All costs related to these activities are included within the Omnibus Agreement.

Terminal and Throughput Agreement

Through our subsidiary CONSOL Thermal Holdings, we entered into a terminal throughput agreement with CONSOL Marine Terminals, LLC, a subsidiary of CONSOL Energy. Under the terminal and throughput agreement, we have the option, but not the obligation, to transport or to cause to be transported through CONSOL's Baltimore Marine Terminal up to 5 million tons of coal each calendar year (prorated for 2015) for a terminal fee of \$4 per ton of coal transported through the Baltimore Marine Terminal, plus certain standard fees for long-term or excess storage of coal at the Baltimore Marine Terminal, re-

handling services at the Baltimore Marine Terminal (if we elect such services) and certain fees related to the docking and undocking of vessels at the Baltimore Marine Terminal. The per ton terminal fee and other fees may be reasonably escalated by the owner of the Baltimore Marine Terminal on a quarterly basis based on changes in the volume of coal shipped through the Baltimore Marine Terminal and increases in operating costs at the terminal.

The total amount of such reimbursed expenses was approximately \$4.3 million for the year ended December 31, 2018.

Omnibus Agreement

We and our general partner are party to an omnibus agreement with CONSOL Energy, CPCC, Conrhein and certain other subsidiaries of CONSOL Energy that address the following matters:

- our payment of an annual administrative support fee for the provision of certain administrative support services by CONSOL Energy and its affiliates;
- our payment of an annual executive support fee, in the amount of \$0.7 million, for the provision of certain executive support services by CONSOL Energy and its affiliates;
- our obligation to reimburse CONSOL Energy for the provision of certain management, operating and investor relation services by CONSOL Energy and its affiliates;
- our obligation to reimburse CONSOL Energy for all other direct or allocated costs and expenses incurred by CONSOL Energy in providing general and administrative services (which reimbursement is in addition to certain expenses of our general partner and its affiliates that are reimbursed under our Partnership Agreement); and
- certain indemnities, as described in below, from CONSOL Energy and us.

On September 30, 2016, in connection with First Drop Down, we and the other parties to the omnibus agreement amended and restated the omnibus agreement. In connection with the separation, the general partner, the Partnership, our former sponsor, CONSOL Energy and certain of its subsidiaries entered into the First Amendment to the First Amended and Restated Omnibus Agreement to, among other things, add CONSOL Energy as a party to the existing omnibus agreement, effect an assignment of all of our former sponsor's rights and obligations under the existing omnibus agreement to CONSOL Energy and remove our former sponsor as a party to and, except with respect to our former sponsor's obligations under Article II of the agreement, eliminate all of our former sponsor's obligations under the agreement, as amended, and make certain adjustments to the indemnification obligations of the parties.

So long as CONSOL Energy controls our general partner, the omnibus agreement will remain in full force and effect. If CONSOL Energy ceases to control our general partner, either party may terminate the omnibus agreement, provided that the indemnification obligations will survive any such termination in accordance with their terms.

Payment of administrative support fee, executive support fee and reimbursement of expenses. We pay CONSOL Energy an administrative support fee for the provision of certain administrative support services for our benefit, including: financial and administrative services (including treasury, accounting and internal audit); information technology; legal services; human resources; tax matters; payroll services; procurement services; government relations, governmental compliance and public affairs; analytical and engineering services; business development services; risk management services; health, environmental, safety and security services; real property and land management; permitting and bonding services; market services; logistics management; and operational reporting. However, in connection with the First Drop Down, the First Amended Omnibus Agreement also amended our obligations to CONSOL Energy with respect to the payment of the annual administrative support fee and reimbursement for the provision of certain management and operating services provided by CONSOL, in each case to reflect structural changes in how those services are provided to us by CONSOL Energy.

