NATURAL RESOURCE PARTNERS LP
Form 10-Q
November 05, 2015

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

FORM 10-Q

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

For the quarterly period ended September 30, 2015

or

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

Commission file number: 001-31465

NATURAL RESOURCE PARTNERS L.P.
(Exact name of registrant as specified in its charter)

Delaware	35-2164875
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

601 Jefferson Street, Suite 3600
Houston, Texas 77002
(Address of principal executive offices)
(Zip Code)
(713) 751-7507
(Registrant’s telephone number, including area code)

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 ý No ¨

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ý No ¨

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

Large Accelerated Filer	ý	Accelerated Filer	¨
Non-accelerated Filer	¨ (Do not check if a smaller reporting company)	Smaller Reporting Company	¨

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ¨ No ý

At November 2, 2015 there were 122,299,825 Common Units outstanding.

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Item 1. Consolidated Financial Statements

NATURAL RESOURCE PARTNERS L.P.
CONSOLIDATED BALANCE SHEETS
(In thousands, except for unit information)

	September 30, 2015 (Unaudited)	December 31, 2014
ASSETS		
Current assets:		
Cash and cash equivalents	$61,156	$50,076
Accounts receivable, net	54,888	66,455
Accounts receivable—affiliates	7,450	9,494
Inventory	6,849	5,814
Prepaid expenses and other	2,661	4,279
Total current assets	133,004	136,118
Land	25,022	25,243
Plant and equipment, net	71,194	60,093
Mineral rights, net	1,144,809	1,781,852
Intangible assets, net	58,269	60,733
Equity in unconsolidated investment	262,347	264,020
Long-term contracts receivable—affiliate	48,520	50,008
Goodwill	4,840	52,012
Other assets	16,864	14,645
Other assets—affiliate	1,525	—
Total assets	$1,766,394	$2,444,724
LIABILITIES AND CAPITAL		
Current liabilities:		
Accounts payable	$11,377	$22,465
Accounts payable—affiliates	2,566	950
Accrued liabilities	54,895	43,533
Current portion of long-term debt, net	80,983	80,983
Total current liabilities	149,821	147,931
Deferred revenue	79,242	73,207
Deferred revenue—affiliates	83,654	87,053
Long-term debt, net	1,323,708	1,374,336
Long-term debt, net—affiliate	19,923	19,904
Other non-current liabilities	9,839	22,138
Commitments and contingencies (see Note 13)		
Partners' capital:		
Common unitholders' interest (122,299,825 units outstanding)	106,011	709,019
General partner's interest	(60)	12,245
Accumulated other comprehensive loss	(2,350)	(459)
Total partners' capital	103,601	720,805
Non-controlling interest	(3,394)	(650)
Total capital	100,207	720,155
Total liabilities and capital	$1,766,394	$2,444,724

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

NATURAL RESOURCE PARTNERS L.P.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(In thousands, except per unit data)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
	(Unaudited)		(Unaudited)	
Revenues and other income:				
Coal related revenues	$35,469	$39,675	$94,452	$107,593
Coal related revenues—affiliates	19,535	25,518	70,938	65,334
Aggregates related revenues	42,326	2,655	114,158	9,614
Oil and gas related revenues	12,416	9,601	42,485	37,481
Equity in earnings of unconsolidated investment	12,617	9,685	36,739	28,865
Property taxes	2,528	3,520	8,602	10,865
Other	588	955	5,412	2,727
Total revenues and other income	125,479	91,609	372,786	262,479
Costs and expenses:				
Coal related expenses	649	3,383	2,474	4,623
Coal related expenses—affiliates, net	(68)	—	41	—
Aggregates related expenses, net	31,107	(244)	86,314	(170)
Oil and gas related expenses	3,049	2,147	9,809	6,359
General and administrative	5,140	4,825	14,829	13,543
General and administrative—affiliates	4,144	3,083	11,465	9,177
Depreciation, depletion and amortization	26,624	18,621	82,676	49,618
Property, franchise and other taxes	4,286	4,767	14,490	15,836
Asset impairments	626,838	—	630,641	5,624
Total operating expenses	701,769	36,582	852,739	104,610
Income (loss) from operations	(576,290)	55,027	(479,953)	157,869
Other income (expense)				
Interest expense	(23,711)	(18,862)	(69,997)	(57,759)
Interest income	—	8	16	75
Other expense, net	(23,711)	(18,854)	(69,981)	(57,684)
Net income (loss)	(600,001)	36,173	(549,934)	100,185
Less: net loss attributable to non-controlling interest	1,244	—	—	—
Net income (loss) attributable to NRP	$(598,757)	$36,173	$(549,934)	$100,185
Net income (loss) attributable to partners:				
Limited partners	(586,013)	35,450	(538,166)	98,181
General partner	(12,744)	723	(11,768)	2,004
Basic and diluted net income (loss) per common unit	$(4.79)	$0.32	$(4.40)	$0.89
Weighted average number of common units outstanding	122,300	111,244	122,300	110,504

Net income (loss)	$(600,001)	$36,173	$(549,934)	$100,185
Add: comprehensive income (loss) from unconsolidated investment and other	(1,136)	370	(1,891)	106
Less: comprehensive loss attributable to non-controlling interest	1,244	—	—	—
Comprehensive income (loss) attributable to NRP	$(599,893)	$36,543	$(551,825)	$100,291

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

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NATURAL RESOURCE PARTNERS L.P.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)

