

Newsmaker Interview

Coal Vital Part of Mix, says Brock

Coal News: *Using 2013 production figures and excluding the mines sold to Murray Energy, CONSOL Energy is now the 9th largest coal producer by tonnage in the United States in 2013 producing 28.5 million tons or 2.9% of the nation's coal production. Jimmy Brock, we very much appreciate you talking to readers of Coal News as we celebrate our 10th Anniversary. Our readers would be very interested in your background and how you came to be COO of CONSOL Energy?*

Jimmy Brock: First, let me congratulate Coal News on its 10th Anniversary.

I started my career as a summer student at CONSOL Energy's Matthews mine in Tennessee. Seven years later, I was reassigned to our Buchanan mine in Virginia. I worked at Buchanan for a few years and when we acquired Island Creek, I was transferred to the Island Creek Mine, which was only 10 miles from Buchanan. After a few years I was promoted and transferred to our Mill Creek continuous miner mine in Kentucky. Two years later, in 1998, I was again promoted. I moved to Morgantown and have since had responsibilities for all of our Northern Appalachian Coal mines. This is my 35th year with CONSOL Energy. Throughout my career, I managed to work my way up through the ranks. I have held many management positions including, section foreman, shift foreman, mine foreman, longwall coordinator, assistant superintendent, superintendent, Vice President, Senior Vice Present and my current position as Chief Operating Officer of coal. I love working for this company and with the people we have assembled. I have been extremely blessed with the talent surrounding me.

Coal News: CONSOL Energy has a long and colorful history in coal. Tell us about that please.

Jimmy Brock: 2014 marks CONSOL Energy's 150th anniversary. In 1864, Consolidation Coal Company, the forerunner of CONSOL Energy, began producing coal in Western Maryland. By 1927, the company had become the largest bituminous coal producer in the United States. As markets for coal began to change in the late 1950's, Consolidation Coal met the challenge by expanding existing operations and acquiring other coal companies and reserves. It was also during this time that the company

turned to coal research and development for innovative ways to enhance mine safety and to improve coal production and utilization. In the early



Jimmy Brock

1980's Consolidation Coal again adapted to the changing marketplace for energy worldwide by a strong commitment to longwall mining systems in its larger underground mines. Longwall systems are the safest and most productive method of underground coal mining. In the ensuing years, seeking to capitalize on a new generation of coal-fired power plants in reaction to the 1973 energy crisis, and in an effort to capture market share in emerging seaborne steam and metallurgical coal markets, Consolidation Coal developed new, state-of-the-art mines in Pennsylvania and Virginia. Ultimately, the Bailey Mine Complex in Greene County, Pennsylvania would become the largest underground mine in North America. In the early 1990's Consolidation Coal began to construct a business around the long-standing safety practice of removing coal bed methane from coal seams prior to mining, representing the genesis of the company's shift to a multi-fuel energy producer. In 1991 the company's name was changed to CONSOL Energy.

Coal News: I have been underground at CONSOL coal mines many times over the years. Describe for us please the organization and facilities of your coal mines and briefly your gas operations?

Jimmy Brock: CONSOL Energy holds some of the richest coal reserves in the country. Our Bailey, Enlow Fork and BMX mines in Pennsylvania are

among the safest, most well-capitalized, lowest-cost, productive and profitable mines in the entire world. Our Buchanan mine in Virginia is hands down the flagship metallurgical mine whose coal is sought after for steelmaking across the globe. These mines are primed to compete and fit neatly into our growth strategy of supplying markets with energy both at home and abroad.

CONSOL Energy is one of the largest independent natural gas exploration, development and production companies. CONSOL Energy's Gas Division operates, develops and explores for natural gas primarily in Appalachia (Pennsylvania, West Virginia, Ohio, Tennessee and Virginia). Concentrating our drilling and production activities in these core areas has allowed us to develop the regional expertise for success – and be an industry leader for the safe and sustainable production of natural gas. CONSOL Energy plans to invest \$1.1 billion dollars in its natural gas operations in 2014 and expects 30 percent year-over-year growth.

Coal News: Safety is number one with us all. Please tell us about your philosophy regarding coal mine safety and Absolute ZERO? Are you getting the results you want?

Jimmy Brock: CONSOL Energy prides itself on adhering to three core values

across all of its operations – safety, compliance and continuous improvement. At CONSOL Energy, safety is the core of everything we do. Safety has no rank; every employee is empowered to stop unsafe behavior and has the responsibility to “see something, say something, do something.” The Absolute Zero program has expanded to include contractor safety. As a result of this change in culture, we have experienced a steady decrease in incident rates across the company since the program's inception. While we are pleased with the results, we will never be completely satisfied until we reach ZERO exceptions.

Coal News: These are tough times for us all. Describe the challenges the industry faces as you see them and are there any bright spots?

Jimmy Brock: The coal industry has played a major role in the culture and history of our country, establishing an identity as the “backbone” of the economy in our region. However, in recent years, public perception has changed. We are often viewed as a dangerous and dirty industry that has adverse effects on the environment. Coal is an important part of the energy mix and it is not going away. We recently completed several projects within our coal division that will allow us to expand our reach to international markets and feed domestic demand for many years to come. We have the infrastructure in place to safely and compliantly mine 36-million plus tons per year.

As an industry, we need to continue our commitment to advanced clean coal technologies. Coal remains the biggest source of fuel for generating electricity in the United States and coal exports are growing fast. The American economy is powered by electricity and demand will only increase significantly when America experiences a true economic recovery and the manufacturing sector begins to expand. The economic impact of the industry reaches far beyond the industry itself by generating jobs across all sectors of the economy. Many people in the developing world live without electricity – they all want the resources we have.

Coal News: Do you think we are properly harnessing the resources of the 800,000 people in America who depend on coal for a living to get the message out?

Jimmy Brock: Quite honestly, I believe the coal economy is a sleeping giant,

if you will. We mine coal safely and compliantly every day. The industry provides some of the country's highest paying jobs. Many states depend heavily on the coal industry for good jobs and tax revenue. Taxes generated from the industry are used to fund teachers' salaries and state government. Coal is a major economic driver and we should be proud of the work we do and not be afraid to tell our story to anyone who will listen.

Coal News: What would you like your biggest contribution at CONSOL to be for you to be remembered?

Jimmy Brock: I would like to be remembered for my commitment to the safety of my employees. Every day I work to send my employees home safe. We have made great strides in mine safety and we must continue to work towards reaching Absolute ZERO.

I also hope that I have helped change the culture of our employees and helped to make CONSOL Energy the safest and most compliant energy company in the world.

Coal News: As we get to the end of this discussion, my last question is how do you see the future of coal both here and around the world?

Jimmy Brock: I believe coal is a vital part of the energy mix. There will continue to be a market for coal for base-load electricity generation. The coal-fired power plants that survive this latest round of EPA regulations are going to be the lowest heat rate, most efficient and most technologically advanced facilities, and will run at the highest capacity factors they ever have.

In a tightening market, the safest, lowest cost, most reliable supplier enjoys a competitive advantage. Our Bailey Complex is one of the safest, most well-capitalized, efficient and productive mine complexes in the world. The geology at Bailey also provides the highest BTU content coal in the United States, with optionality for the product in either domestic or seaborne markets. Couple this with the most reliable delivery network serviced by two rail carriers and proximity to those key must-run units, and the facility is primed to compete for the long term. Coal is not going away anytime soon and CONSOL Energy is well-positioned for the future.

Coal News: We very much appreciate you taking the time to talk to Coal News readers, particularly as we celebrate our 10th Anniversary. Thank you very much!