We also pay CONSOL Energy an executive support fee for the provision of certain executive support services for our benefit. The administrative support fee may change each calendar year, as determined by CONSOL Energy in good faith after consultation with our general partner, to accurately reflect the degree and extent of the general and administrative services provided to us and may be adjusted to reflect, among other things, the contribution, acquisition or disposition of assets to or by us or to reflect any change in the cost of providing general and administrative services

to us due to changes in any law, rule or regulation applicable to CONSOL Energy and its affiliates or to us, including any interpretation of such laws, rules or regulations. In addition, we will reimburse CONSOL Energy and its affiliates for all reasonable direct and indirect costs and expenses incurred by CONSOL Energy or its affiliates in connection with the provision of certain management, operating and investor relation services (“management services”) to our general partner, us and our subsidiaries, including the compensation and employee benefits of employees of CONSOL Energy or its affiliates (and any employment, payroll or similar taxes related thereto), to the extent, but only to the extent, such employees perform management services for the benefit of our general

partner, us or our subsidiaries. This includes CONSOL Energy stock-based compensation expense and net of any re-allocated partnership equity compensation expense, as determined by CONSOL Energy pursuant to its reasonable allocation procedures and methodologies.

Under the omnibus agreement, we also reimburse CONSOL Energy for all other direct and allocated costs and expenses incurred by CONSOL Energy in providing these services to us, including salaries, bonuses and benefits costs, for certain officers of CONSOL Energy, including those who also serve as officers and directors of our general partner. This reimbursement will be in addition to our obligation to reimburse our general partner and its affiliates for certain costs and expenses incurred on our behalf for managing and controlling our business and operations as required by our Partnership Agreement.

Indemnification. CONSOL Energy will indemnify us for certain liabilities, including those relating to:

- the consummation of the transactions contemplated by the contribution agreement;
- all tax liabilities attributable to the assets contributed to us in connection with our IPO and to the assets contributed to us in connection with the First Drop Down in September 2016;
- certain operational and title matters, including the failure to have (i) the ability to operate under any governmental license, permit or approval or (ii) such valid title to the contributed assets, in each case, that is necessary for us to own or operate any contributed assets in substantially the same manner as owned or operated by CONSOL Energy prior to the contribution;
- except to the extent resulting from our breach of the operating standard in the operating agreement, CONSOL Energy's ownership of its retained 75% interest in and to the Pennsylvania Mining Complex;
- certain liabilities retained by CONSOL Energy;
- CONSOL Energy's gross negligence or willful misconduct in connection with the provision of general and administrative services or management services under the omnibus agreement; and
- a breach by CONSOL Energy of the employee services agreement, the contract agency agreement, the water supply and services agreement, the terminal and throughput agreement and/or the cooperation and safety agreement.

Subject to and without limiting our rights to indemnification by CONSOL Energy, we will indemnify CONSOL Energy for certain liabilities, including those relating to:

- the use, ownership or operation of our assets, including certain environmental liabilities;
- any liabilities incurred by CONSOL Energy (i) under the employee services agreement or the contract agency agreement, (ii) in connection with CONSOL Energy's performance of services under the water supply and services agreement or the terminal and throughput agreement or (iii) by our breach of the cooperation and safety agreement; and
- our operation of the Pennsylvania Mining Complex under permits and/or bonds, letters of credit, guarantees, deposits and other pre-payments held by CONSOL Energy.

Under the omnibus agreement, certain indemnification by CONSOL Energy will be limited to liabilities identified prior to the third anniversary of the closing of our IPO completed in July of 2015 or the First Drop Down completed in September 2016. Certain of our and CONSOL Energy's indemnification obligations will be subject to a deductible of \$1.0 million per claim. For purposes of calculating the deductible, a "claim" will include all liabilities that arise from a discrete act or event. There is no limit on the amount for which CONSOL Energy or we will indemnify under the omnibus agreement once the deductible is met.

Registration Rights Agreement. We entered into a registration rights agreement with Greenlight Capital relating to the common units issued to Greenlight Capital in the Concurrent Private Placement (the "registrable securities"). Pursuant to the registration rights agreement, we agreed to file up to three shelf registration statements for the resale of the registrable securities as soon as practicable following receipt of written notice from Greenlight Capital and no later than 30 days after such notice; provided, that we were not be required to file a shelf registration statement for 90 days after the closing of our IPO. As of December 31, 2018, we had not received such written notice from Greenlight

Capital. In addition, we agreed to use commercially reasonable efforts to cause each shelf registration statement to be declared effective by the SEC as soon as practicable after its filing and no later than 90 days after its filing. The registration rights agreement also provided Greenlight Capital with rights that allow Greenlight Capital to include its registrable securities in certain registered offerings for our own account. The registration rights agreement contained representations, warranties, covenants and indemnities that are customary for private placements by public companies.