	Nine Months Ended September 30,	
	2015	2014
	(Unaudited)	
Cash flows from operating activities:		
Net income (loss)	$(549,934)	$100,185
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Asset impairment	630,641	5,624
Depreciation, depletion and amortization	82,676	49,618
Distributions from equity earnings from unconsolidated investment	34,545	32,225
Equity earnings from unconsolidated investment	(36,739)	(28,865)
Gain on reserve swap	(9,290)	(5,690)
Other, net	(3,033)	2,142
Other, net—affiliates	(721)	—
Change in operating assets and liabilities:		
Accounts receivable	11,919	(5,072)
Accounts receivable—affiliates	2,044	(2,881)
Accounts payable	(2,769)	1,662
Accounts payable—affiliates	1,616	94
Accrued liabilities	3,059	993
Deferred revenue	6,035	(81)
Deferred revenue—affiliates	(3,399)	11,426
Accrued incentive plan expenses	(6,417)	(5,445)
Other items, net	1,750	750
Other items, net—affiliates	(633)	411
Net cash provided by operating activities	161,350	157,096
Cash flows from investing activities:		
Acquisition of mineral rights	(35,939)	(14,035)
Acquisition of plant and equipment and other	(8,581)	(207)
Proceeds from sale of plant and equipment and other	11,006	5
Proceeds from sale of mineral rights	6,941	—
Return on equity and other unconsolidated investments	—	3,633
Return on long-term contract receivables—affiliate	2,121	910
Net cash used in investing activities	(24,452)	(9,694)
Cash flows from financing activities:		
Proceeds from loans	100,000	2,000
Proceeds from issuance of common units	—	24,826
Capital contribution by general partner	—	507
Repayment of loans	(151,175)	(69,175)
Distributions to partners	(66,142)	(118,372)
Distributions to non-controlling interest	(2,744)	(974)
Debt issuance costs and other	(5,757)	(601)
Net cash used in financing activities	(125,818)	(161,789)

Net increase (decrease) in cash and cash equivalents	11,080	(14,387)
Cash and cash equivalents at beginning of period	50,076	92,513
Cash and cash equivalents at end of period	$61,156	$78,126
Supplemental cash flow information:		
Cash paid during the period for interest	$57,917	$52,266
Plant, equipment and mineral rights funded with accounts payable or accrued liabilities	$4,465	$—

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

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NATURAL RESOURCE PARTNERS L.P.
CONSOLIDATED STATEMENTS OF PARTNERS' CAPITAL
(In thousands)
(Unaudited)

	Common Unitholders		General Partner	Accumulated Other Comprehensive Loss	Partners' Capital Excluding Non-Controlling Interest	Non-Controlling Interest	Total Capital
	Units	Amounts					
Balance at December 31, 2014	122,300	$709,019	$12,245	$ (459)	$ 720,805	$ (650)	$ 720,155
Costs associated with equity transactions	—	(22)	—	—	(22)	—	(22)
Distributions to unitholders	—	(64,820)	(1,322)	—	(66,142)	—	(66,142)
Distributions to non-controlling interest	—	—	—	—	—	(2,744)	(2,744)
Net loss	—	(538,166)	(11,768)	—	(549,934)	—	(549,934)
Non-cash contributions	—	—	785	—	785	—	785
Comprehensive loss from unconsolidated investment and other	—	—	—	(1,891)	(1,891)	—	(1,891)
Balance at September 30, 2015	122,300	$106,011	$(60)	$ (2,350)	$ 103,601	$ (3,394)	$ 100,207

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

NATURAL RESOURCE PARTNERS L.P.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

1. Basis of Presentation

Nature of Business

Natural Resource Partners L.P. (the "Partnership") engages principally in the business of owning, operating, managing and leasing a diversified portfolio of mineral properties in the United States, including interests in coal, trona and soda ash, oil and gas, construction aggregates, frac sand and other natural resources. As used in these Notes to Consolidated Financial Statements, the terms "NRP," "we," "us" and "our" refer to Natural Resource Partners L.P. and its subsidiaries, unless otherwise stated or indicated by context.

Principles of Consolidation and Reporting

The accompanying unaudited Consolidated Financial Statements of the Partnership have been prepared in accordance with generally accepted accounting principles in the United States of America ("GAAP") for interim financial information and with Rule 10-01 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by GAAP for complete financial statements. Certain prior period amounts have been reclassified to conform to the current period presentation. The reclassifications had no effect on the Partnership's overall consolidated financial position, income or cash flows. In our opinion, all adjustments, consisting only of normal recurring adjustments necessary for a fair presentation, have been included. The interim financial statements should be read in conjunction with the audited financial statements and related notes included in the Partnership's Annual Report on Form 10-K for the year ended December 31, 2014. Interim results are not necessarily indicative of the results for a full year.

In March 2015, the Partnership recorded an out-of-period adjustment to correct an error in depletion expense related to its oil and gas royalty interests owned by BRP LLC, a joint venture with International Paper Company in which the Partnership owns a 51% interest. Depletion expense for the nine months ended September 30, 2015 included a credit of $3.8 million to adjust the impact of depletion expense recorded in prior periods. After evaluating the quantitative and qualitative aspects of the error and the out-of-period adjustment to the Partnership's financial results, management has determined that the misstatement and the out-of-period adjustment are not material to the prior period financial statements.

Recently Issued Accounting Standards

In May 2014, the Financial Accounting Standards Board ("FASB") amended its guidance on revenue recognition. The core principle of this amendment is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This guidance is effective for annual reporting periods beginning after December 15, 2017, including interim periods within that reporting period, with earlier adoption not permitted. This guidance can be adopted either retrospectively to each prior reporting period presented or as a cumulative-effect adjustment as of the date of adoption. The Partnership is currently evaluating the impact of the provisions of this guidance on its consolidated financial position, results of operations and cash flows.

In April 2015, the FASB issued authoritative guidance which intended to simplify the presentation of debt issuance costs in financial statements. This guidance requires an entity to present such costs in the balance sheet as a direct deduction from the related debt liability rather than as an asset. Amortization of the costs will continue to be reported as interest expense. This guidance is effective for annual reporting periods beginning after December 15, 2016. Early adoption is permitted. This guidance will be applied retrospectively to each prior period presented. The Partnership is currently evaluating the impact of the provisions of this guidance on its consolidated balance sheets.

In July 2015, the FASB issued authoritative guidance which intended to simplify the measurement of inventory. This guidance requires an entity to measure inventory at the lower of cost or net realizable value. The amendments do not apply to inventory that is measured using last-in, first-out or the retail inventory method. This guidance is effective for annual reporting periods beginning after December 15, 2016, including interim periods within that reporting period, with early adoption permitted. This guidance should be applied on a prospective basis. The Partnership is currently evaluating the impact of the provisions of this guidance on its consolidated financial position, results of operations and cash flows.

