



CNX Gas:

***Combining Energy Security and
Sustainable Development***



CNX GAS[®]

CNX GAS Corporation

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website: www.cnxgas.com

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The background of the slide features a low-angle shot of a gas well rig against a blue sky with light clouds. In the foreground, there is a large stack of dark-colored pipes. The overall aesthetic is industrial and professional.

CNX Gas - Who We Are and What We Do



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CNX Gas – A Brief History

Prior wholly-owned subsidiary of CONSOL Energy

- Degasification was a necessary evil
- Viewed as a waste product

IPO'ed from CONSOL Energy in 2005

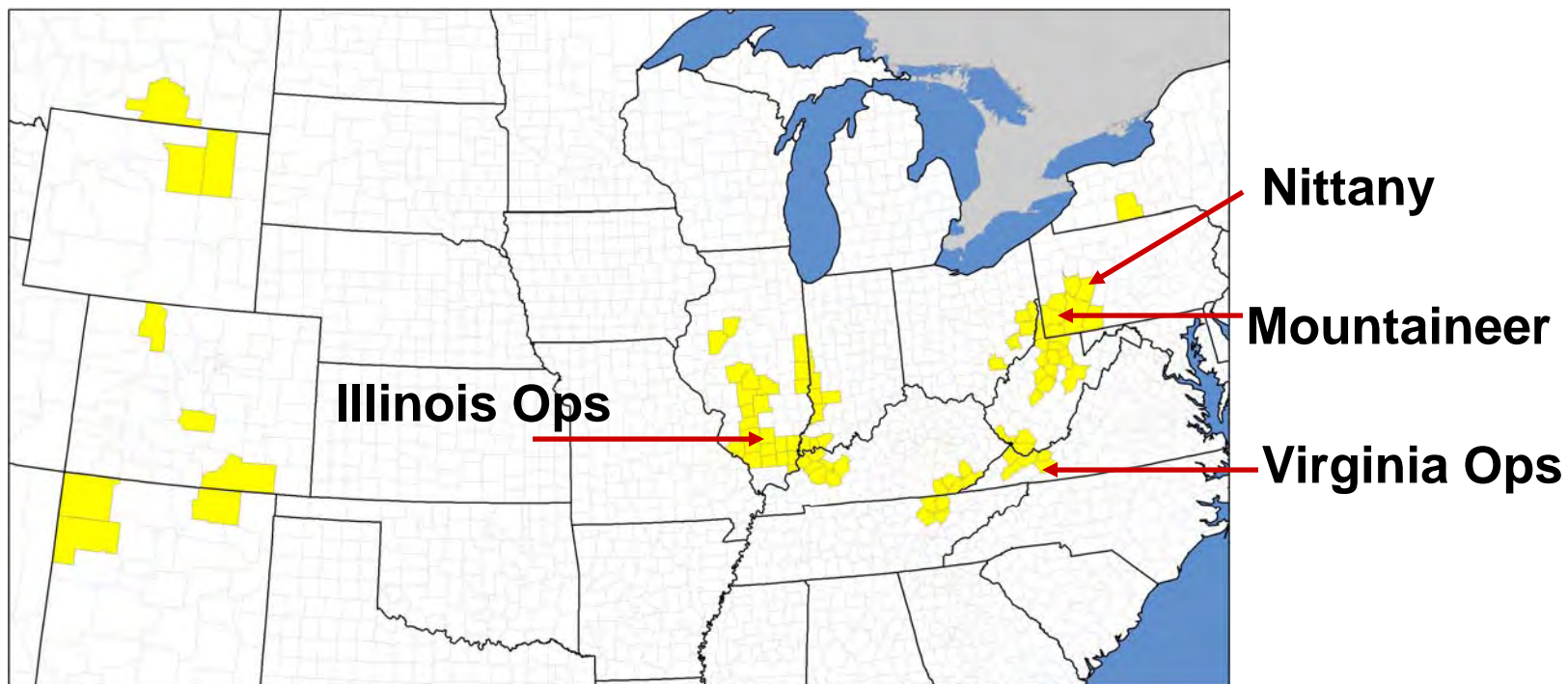
- Desire for achieving fair valuation of gas assets
- Create dedicated, stand-alone management

Today NYSE-listed and publicly-traded

- \$4+ billion market capitalization
- Business Week "Hot 100"
- Platts "Hydrocarbon Producer of the Year" finalist

This entity did not exist two years ago.