The total amount of such reimbursed expenses was approximately \$11.2 million for the year ended December 31, 2018.

Other Related Party Transactions

Please see Note 19 to our audited consolidated financial statements contained in Item 8 of Part II of this Annual Report on Form 10-K for a description of certain other transactions with related parties, which descriptions are incorporated by reference herein.

Director Independence

Our disclosures in Item 10. “Directors, Executive Officers and Corporate Governance of Managing General Partner” are incorporated herein by reference.

Procedures for Review, Approval and Ratification of Related Person Transactions

The board of directors of our general partner has adopted a written code of business conduct and ethics that provides that the board of directors of our general partner or its authorized committee will review on at least a quarterly basis all transactions with related persons that are required to be disclosed under SEC rules and, when appropriate, initially authorize or ratify all such transactions. In the event that the board of directors of our general partner or its authorized committee considers ratification of a transaction with a related person and determines not to so ratify, the code of business conduct and ethics will provide that our management will make all reasonable efforts to cancel or annul the transaction.

The code of business conduct and ethics provides that, in determining whether or not to recommend the initial approval or ratification of a transaction with a related person, the board of directors of our general partner or its authorized committee should consider all of the relevant facts and circumstances available, including (if applicable) but not limited to: (i) whether there is an appropriate business justification for the transaction; (ii) the benefits that accrue to us as a result of the transaction; (iii) the terms available to unrelated third parties entering into similar transactions; (iv) the impact of the transaction on a director’s independence (in the event the related person is a director, an immediate family member of a director or an entity in which a director or an immediate family member of a director is a partner, shareholder, member or executive officer); (v) the availability of other sources for comparable products or services; (vi) whether it is a single transaction or a series of ongoing, related transactions; and (vii) whether entering into the transaction would be consistent with the code of business conduct and ethics.

Parent of Smaller Reporting Company

We have no parent company, though CONSOL Energy may be considered to be our parent by virtue of (i) its ownership of 61.0% of our common and subordinated units and (ii) its ownership of 100% of our general partner (which in turn owns a 1.7% general partner interest in us). We are managed and operated by the directors and officers of our general partner, who are each appointed by CONSOL Energy.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

Ernst & Young LLP served as the Partnership’s independent auditor for the year ended December 31, 2018. The following table presents fees billed for professional audit services rendered by E&Y in connection with its audits of the Partnership’s annual financial statements for the year ended December 31, 2018.

The fees billed to the Partnership by Ernst & Young LLP during 2018 were the following:

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	2018 (E&Y Fees)	2017 (E&Y Fees)
Audit Fees	\$601,000	\$568,500
Audit-Related Fees	—	—
Tax Fees	—	—
All Other Fees	—	—
Total	\$601,000	\$568,500

As used in the table above, the following terms have the meanings set forth below.

107

Audit Fees

These fees for professional services were rendered in connection with the audit of the Partnership's annual financial statements, for the review of the financial statements included in the Partnership's Quarterly Reports on Form 10-Q and for services that are normally provided by the accountant in connection with statutory and regulatory filings or engagements.

Audit-Related Fees

These fees for assurance and related services are those reasonably related to the performance of the audit or review of the Partnership's financial statements.

Tax Fees

These fees for professional services are rendered for tax compliance, tax advice and tax planning.

All Other Fees

These are fees for products and services provided, other than for the services reported under the headings "Audit Fees," "Audit-Related Fees" and "Tax Fees."

The audit committee of the Partnership's general partner has adopted a policy regarding the services of its independent auditors under which the Partnership's independent accounting firm is not allowed to perform any service which may have the effect of jeopardizing the registered public accountant's independence. Without limiting the foregoing, the independent accounting firm shall not be retained to perform the following:

- Bookkeeping or other services related to the accounting records or financial statements
- Financial information systems design and implementation
- Appraisal or valuation services, fairness opinions or contribution-in-kind reports
- Actuarial services
- Internal audit outsourcing services
- Management functions
- Human resources functions
- Broker-dealer, investment advisor or investment banking services
- Legal services
- Expert services unrelated to the audit
- Prohibited tax services

All audit and permitted non-audit services must be pre-approved by the audit committee. In 2018, 100% of the professional fees reported as audit-related fees were pre-approved pursuant to the above policy.