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(unaudited)

2. Acquisitions

VantaCore Acquisition

On October 1, 2014, the Partnership completed its acquisition of VantaCore Partners LLC ("VantaCore"), a privately held company specializing in the construction materials industry, for $200.6 million in cash and common units. At the time of acquisition, VantaCore operated three hard rock quarries, six sand and gravel plants, two asphalt plants, one underground limestone mine and a marine terminal. VantaCore is headquarted in Philadelphia, Pennsylvania and its current operations are located in Pennsylvania, West Virginia, Tennessee, Kentucky and Louisiana.

The Partnership accounted for the transaction as a business combination under the acquisition method of accounting. Accordingly, the Partnership conducted assessments of net assets acquired and recognized amounts for identifiable assets acquired and liabilities assumed at their estimated fair values on the acquisition date, while transaction and integration costs associated with the acquisitions were expensed as incurred. The fair value of these assets and liabilities was estimated using a discounted cash flow technique with significant inputs that are not observable in the market and thus represents a Level 3 fair value measurement. The results of operations of the acquisition have been included in our consolidated financial statements since the acquisition date.

In the first quarter 2015, the purchase price allocation was adjusted as more detailed analysis was completed and additional information was obtained about the facts and circumstances for various items of VantaCore's plant and equipment that existed as of acquisition date. As a result of this adjustment, plant and equipment was increased by $22.5 million with a corresponding decrease to goodwill. In the second quarter 2015, the purchase price allocation was adjusted as more detailed analysis was completed and additional information was obtained about the facts and circumstances for VantaCore's right to mine and intangible assets that existed as of the acquisition date. As a result of this adjustment, Mineral rights, net and Intangible assets, net were increased by $24.7 million with a corresponding decrease to Goodwill. Measurement-period adjustments were not material to prior period financial statements and were recorded during the period in which the amount of the adjustment was determined. The accounting for the VantaCore acquisition was completed in the second quarter of 2015 and is summarized as follows:

	October 1, 2014 (In thousands)
Consideration	
Cash	$ 168,978
NRP common units	31,604
Total consideration given	$ 200,582
Allocation of Purchase Price	
Current assets	$ 37,222
Land, property and equipment	62,911
Mineral rights	111,500
Other assets	4,347
Current liabilities	(16,953)
Asset retirement obligation	(3,285)
Goodwill	4,840
Fair value of net assets acquired	$ 200,582

Revenue and net income attributable to the VantaCore during the three months ended September 30, 2015 was $39.2 million and $2.9 million, respectively, and for the nine months ended September 30, 2015 was $107.0 million and $4.5 million, respectively.

Sanish Field Acquisition

On November 12, 2014, the Partnership acquired non-operated oil and gas working interests in the Sanish Field of the Williston Basin from an affiliate of Kaiser-Francis Oil Company for $339.1 million.

The Partnership accounted for the transaction as a business combination under the acquisition method of accounting. Accordingly, the Partnership conducted assessments of net assets acquired and recognized amounts for identifiable assets acquired

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and liabilities assumed at their estimated fair values on the acquisition date, while transaction and integration costs associated with the acquisitions were expensed as incurred. The fair value of these assets and liabilities was estimated using a discounted cash flow technique with significant inputs that are not observable in the market and thus represents a Level 3 fair value measurement. Significant inputs used to determine the fair value include estimates of: (i) reserves, including estimated oil and natural gas reserves and risk-adjusted probably reserves; (ii) future commodity prices; (iii) production costs, (iv) capital expenditures, (v) production and (vi) discount rates. The results of operations of the acquisition have been included in our consolidated financial statements since the acquisition date. The accounting for the Sanish Field acquisition was completed in the second quarter of 2015 without significant changes during the measurement period and is summarized as follows:

	November 12, 2014 (In thousands)
Consideration	
Cash	$ 339,093
Allocation of Purchase Price	
Mineral rights - proven oil and gas properties	298,293
Mineral rights - probable and possible oil and gas resources	40,800
Fair value of net assets acquired	$ 339,093

Revenue and net loss attributable to the Sanish Field acquisition during the three months ended September 30, 2015 was $7.2 million and $197.8 million, respectively, and for the nine months ended September 30, 2015 was $31.6 million and $197.0 million, respectively. The net loss includes non-cash impairment expense of $194.5 million for the three and nine months ended September 30, 2015.

Pro Forma Financial Information

The following unaudited pro forma financial information (in thousands) presents a summary of the Partnership's consolidated results of operations for the three and nine months ended September 30, 2014, assuming the VantaCore and Sanish Field acquisitions had been completed as of January 1, 2014, including adjustments to reflect the values assigned to the net assets acquired:

	Three Months Ended September 30, 2014 (Unaudited)	Nine Months Ended September 30, 2014
Revenues and other income except aggregates related and oil and gas related revenues	$79,256	$215,345
Aggregates related revenues	52,735	134,995
Oil and gas related revenues	25,622	88,150
Total revenues and other income	$157,613	$438,490
Net income	$37,091	$106,615
Basic and diluted net income per common unit	$0.33	$0.95

3. Equity Investment

We account for our 49% investment in Ciner Wyoming LLC (“Ciner Wyoming”, and formerly "OCI Wyoming LLC") using the equity method of accounting. Ciner Wyoming distributed $12.7 million and $10.3 million to us in the three months ended September 30, 2015 and 2014, respectively, and Ciner Wyoming distributed $34.5 million and $35.9 million to us in the nine months ended September 30, 2015 and 2014, respectively.

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The difference between the amount at which our investment in Ciner Wyoming is carried and the amount of underlying equity in Ciner Wyoming's net assets was $155.3 million and $162.7 million as of September 30, 2015 and December 31, 2014, respectively. This excess basis relates to plant, property and equipment and right to mine assets. The excess basis difference that relates to property, plant and equipment is being amortized into income using the straight-line method over a weighted average of 28 years. The excess basis difference that relates to right to mine assets is being amortized into income using the units of production method.