CNX Gas CBM Asset Profile



- **CBM Reserve Base**
 - CNX Gas has the rights to all the gas in all of CONSOL Energy's 4.3 billion tons of coal
 - At year-end 2006, this amounted to 1.265 Tcf of proved reserves
 - CNX Gas also acquired the rights to the gas in over 1 million acres owned by Peabody Energy in 2007



Sustainable Development



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Sustainable Development: “SD”

The widely accepted definition:

Meeting humanity’s needs without harming future generations.

- “Needs” and “Harming”
- Paralysis by analysis

Perhaps a better definition:

Return-driven decision making in a resource constrained world.

- Make the best of what’s left
- Continuous improvement
- Optimize NPV and IRR



Best in Class” = “Sustainable Development”

Safety

Environmental stewardship

Civic-community participation

Employee standard of living

Strong internal controls and governance

Empowerment

Providing a product society wants and needs

Tone at the top backed by action at the top

**These are prerequisites for shareholder return!
is more than just environmental stewardship.**



The Unique Opportunity



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Five Known Facts

Safest operator in the E&P industry

CNX Gas is now the second leading gas producer in the Appalachian Basin and is growing

- **The production goal for 2008 is 73 billion cubic feet (Bcf)**

CNX Gas is the second lowest cost producer in the nation and the highest margin producer in the nation

- **“Last man standing” in a commodity business**

CNX Gas is pumping hundreds of millions of dollars into Appalachia each year

Our employees' average all-in compensation exceeds \$100,000 per year



the Unknown Facts and the Opportunity

CNX Gas is now the second leading capturer of methane that would otherwise be wasted in the U.S., according to U.S. Department of Energy:

**Million metric tons
of CO2 equivalent**

– Waste Management	34.5
– CNX Gas	20.8
– Jim Walter Resources	7.7

CNX Gas is the largest capturer of methane in the energy industry

Energy Security and Environmental Policy

Energy and environmental policy must be addressed jointly

- **Example of Virginia* , where 2017 goals call for**
 - Increased in-state energy production by 20%
 - Reduced greenhouse gas emissions by 30%
- **Ignoring one when developing the other is flawed thinking**

Both policies must embrace sustainable development

You can have your cake and eat it too...how?

Energy Efficiency

Energy efficiency can be achieved one of two ways:

- Using less energy (conservation) and/or
- Extracting more energy product from a given resource (increased productivity or yield)

CNX Gas is a giant energy efficiency machine

- Evolving the coal industry from a single product mindset (coal) to a dual product mindset (coal and gas)
- Improving the safety of the coal industry
- Reducing the carbon footprint of the coal industry

CNX Gas is the ultimate form of renewable energy.



How Large is the Opportunity?

Virginia Example:

In a typical year, Buchanan Mine produces about 5 MM tons of coal. The CO₂ equivalent capture associated with Buchanan is 6.7 MM metric tons.

Other (non-Buchanan) Virginia coal production is usually about 25 MM tons.

So, drilling in front of other deep mines should result in similar levels of capture.

We can do even more on this front.

How Might States Help?

Provide economic incentives or remove impediments to capture methane generated from coal mining

- **Induces drilling that might otherwise be uneconomic**
- **Increases domestic energy production and energy security**
- **Captures methane that would otherwise be vented**

Work with us to lead on this unique opportunity

- **Cap and trade superior to carbon tax**
- **Define coal bed methane as an offset source**

States achieve both higher in-state energy production and reduced greenhouse gas emissions.



Thank You!



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Coal Contains Methane

**Each ton of Eastern coal can contain as much as
450-600 cubic feet of methane**

Historically viewed as the enemy of the coal miner

Vertical Degasification Techniques