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

The following documents are filed as part of this report:

(1) Financial Statements:
Report of Independent Registered Public Accounting Firm
Consolidated Statements of Operations for the years ended December 31, 2018 and 2017
Consolidated Statements of Comprehensive Income for the years ended December 31, 2018 and 2017
Consolidated Balance Sheets at December 31, 2018 and 2017
Consolidated Statement of Partners' Capital for the years ended December 31, 2018 and 2017
Consolidated Statement of Cash Flows for the years ended December 31, 2018 and 2017
Notes to the Consolidated Financial

Statements

(2) Schedules:

None

(3) Index to

Exhibits

Exhibits	Description	Method of Filing
<u>3.1(a)</u>	Amended and Restated Certificate of Limited Partnership of CNX Coal Resources LP (Originally Formed as CONSOL Resource Partners LP), dated June 3, 2015	Filed as Exhibit 3.1(c) to the Partnership's Amendment to Registration Statement on Form S-1/A (#333-203165) filed on June 10, 2015
<u>3.1(b)</u>	Certificate of Amendment to Amended and Restated Certificate of Limited Partnership of CONSOL Coal Resources LP, dated November 28, 2017	Filed Exhibit 3.1 to Form 8-K (#001-37456) on December 4, 2017)
<u>3.2</u>	Third Amended and Restated Agreement of Limited Partnership of CONSOL Coal Resources LP, dated November 28, 2017	Filed Exhibit 3.2 to Form 8-K (#001-37456) on December 4, 2017
<u>4.1</u>	Registration Rights Agreement, dated as of July 7, 2015, by and among, CNX Coal Resources LP and the purchaser parties thereto	Filed as Exhibit 4.1 to Form 8-K (#001-37456) filed on July 13, 2015
<u>4.2</u>	Waiver of 20% Voting Limitation Agreement, dated as of July 7, 2015, by and among CNX Coal Resources GP LLC and the purchaser parties thereto	Filed as Exhibit 4.2 to Form 8-K (#001-37456) filed on July 13, 2015
<u>4.3</u>	Common Unit Purchase Agreement, dated June 25, 2015, by and among CNX Coal Resources LP and each of the entities identified on Exhibit A thereto	Filed as Exhibit 10.12 to Amendment to Registration Statement on form S-1/A (#333-203165) filed on June 26, 2015
<u>4.4</u>	Amendment to the Common Unit Purchase Agreement, dated June 30, 2015, by and among CNX Coal Resources LP and each of the entities identified on Exhibit A thereto	Filed as Exhibit 10.2 to Form 8-K (#001-37456) filed on July 6, 2015