Our equity in the earnings of Ciner Wyoming is summarized as follows (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015 (Unaudited)	2014	2015 (Unaudited)	2014
Income allocation to NRP's equity interests	$13,806	$11,170	$40,319	$33,300
Amortization of basis difference	(1,189)	(1,485)	(3,580)	(4,435)
Equity in earnings of unconsolidated investment	$12,617	$9,685	$36,739	$28,865

The results of Ciner Wyoming's operations are summarized as follows (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015 (Unaudited)	2014	2015 (Unaudited)	2014
Sales	$117,340	$109,785	$359,970	$338,996
Gross profit	32,750	28,487	96,565	83,210
Net income	28,175	22,795	82,283	67,952

The financial position of Ciner Wyoming is summarized as follows (in thousands):

	September 30, 2015 (Unaudited)	December 31, 2014
Current assets	$153,095	$200,622
Noncurrent assets	233,012	202,282
Current liabilities	44,566	47,704
Noncurrent liabilities	127,676	149,192

4. Plant and Equipment

The Partnership's plant and equipment consist of the following (in thousands):

	September 30, 2015 (Unaudited)	December 31, 2014
Plant and equipment at cost	$105,248	$89,759
Construction in process	993	457
Less accumulated depreciation	(35,047)	(30,123)
Total plant and equipment, net	$71,194	$60,093

Depreciation expense related to the Partnership’s plant and equipment totaled $3.9 million and $1.3 million for the three months ended September 30, 2015 and 2014, respectively. Depreciation expense related to the Partnership’s plant and equipment totaled $12.9 million and $3.8 million for the nine months ended September 30, 2015 and 2014, respectively. The Partnership recorded $0.0 million and $2.3 million of asset impairment expense related to a coal preparation plant for the three and nine months ended September 30, 2015, respectively.

NATURAL RESOURCE PARTNERS L.P.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

5. Mineral Rights

The Partnership's mineral rights consist of the following (in thousands):

	September 30, 2015 (Unaudited)	December 31, 2014
Coal	$1,196,091	$1,541,572
Oil and Gas	181,740	560,395
Aggregates	189,640	211,490
Other	14,948	15,014
Less: accumulated depletion and amortization	(437,610)	(546,619)
Total mineral rights, net	$1,144,809	$1,781,852

Depletion expense related to the Partnership's mineral rights totaled $21.8 million and $16.5 million for the three months ended September 30, 2015 and 2014, respectively. Depletion expense related to the Partnership's mineral rights totaled $66.6 million and $43.2 million for the nine months ended September 30, 2015 and 2014, respectively.

Impairment of Mineral Rights

The Partnership has developed procedures to periodically evaluate its long-lived assets for possible impairment. These procedures are performed throughout the year and considers both quantitative and qualitative information based on historic, current and future performance and are designed to identify impairment indicators. If an impairment indicator is identified, additional evaluation is performed for that asset that considers both quantitative and qualitative information. A long-lived asset is deemed impaired when the future expected undiscounted cash flows from its use and disposition is less than the assets' carrying value. Impairment is measured based on the estimated fair value, which is primarily determined based upon the present value of the projected future cash flow compared to the assets' carrying value. The inputs used by management for fair value measurements include significant inputs that are not observable in the market and thus represent a Level 3 fair value measurement for these types of assets. In addition to the evaluations discussed above, specific events such as a reduction in economically recoverable reserves or production ceasing on a property for an extended period may require that a separate impairment evaluation be completed on a significant property. The Partnership believes these discount rates were representative of what market participants would use in pricing its assets.

During the three and nine months ended September 30, 2015, the Partnership identified facts and circumstances that indicated that the carrying value of certain of its mineral rights exceed future cash flows from those assets and recorded non-cash impairment expense as follows (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
Impaired Asset Description	2015 (Unaudited)	2014	2015	2014
Oil and gas properties (1)	$335,662	$—	$335,662	$—
Coal properties (2)	247,815	—	249,362	—
Aggregates properties (3)	43,361	—	43,361	—
Total	$626,838	$—	$628,385	$—

(1) Oil and gas property impairment in the third quarter of 2015 primarily resulted from declines in future expected realized commodity prices and reduced expected drilling activity on our acreage. NRP compared net capitalized costs of its oil and natural gas properties to estimated undiscounted future net cash flows. If the net capitalized cost exceeded the undiscounted future net cash flows, NRP recorded an impairment for the excess of net capitalized cost over fair value. A discounted cash flow method was used to estimate fair value. Significant inputs used to determine the fair value include estimates of: (i) oil and natural gas reserves and risk-adjusted probable reserves; (ii) future commodity prices; (iii) production costs, (iv) capital expenditures, (v) production and (vi) discount rates. The underlying commodity prices embedded in the Partnership's

NATURAL RESOURCE PARTNERS L.P.
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(unaudited)

estimated cash flows are the product of a process that begins with NYMEX forward curve pricing as of the measurement date, adjusted for estimated location and quality differentials.

(2) Coal property impairment in the third quarter of 2015 primarily resulted from the continued deterioration and expectations of further reductions in global and domestic coal demand due to reduced global steel demand, sustained low natural gas prices, and continued regulatory pressure on the electric power generation industry. NRP compared net capitalized costs of its coal properties to estimated undiscounted future net cash flows. If the net capitalized cost exceeded the undiscounted future cash flows, NRP recorded an impairment for the excess of net capitalized cost over fair value. Significant inputs used to determine fair value include estimates of future cash flow, discount rate and useful economic life. Estimated cash flows are the product of a process that began with current realized pricing as of the measurement date and included an adjustment for risk related to the future realization of those cash flows.

(3) Aggregates property impairment in the third quarter of 2015 primarily resulted from greenfield development projects that have not performed as projected, leading to recent lease concessions on minimums and royalties combined with the continued regional market decline for certain properties. NRP compared net capitalized costs of its aggregates properties to estimated undiscounted future net cash flows. If the net capitalized cost exceeded the undiscounted cash flows, NRP wrote the net cost basis down to management's estimate of fair value. A discounted cash flow model was used to estimate fair value. Significant inputs used to determine fair value include estimates of future cash flow, discount rate and useful economic life. Estimated cash flows are the product of a process that began with current realized pricing as of the measurement date and included an adjustment for risk related to the future realization of those cash flows.

6. Intangible Assets

The Partnership’s intangible assets consist of the following (in thousands):

	September 30, 2015 (Unaudited)	December 31, 2014
Contract intangibles	$81,109	$82,972
Other intangibles	5,076	3,004
Less accumulated amortization	(27,916)	(25,243)
Total intangible assets, net	$58,269	$60,733

Amortization expense related to the Partnership’s intangible assets totaled $1.0 million and $0.9 million for the three months ended September 30, 2015 and 2014, respectively. Amortization expense related to the Partnership’s intangible assets totaled $3.2 million and $2.6 million for the nine months ended September 30, 2015 and 2014, respectively.

