CNX Provides Operational Update

11.06.2020 | [PR Newswire]

PITTSBURGH, June 11, 2020 - [CNX Resources Corp.] (NYSE: CNX) ("CNX" or the "company") today announced an operational update.

CNX continues to optimize its long-term intrinsic value per share by safely and compliantly generating free cash flow (FCF) per share on a regular basis. The following is an update of key drivers in that effort.

Production Profile Optimization
CNX began sculpting its production profile since May 1st, and the company has shut in as much as 375 MMcf per day of production to take advantage of the large positive spread between summer and winter natural gas prices. The company expects the shut-in amount to decline to approximately 300 MMcf per day of production by July and will adjust as conditions warrant. This production profile optimization would result in over $30 million(a) in incremental FCF over the next few years, assuming the wells are turned back online November 1st and using current forward strip pricing. In a series of related transactions, the company monetized hedges in the summer months of 2020 and added new hedges in the winter months, which locked in a significant portion of this FCF improvement.

SWPA Marcellus Efficiencies
CNX continues to achieve capital efficiency improvements in its core Southwest Pennsylvania (SWPA) Marcellus Shale wells. The company's most recent eight-well Marcellus Shale pad, RHL 99, was stimulated by Evolution Well Services' electric frac fleet and averaged 1,570 lateral feet per day and a peak of 2,600 lateral feet in a 24-hour period. During stimulation of the RHL 99 pad, the company used approximately 140,000 Mcf of CNX's clean burning natural gas to power the fleet in lieu of diesel, which equates to a fuel savings of approximately $2.4 million. Chief Operating Officer Chad Griffith stated, "The company is cruising at high efficiency. Operational results validate our commitment to move to an electric frac fleet over a year ago, which a number of other operators have since adopted. Our operations team continues to be thought leaders in the basin, which will continue to improve capital efficiency. And it is important to note that RHL 99's cost per foot is already lower than the cost per foot assumed in our seven-year FCF plan laid out in our first quarter conference call."

PA Utica Efficiencies
During the quarter, the company also drilled two SWPA Utica Shale wells at a record high pace and a record low cost. When compared to prior Pennsylvania Utica Shale wells drilled, the average drilling costs decreased from $957 per foot to $447 per foot, or a decline of 53%, with drilling times decreased by 22%. When completed, the company expects the total well costs for these two SWPA Utica wells to be approximately $1,375 per lateral foot, far below the $1,800 per lateral foot assumed in the seven-year FCF plan. Also, the company increased its estimated ultimate recovery (EUR) expectations for its most recent Central Pennsylvania (CPA) Utica well, the Bell Point 6, to a range of 4.5–5.0 Bcfe per thousand feet, which makes it the company's most productive Utica well to date.

Core Inventory
Chief Operating Officer Chad Griffith commented, "Bell Point 6's strong production profile illustrates the potential of our over 100,000 acres of CPA Utica. Coupled with the recent cost performance of the SWPA Utica wells, our Pennsylvania Utica offers compelling economic returns on future capital investment opportunities. With our SWPA Marcellus inventory already providing over a decade of inventory at a maintenance of production activity-set, the CPA Utica delivers multiple decades of core inventory and optionality to grow when conditions allow for good rates of return."

Capital Efficiency and Base Decline
During the quarter, the substantial midstream buildout supporting the company's SWPA Marcellus Shale development plan was completed with only incremental compression and well connects needed going forward. This best-in-basin high pressure / low pressure gathering network allows the company's wells to flow at pressures that improve economics, increase ultimate recoveries, and maintain reservoir and

completion integrity over the productive lives of the wells. Under the company's maintenance plan, the PDP volume will continue to grow resulting in an average base decline of approximately 20% through the 2022-2026 FCF plan.

Chief Financial Officer Don Rush stated, "These metrics combine to allow the company to be highly efficient and meet or exceed our seven-year, $3 billion consolidated FCF plan[(a)]."

(a) CNX is unable to provide a reconciliation of projected financial results contained in this release, including FCF to its respective comparable financial measure calculated in accordance with GAAP. This is due to our inability to calculate the comparable GAAP projected metrics, including operating income, given the unknown effect, timing, and potential significance of certain income statement items.

About CNX Resources Corporation
CNX Resources Corp. (NYSE: CNX) is one of the largest independent natural gas exploration, development and production companies, with operations centered in the major shale formations of the Appalachian basin. The company deploys an organic growth strategy focused on responsibly developing its resource base. As of December 31, 2019, CNX had 8.4 trillion cubic feet equivalent of proved natural gas reserves. The company is a member of the Standard & Poor's Midcap 400 Index. Additional information may be found at www.cnx.com.

Cautionary Statements:
Various statements in this release, including those that express a belief, expectation or intention, may be considered forward-looking statements (as defined in Section 21E of the Securities Exchange Act of 1934, as amended, and Section 27A of the Securities Act) that involve risks and uncertainties that could cause actual results to differ materially from projected results. Without limiting the generality of the foregoing, forward-looking statements contained in this communication specifically include statements regarding future financial performance, including free cash flow, and the company's plans to turn back online the shut-in production volumes and expected well costs. 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," "intend," "expect," "may," "should," "anticipate," "could," "estimate," "plan," "predict," "project," 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 press release speak only as of the date of this press release; we disclaim any obligation to update these statements. 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 risks and uncertainties set forth in the "Risk Factors" section of CNX's Annual Report on Form 10-K for the year ended December 31, 2019, and Quarterly Report on Form 10-Q for the three months ended March 31, 2020, each filed with the Securities and Exchange Commission, and any subsequent reports filed with the Securities and Exchange Commission.

Contact
Investor: Tyler Lewis, at (724) 485-3157; Media: Brian Aiello, at (724) 485-3078

View original content to download multimedia:http://www.prnewswire.com/news-releases/cnx-provides-operational-update-301074307.html

SOURCE CNX Resources Corp.