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- 4.5 Registration Rights Agreement, dated September 30, 2016, by and among CNX Coal Resources LP, CONSOL Energy Inc. and such other parties that may, from time to time, become party thereto Filed as Exhibit 4.1 to Form 8-K (#001-37456) filed on October 4, 2016
- 10.1 Contribution, Conveyance and Assumption Agreement, dated July 7, 2015, by and among CNX Coal Resources LP, CNX Coal Resources GP LLC, CONSOL Energy Inc. and CNX Operating LLC Filed as Exhibit 10.1 to Form 8-K (#001-37456) filed on July 13, 2015
- 10.2 First Amended and Restated Omnibus Agreement, dated September 30, 2016, by and among CONSOL Energy Inc., CNX Coal Resources GP LLC, CNX Coal Resources LP and the other parties listed on Exhibit A attached thereto Filed as Exhibit 10.2 to Form 8-K (#001-37456) filed on October 4, 2016
- 10.3 Pennsylvania Mine Complex Operating Agreement, dated July 7, 2015, by and among CONSOL Pennsylvania Coal Company LLC, Conrhein Coal Company and CNX Thermal Holdings LLC Filed as Exhibit 10.3 to Form 8-K (#001-37456) filed on July 13, 2015
- 10.4 First Amendment to Pennsylvania Mine Complex Operating Agreement, dated September 30, 2016, by and among CONSOL Pennsylvania Coal Company LLC, Conrhein Coal Company and CNX Thermal Holdings LLC Filed as Exhibit 10.3 to Form 8-K (#001-37456) filed on October 4, 2016
- 10.5 Employee Services Agreement, dated July 7, 2015, by and between CONSOL Pennsylvania Coal Company LLC and CNX Thermal Holdings LLC Filed as Exhibit 10.4 to Form 8-K (#001-37456) filed on July 13, 2015
- 10.6 Contract Agency Agreement, dated July 7, 2015, by and between CONSOL Energy Sales Company and CNX Thermal Holdings LLC Filed as Exhibit 10.5 to Form 8-K (#001-37456) filed on July 13, 2015
- 10.7 Terminal and Throughput Agreement, dated July 7, 2015, by and between CNX Marine Terminals, Inc. and CNX Thermal Holdings LLC Filed as Exhibit 10.6 to Form 8-K (#001-37456) filed on July 13, 2015
- 10.8 Amendment and Restatement of Master Cooperation and Safety Agreement, dated July 7, 2015, by and among CNX Thermal Holdings LLC, CONSOL Pennsylvania Coal Company LLC, Conrhein Coal Company, CNX Gas Company LLC, CONSOL Energy Inc. and the CONSOL Energy Inc. subsidiaries party thereto Filed as Exhibit 10.7 to Form 8-K (#001-37456) filed on July 13, 2015
- 10.9 Water Supply and Services Agreement, dated July 7, 2015, by and between CNX Water Assets LLC and CNX Thermal Holdings LLC Filed as Exhibit 10.8 to Form 8-K (#001-37456) filed on July 13, 2015
- 10.10* CNX Coal Resources LP 2015 Long-Term Incentive Plan Filed as Exhibit 10.9 to Form 8-K (#001-37456) filed on July 13, 2015
- 10.11*

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Form of Restricted Phantom Award Agreement under CNX Coal
Resources LP 2015 Long-Term Incentive Plan

Filed as Exhibit 10.10 to
Amendment to Registration
Statement on Form S-1/A
(#333-205639) filed on May 8,
2015

10.12* Amended and Restated Change in Control Agreement dated August 24,
2015 between CONSOL Energy Inc. and James A. Brock

Filed as Exhibit 10.11 to Form
10-Q (#001-37456) filed on
November 3, 2015

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<u>10.13</u>	Contribution Agreement, dated September 30, 2016, by and among CONSOL Energy Inc., CONSOL Pennsylvania Coal Company LLC, Conrhein Coal Company, CNX Coal Resources LP and CNX Thermal Holdings LLC	Filed as Exhibit 10.1 to Form 8-K (#001-37456) on October 4, 2016
<u>10.14*</u>	Amended and Restated Change in Control Severance Agreement dated February 6, 2017 between CNX Coal Resources GP LLC, CONSOL Pennsylvania Coal Company LLC, CONSOL Energy Inc. and James A. Brock	Filed as Exhibit 10.16 to Form 10-K (#001-37456) on February 8, 2017
<u>10.15*</u>	Change in Control Severance Agreement dated February 6, 2017 between CNX Coal Resources GP LLC, CONSOL Pennsylvania Coal Company LLC, CONSOL Energy Inc. and Martha Wiegand	Filed as Exhibit 10.18 to Form 10-K (#001-37456) on February 8, 2017
<u>10.16</u>	Form of First Amendment To Amendment and Restatement of Master Cooperation and Safety Agreement by and between CNX Thermal Holdings LLC, CONSOL Pennsylvania Coal Company LLC and Conrhein Coal Company and CNX Gas Company LLC dated July 7, 2015, dated January 7, 2016	Filed as Exhibit 10.1 to Form 10-Q (#001-37456) on October 31, 2017
<u>10.17</u>	Affiliated Company Credit Agreement, dated November 28, 2017, by and among CONSOL Coal Resources LP, certain of its affiliates party thereto, CONSOL Energy Inc. and PNC Bank, National Association	Filed as Exhibit 10.1 to Form 8-K (#001-37456) on December 4, 2017
<u>10.18</u>	Second Amendment to the Pennsylvania Mine Complex Operating Agreement, dated November 28, 2017, by and among CONSOL Pennsylvania Coal Company LLC, Conrhein Coal Company, CONSOL Thermal Holdings LLC and CONSOL Coal Resources LP	Filed as Exhibit 10.2 to Form 8-K (#001-37456) on December 4, 2017
<u>10.19</u>	First Amendment to the First Amended and Restated Omnibus Agreement, dated November 28, 2017, by and among CONSOL Coal Resources LP, CONSOL Coal Resources GP LLC, CNX Resources Corporation and the other parties thereto	Filed as Exhibit 10.3 to Form 8-K (#001-37456) on December 4, 2017
<u>10.20</u>	First Amendment to Water Supply and Services Agreement, dated November 28, 2017, by and between CNX Water Assets LLC and CONSOL Thermal Holdings LLC	Filed as Exhibit 10.4 to Form 8-K (#001-37456) on December 4, 2017
<u>10.21</u>	First Amendment to Contract Agency Agreement, dated November 28, 2017, by and among CONSOL Thermal Holdings LLC, CONSOL Energy Sales Company and the other parties thereto	Filed as Exhibit 10.5 to Form 8-K (#001-37456) on December 4, 2017
<u>10.22</u>	Sub-Originator Sale Agreement, dated as of November 30, 2017, by and between CONSOL Thermal Holdings LLC and CONSOL Pennsylvania Coal Company LLC	Filed as Exhibit 10.6 to Form 8-K (#001-37456) on December 4, 2017
<u>21.1</u>	Subsidiaries of CONSOL Coal Resources LP	Filed herewith
<u>23.1</u>	Consent of Ernst & Young LLP	Filed herewith
<u>31.1</u>	Certification of Chief Executive Officer pursuant to Section 302 of Sarbanes-Oxley Act of 2002	Filed herewith