7. Debt and Debt—Affiliate

As used in this Note 7, references to “NRP LP” refer to Natural Resource Partners L.P. only, and not to NRP (Operating) LLC, a wholly owned subsidiary of NRP LP, or any of Natural Resource Partners L.P.’s subsidiaries. References to “Opco” refer to NRP (Operating) LLC and its subsidiaries. References to NRP Oil and Gas refer to NRP Oil and Gas LLC, a wholly owned subsidiary of NRP LP. NRP Finance Corporation (“NRP Finance”) is a wholly owned subsidiary of NRP LP and a co-issuer with NRP LP on the 9.125% senior notes described below.

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As of September 30, 2015 and December 31, 2014, Debt and debt—affiliate consisted of the following (in thousands):

	September 30, 2015 (Unaudited)	December 31, 2014
NRP LP Debt:		
$425 million 9.125% senior notes, with semi-annual interest payments in April and October, due October 2018, $300 million issued at 99.007% and $125 million issued at 99.5%	$422,734	$422,167
Opco Debt:		
$300 million floating rate revolving credit facility, due October 2017	290,000	—
$300 million floating rate revolving credit facility, due August 2016	—	200,000
$200 million floating rate term loan, due January 2016	—	75,000
4.91% senior notes, with semi-annual interest payments in June and December, with annual principal payments in June, due in June 2018	13,850	18,467
8.38% senior notes, with semi-annual interest payments in March and September, with annual principal payments in March, due in March 2019	85,714	107,143
5.05% senior notes, with semi-annual interest payments in January and July, with annual principal payments in July, due in July 2020	38,462	46,154
5.31% utility local improvement obligation, with annual principal and interest payments, due in March 2021	1,153	1,345
5.55% senior notes, with semi-annual interest payments in June and December, with annual principal payments in June, due in June 2023	21,600	24,300
4.73% senior notes, with semi-annual interest payments in June and December, with annual principal payments in December, due in December 2023	67,500	67,500
5.82% senior notes, with semi-annual interest payments in March and September, with annual principal payments in March, due in March 2024	135,000	150,000
8.92% senior notes, with semi-annual interest payments in March and September, with annual principal payments in March, due in March 2024	40,909	45,455
5.03% senior notes, with semi-annual interest payments in June and December, with annual principal payments in December, due in December 2026	161,538	161,538
5.18% senior notes, with semi-annual interest payments in June and December, with annual principal payments in December, due in December 2026	46,154	46,154
NRP Oil and Gas Debt:		
Reserve-based revolving credit facility due November 2019	100,000	110,000
Total debt and debt—affiliate	1,424,614	1,475,223
Less: current portion of long-term debt, net	(80,983)	(80,983)
Total long-term debt and debt—affiliate	$1,343,631	$1,394,240

NRP LP Debt

Senior Notes

In September 2013, NRP LP, together with NRP Finance as co-issuer, issued $300.0 million of 9.125% Senior Notes due 2018 at an offering price of 99.007% of par. Net proceeds after expenses from the issuance of the senior notes were approximately \$289.0 million. The senior notes call for semi-annual interest payments on April 1 and October 1 of each year, and will mature on October 1, 2018.

In October 2014, NRP LP, together with NRP Finance as co-issuer, issued an additional \$125.0 million of its 9.125% Senior Notes due 2018 at an offering price of 99.5% of par. The notes constitute the same series of securities as the existing \$300.0 million 9.125% senior notes due 2018 issued in September 2013. Net proceeds of \$122.6 million from the additional issuance of the Senior Notes were used to fund a portion of the purchase price of NRP's acquisition of non-operated working interests in oil and gas

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assets located in the Williston Basin in North Dakota. The notes call for semi-annual interest payments on April 1 and October 1 of each year and will mature on October 1, 2018.

NRP and NRP Finance have the option to redeem the NRP Senior Notes, in whole or in part, at any time on or after April 1, 2016, at fixed redemption prices specified in the indenture governing the NRP Senior Notes (the "NRP Senior Notes Indenture"). Before April 1, 2016, NRP and NRP Finance may redeem all or part of the NRP Senior Notes at a redemption price equal to the sum of the principal plus a make whole premium at the redemption date, plus accrued and unpaid interest, if any, to the redemption date. Furthermore, before April 1, 2016, NRP and NRP Finance may on any one or more occasions redeem up to 35% of the aggregate principal amount of the notes with the net proceeds of certain public or private equity offerings at a redemption price of 109.125% of the principal amount of notes, plus any accrued and unpaid interest, if any, to the date of redemption, if at least 65% of the aggregate principal amount of the notes issued under the indenture remains outstanding immediately after such redemption and the redemption occurs within 180 days of the closing date of such equity offering. In the event of a change of control, as defined in the indenture, the holders of the notes may require NRP and NRP Finance to purchase their notes at a purchase price equal to 101% of the principal amount of the notes, plus accrued and unpaid interest, if any.

The NRP Senior Notes Indenture contains covenants that, among other things, limit the ability of NRP LP and certain of its subsidiaries to incur or guarantee additional indebtedness. Under the NRP Senior Notes Indenture, NRP LP and certain of its subsidiaries generally are not permitted to incur additional indebtedness unless, on a consolidated basis, the fixed charge coverage ratio (as defined in the indenture) is at least 2.0 to 1.0 for the four preceding full fiscal quarters. The ability of NRP LP and certain of its subsidiaries to incur additional indebtedness is further limited in the event the amount of indebtedness of NRP LP and certain of its subsidiaries that is senior to NRP LP's unsecured indebtedness exceeds certain threshholds.

Opco Debt

All of Opco's debt is guaranteed by its wholly owned subsidiaries and is secured by certain of the assets of Opco and its wholly owned subsidiaries other than NRP Trona LLC, as further described below. As of September 30, 2015 and December 31, 2014, Opco was in compliance with the terms of the financial covenants contained in its debt agreements.

Revolving Credit Facility

In June 2015, Opco entered into a $300.0 million Third Amended and Restated Credit Agreement (the "A&R Revolving Credit Facility"), which amended and restated Opco's $300.0 million Second Amended and Restated Credit Agreement due August 2016. The A&R Revolving Credit Facility matures on October 2, 2017, is guaranteed by all of Opco's wholly owned subsidiaries, and is secured by liens on certain of the assets of Opco and its subsidiaries, as further described below.

Initially, indebtedness under the A&R Revolving Credit Facility bears interest, at Opco's option, at a rate of either:

- the higher of (i) the prime rate as announced by the agent bank; (ii) the federal funds rate plus 0.50%; or (iii) LIBOR plus 1%, in each case plus 2.375%; or
- a rate equal to LIBOR plus 3.375%.

Borrowings under the A&R Revolving Credit Facility will bear interest at such rate until the time that Opco delivers quarterly financial statements for the quarter ending September 30, 2015 to the lenders thereunder. Following such delivery date, indebtedness under the A&R Revolving Credit Facility will bear interest, at Opco's option, at a rate of either:

- the higher of (i) the prime rate as announced by the agent bank; (ii) the federal funds rate plus 0.50%; or (iii) LIBOR plus 1%, in each case plus an applicable margin ranging from 1.50% to 2.50%; or
- a rate equal to LIBOR plus an applicable margin ranging from 2.50% to 3.50%.

The weighted average interest rates for the borrowings outstanding under the A&R Revolving Credit Facility for the nine months ended September 30, 2015 and 2014 were 2.41% and 1.96%, respectively. The weighted average interest rates for the borrowings outstanding under the A&R Revolving Credit Facility for the three months ended September 30, 2015 and 2014 were 3.05% and 1.94%, respectively.

Opco will incur a commitment fee on the unused portion of the revolving credit facility at a rate of 0.50% per annum. Opco may prepay all amounts outstanding under the A&R Revolving Credit Facility at any time without penalty.

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The A&R Revolving Credit Facility contains financial covenants requiring Opco to maintain:

- a ratio of consolidated indebtedness to consolidated EBITDDA (as defined in the A&R Revolving Credit Facility) not to exceed:
  - 4.0 to 1.0 for each fiscal quarter ending on or before March 31, 2016;
  - 3.75 to 1.0 for each subsequent fiscal quarter ending on or before March 31, 2017; and
  - 3.5 to 1.0 for each fiscal quarter ending on or after June 30, 2017; and
- a ratio of consolidated EBITDDA to consolidated fixed charges (consisting of consolidated interest expense and consolidated lease expense) of not less than 3.5 to 1.0.

The A&R Revolving Credit Facility contains certain additional customary negative covenants that, among other items, restrict Opco's ability to incur additional debt, grant liens on its assets, make investments, sell assets and engage in business combinations. Included in the investment covenant are restrictions upon Opco's ability to acquire assets where Opco does not maintain certain levels of liquidity. The A&R Revolving Credit Facility also contains customary events of default, including cross-defaults under Opco's senior notes (as described below).

The A&R Revolving Credit Facility is collateralized and secured by liens on certain of Opco's assets with a carrying value of $720.5 million classified as Land, Mineral rights and Plant and equipment on the Partnership's Consolidated Balance Sheet as of September 30, 2015. The collateral includes (1) the equity interests in all of Opco's wholly owned subsidiaries, other than NRP Trona LLC (which owns a 49% non-controlling equity interest in Ciner Wyoming), (2) the personal property and fixtures owned by Opco's wholly owned subsidiaries, other than NRP Trona LLC, (3) Opco's material coal royalty revenue producing properties, (4) real property associated with certain of VantaCore's construction aggregates mining operations, and (5) certain of Opco's coal-related infrastructure assets.

Term Loan

During 2013, Opco entered into a $200.0 million Term Loan facility (the "Term Loan") with a maturity date of January 23, 2016. The weighted average interest rates for the debt outstanding under the Term Loan for the nine months ended September 30, 2015 and 2014 were 2.19% and 2.23%, respectively. The weighted average interest rates for the debt outstanding under the Term Loan for the three months ended September 30, 2015 and 2014 was 2.19% for both periods.

Opco repaid $101.0 million in principal under the Term Loan during the third quarter of 2013, and repaid an additional $24.0 million during the fourth quarter of 2014. In September 2015, Opco repaid the remaining $75.0 million on the term loan using borrowings under the A&R Revolving Credit Facility.

Senior Notes

Opco made principal payments of $56.0 million on its senior notes during the nine months ended September 30, 2015. The Note Purchase Agreements relating to Opco's senior notes contain covenants requiring Opco to:

- maintain a ratio of consolidated indebtedness to consolidated EBITDDA (as defined in the note purchase agreement) of no more than 4.0 to 1.0 for the four most recent quarters;
- not permit debt secured by certain liens and debt of subsidiaries to exceed 10% of consolidated net tangible assets (as defined in the note purchase agreement); and
-

maintain the ratio of consolidated EBITDDA (as defined in the note purchase agreement) to consolidated fixed charges (consisting of consolidated interest expense and consolidated operating lease expense) at not less than 3.5 to 1.0.

The 8.38% and 8.92% senior notes also provide that in the event that Opco's leverage ratio of consolidated indebtedness to consolidated EBITDDA (as defined in the note purchase agreement) exceeds 3.75 to 1.00 at the end of any fiscal quarter, then in addition to all other interest accruing on these notes, additional interest in the amount of 2.00% per annum shall accrue on the notes for the two succeeding quarters and for as long thereafter as the leverage ratio remains above 3.75 to 1.00.

In connection with the entry into the A&R Revolving Credit Facility in June 2015, Opco entered into the Third Amendment to the Note Purchase Agreements (the "NPA Amendment") that provides for the security of the senior notes by the same collateral

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package pledged by Opco and its subsidiaries to secure the A&R Revolving Credit Facility, as described above. In addition, the NPA Amendment includes a covenant that provides that, in the event Opco or any of its subsidiaries is subject to any additional or more restrictive covenants under the agreements governing its material indebtedness (including the A&R Revolving Credit Facility, and all renewals, amendments or restatements thereof), such covenants shall be deemed to be incorporated by reference in the senior notes and the holders of the senior notes shall receive the benefit of such additional or more restrictive covenants to the same extent as the lenders under such material indebtedness agreement.