31.2 Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 Filed herewith

32.1 Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. Filed herewith

111

32.2 Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. Filed herewith

95 Mine Safety and Health Administration Safety Data. Filed herewith

101 Interactive Data File (Form 10-K for the annual period ended December 31, 2018, furnished in XBRL). Filed herewith

* Compensatory plan or arrangement

Pursuant to the rules and regulations of the SEC, CONSOL Coal Resources LP has filed certain agreements as exhibits to this Annual Report on Form 10-K. These agreements may contain representations and warranties by the parties. These representations and warranties have been made solely for the benefit of the other party or parties to such agreements and (i) may have been qualified by disclosures made to such other party or parties, (ii) were made only as of the date of such agreements or such other date(s) as may be specified in such agreements and are subject to more recent developments, which may not be fully reflected in CONSOL Coal Resources LP's public disclosure, (iii) may reflect the allocation of risk among the parties to such agreements and (iv) may apply materiality standards that are different from what may be viewed as material to investors. Accordingly, these representations and warranties may not describe CONSOL Coal Resources LP's actual state of affairs at the date hereof and should not be relied upon.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Dated: February 8, 2019

CONSOL Coal Resources LP

By: CONSOL Coal Resources GP LLC, its general partner

By: /s/ JAMES A. BROCK

James A. Brock

Chief Executive Officer and Director

(Principal Executive Officer)

By: CONSOL Coal Resources GP LLC, its general partner

By: /s/ DAVID M. KHANI

David M. Khani

Chief Financial Officer

(Principal Financial Officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below as of February 8, 2019 by the following persons on behalf of the Registrant and in the capacities indicated.

By: /s/ JAMES A. BROCK

James A. Brock

Chief Executive Officer, Chairman of the Board and Director

(Principal Executive Officer)

By: /s/ DAVID M. KHANI

David M. Khani

Chief Financial Officer and Director

(Principal Financial Officer)

By: /s/ JOHN M. ROTHKA

John M. Rothka

Chief Accounting Officer

(Principal Accounting Officer)

By: /s/ MICHAEL L. GREENWOOD

Michael L. Greenwood

Director

By: /s/ DAN D. SANDMAN

Dan D. Sandman

Director

By: /s/ JEFFREY L. WALLACE

Jeffrey L. Wallace

Director

By: /s/ KURT R. SALVATORI

Kurt R. Salvatori
Director

By: /s/ DEBORAH J. LACKOVIC
Deborah J. Lackovic
Director