NRP Oil and Gas Debt

Revolving Credit Facility

In August 2013, NRP Oil and Gas entered into a 5-year, $100.0 million senior secured, reserve-based revolving credit facility in order to fund capital expenditure requirements related to the development of the oil and gas assets in which it owns non-operated working interests. In connection with the closing of the Sanish Field acquisition in November 2014, the credit facility was amended to increase its size to $500.0 million with an initial borrowing base of $137.0 million, and the maturity date thereof was extended to November 2019.

The maximum amount available under the credit facility is subject to semi-annual redeterminations of the borrowing base in May and November of each year, based on the value of the proved oil and natural gas reserves of NRP Oil and Gas, in accordance with the lenders' customary procedures and practices. NRP Oil and Gas and the lenders each have a right to one additional redetermination each year. In April 2015, the lenders completed their semi-annual redetermination of the borrowing base under the NRP Oil and Gas revolving credit facility and the $137.0 million borrowing base under that facility was redetermined to $105.0 million. The Partnership repaid $10.0 million of outstanding borrowings under the NRP Oil and Gas revolving credit facility during the nine months ended September 30, 2015. At September 30, 2015 and December 31, 2014, there was $100.0 million and $110.0 million, respectively, outstanding under the NRP Oil and Gas revolving credit facility.

The credit facility is secured by a first priority lien and security interest in substantially all of the assets of NRP Oil and Gas. NRP Oil and Gas is the sole obligor under its revolving credit facility, and neither the Partnership nor any of its other subsidiaries is a guarantor of such facility. The weighted average interest rates for the debt outstanding under the credit facility for each of the nine month periods ended September 30, 2015 and 2014 was 2.57% and 1.90%, respectively. The weighted average interest rates for the debt outstanding under the credit facility for each of the three month periods ended September 30, 2015 and 2014 were 2.70% and 1.90%, respectively.

Indebtedness under the NRP Oil and Gas credit facility bears interest, at the option of NRP Oil and Gas, at either:

- the higher of (i) the prime rate as announced by the agent bank; (ii) the federal funds rate plus 0.50%; or (iii) LIBOR plus 1%, in each case plus an applicable margin ranging from 0.50% to 1.50%; or
- a rate equal to LIBOR, plus an applicable margin ranging from 1.50% to 2.50%.

NRP Oil and Gas incurs a commitment fee on the unused portion of the borrowing base under the credit facility at a rate ranging from 0.375% to 0.50% per annum.
The NRP Oil and Gas credit facility contains certain covenants, which, among other things, require the maintenance of:

-

- a total leverage ratio (defined as the ratio of the total debt of NRP Oil and Gas to its EBITDAX) of not more than 3.5 to 1.0; and
- a minimum current ratio of 1.0 to 1.0.

As of September 30, 2015 and December 31, 2014, NRP Oil and Gas was in compliance with the terms of the financial covenants contained in its credit facility.

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8. Fair Value Measurements

The Partnership's financial instruments consist of cash and cash equivalents, accounts receivable, accounts payable and long-term debt. The carrying amounts reported on our Consolidated Balance Sheets for cash and cash equivalents, accounts receivable and accounts payable approximate fair value due to their short-term nature. The following table (in thousands) shows the carrying amount and estimated fair value of our other financial instruments:

	September 30, 2015		December 31, 2014	
	Carrying Amount (Unaudited)	Estimated Fair Value	Carrying Amount	Estimated Fair Value
Assets				
Contracts receivable—affiliate, current and long-term (1)	$5,068	$5,381	$4,870	$5,162
Debt and debt—affiliate				
NRP LP senior notes (2)	$422,734	$307,063	$422,167	$423,780
Opco senior notes and utility local improvement obligation (3)	$611,880	$442,084	$668,056	$672,740
Opco revolving credit facility and term loan facility (4)	$290,000	$290,000	$275,000	$275,000
NRP Oil and Gas revolving credit facility (4)	$100,000	$100,000	$110,000	$110,000

(1) The Level 3 fair value is estimated by management using comparable term risk-free treasury issues with a market rate component determined by current financial instruments with similar characteristics.
(2) The Level 1 fair value is based upon quotations obtained for identical instruments on the closing trading prices near quarter end.
(3) The Level 3 fair value is estimated by management using quotations obtained for comparable instruments on the closing trading prices near quarter end.
(4) The Level 3 fair value approximates the carrying amount because the interest rates are variable and reflective of market rates and the Partnership has the ability to repay this debt at any time without penalty.

The March 31, 2015 estimated fair value of the NRP LP senior notes and Opco senior notes and local utility improvement obligation were presented incorrectly as $417.0 million and $629.5 million, respectively, and should have been presented as $378.3 million and $557.9 million, respectively. The estimated fair value disclosure had no impact on the Partnership's overall financial position, income or cash flows.

9. Related Party Transactions

Reimbursements to Affiliates of our General Partner

The Partnership's general partner does not receive any management fee or other compensation for its management of Natural Resource Partners L.P. However, in accordance with the partnership agreement, the general partner and its affiliates are reimbursed for expenses incurred on the Partnership's behalf. Direct general and administrative expenses are charged to the Partnership as incurred. The Partnership also reimburses indirect general and administrative costs, including certain legal, accounting, treasury, information technology, insurance, administration of employee benefits and other corporate services incurred by our general partner and its affiliates, Quintana Minerals Corporation and Western Pocahontas Properties Limited Partnership (“WPPLP”). In addition, the Partnership receives non-cash equity contributions from its general partner related to compensation paid directly by the general partner and not reimbursed by the Partnership. These amounts are presented as non-cash equity contributions on our Consolidated Statements of Partners' Capital.

The Partnership had Accounts payable—affiliates to Quintana Minerals Corporation of $0.7 million and $0.6 million at September 30, 2015 and December 31, 2014, respectively, for services provided by Quintana Minerals Corporation to the Partnership. The Partnership had Accounts payable—affiliates to WPPLP of $1.9 million and $0.4 million at September 30, 2015 and December 31, 2014, respectively. The Partnership had Accounts receivable—affiliates from WPPLP of $0.1 million and $0.0 million at September 30, 2015 and December 31, 2014, respectively.

Direct general and administrative expenses charged to the Partnership by its general partner for services performed by WPPLP and Quintana Minerals Corporation are as follows (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
	(Unaudited)			
General and administrative—affiliates	$4,144	$3,083	$11,465	$9,177

The Partnership also leases an office building in Huntington, West Virginia from WPPLP and recorded $0.2 million and $0.5 million in General and administrative—affiliates in each of the three and nine months ended September 30, 2015 and 2014, respectively.

Cline Affiliates

Various companies controlled by Chris Cline, including Foresight Energy LP, lease coal reserves from the Partnership, and the Partnership provides coal transportation services to them for a fee. Mr. Cline, both individually and through another affiliate, Adena Minerals, LLC, owns a 31% interest in NRP's general partner, as well as approximately 4.9 million of NRP's common units. Coal related revenues from Foresight Energy LP ("Foresight Energy") totaled $18.7 million and $24.9 million for the three months ended September 30, 2015 and 2014, respectively. Coal related revenues from Foresight Energy totaled $68.6 million and $63.1 million for the nine months ended September 30, 2015 and 2014, respectively.

As of September 30, 2015 and December 31, 2014 the Partnership had Accounts receivable—affiliates from Foresight Energy of $7.2 million and $9.2 million, respectively. As of September 30, 2015, the Partnership had received $83.4 million in minimum royalty payments to date that have been recorded as Deferred revenue—affiliates since they have not been recouped by Foresight Energy.

The Partnership owns and leases rail load out and associated facilities to Foresight Energy at Foresight Energy's Sugar Camp mine. The lease agreement is accounted for as a direct financing lease. Total projected remaining payments under the lease at September 30, 2015 were $82.7 million with unearned income of $36.2 million, and the net amount receivable was $46.5 million, of which $2.1 million is included in Accounts receivable—affiliates while the remaining is included in Long-term contracts receivable—affiliate on the accompanying Consolidated Balance Sheets.

Total projected remaining payments under the lease at December 31, 2014 were $86.3 million with unearned income of $39.0 million and the net amount receivable was $47.3 million, of which $1.8 million is included in Accounts receivable—affiliates while the remaining is included in Long-term contracts receivable—affiliates on the accompanying Consolidated Balance Sheets.

The Partnership holds a contractual overriding royalty interest from a subsidiary of Foresight Energy that provides for payments based upon production from specific tons at Foresight Energy's Sugar Camp operations. This overriding royalty was accounted for as a financing arrangement and is reflected as an affiliate receivable. The net amount receivable under the agreement as of September 30, 2015 was $5.1 million, of which $1.0 million is included in Accounts receivable—affiliates while the remaining is included in Long-term contracts receivable—affiliate. The net amount receivable under the agreement as of December 31, 2014 was $5.6 million, of which $1.1 million is included in Accounts receivable—affiliate while the remaining is included in Long-term contracts receivable—affiliate on the accompanying Consolidated Balance Sheets.

During the nine months ended September 30, 2015 and 2104 the Partnership recognized a gain of $9.3 million and $5.7 million, respectively, on a reserve swap at Foresight Energy's Williamson mine. The gain is included in Coal related revenues—affiliates on our Consolidated Statements of Comprehensive Income. The Level 3 fair value of the reserves was estimated using a discounted cash flow model. The expected cash flows were developed using estimated annual sales tons, forecasted sales prices and anticipated market royalty rates.

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Long-Term Debt—Affiliate

Donald R. Holcomb, one of the Partnership’s directors, is a manager of Cline Trust Company, LLC, which owns approximately 5.35 million of the Partnership’s common units and $20.0 million in principal amount of the Partnership’s 9.125% Senior Notes due 2018. The members of the Cline Trust Company are four trusts for the benefit of the children of Chris Cline, each of which owns an approximately equal membership interest in the Cline Trust Company. Mr. Holcomb also serves as trustee of each of the four trusts. Cline Trust Company, LLC purchased the $20.0 million of the Partnership’s 9.125% Senior Notes due 2018 in the Partnership’s offering of $125.0 million additional principal amount of such notes in October 2014 at the same price as the other purchasers in that offering. The balance on this portion of the Partnership’s 9.125% Senior Notes due 2018 was $19.9 million as of September 30, 2015 and is included in Long-term debt, net—affiliate on the accompanying Consolidated Balance Sheet.

Quintana Capital Group GP, Ltd.

Corbin J. Robertson, Jr. is a principal in Quintana Capital Group GP, Ltd. (“Quintana Capital”), which controls several private equity funds focused on investments in the energy business. In connection with the formation of Quintana Capital, the Partnership adopted a formal conflicts policy that establishes the opportunities that will be pursued by the Partnership and those that will be pursued by Quintana Capital. The governance documents of Quintana Capital’s affiliated investment funds reflect the guidelines set forth in the Partnership’s conflicts policy.

At September 30, 2015, a fund controlled by Quintana Capital owned a majority interest in Corsa Coal Corp. (“Corsa”), a coal mining company traded on the TSX Venture Exchange that is one of the Partnership’s lessees in Tennessee. Corbin J. Robertson III, one of the Partnership’s directors, is Chairman of the Board of Corsa. Coal related revenues from Corsa totaled $0.9 million and $0.7 million and $2.4 million and $2.2 million for the three and nine months ended September 30, 2015 and 2014, respectively.

As of September 30, 2015, the Partnership had recorded $0.3 million in minimum royalty payments to date as deferred revenue-affiliates since they have not been recouped by Corsa. The Partnership also had Accounts receivable—affiliates totaling $0.2 million and $0.3 million from Corsa at September 30, 2015 and December 31, 2014, respectively.

WPPLP Production Royalty and Overriding Royalty

For the three months ended September 30, 2015, we reversed Coal related expenses—affiliates by $0.1 million related to a non-participating production royalty payable to WPPLP pursuant to a conveyance agreement entered into in 2007. This reversal during the third quarter brings the Partnership's nine month Coal related expenses—affiliates, net to nearly zero. The Partnership had Other assets—affiliate from WPPLP of $1.5 million and $0.0 million at September 30, 2015 and December 31, 2014, respectively, related to an non-production royalty receivable from WPPLP for overriding royalty interest on a mine.

10. Major Lessees

Revenues from lessees that exceeded ten percent of total revenues and other income for any of the periods presented below are as follows (in thousands except for percentages):

Three Months Ended September 30,			Nine Months Ended September 30,	
2015		2014	2015	2014
(Unaudited)			(Unaudited)	
Revenues	Percent	Revenues		