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NATURAL RESOURCE PARTNERS LP
Form 8-K
November 27, 2002

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SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

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

DATE OF REPORT (DATE OF EARLIEST EVENT REPORTED): NOVEMBER 25, 2002

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

| | | |
|---|--|---|
| DELAWARE (State or other jurisdiction of incorporation or organization) | 001-31465 (Commission File Number) | 35-2164875 (I.R.S. Employer Identification No.) |
|---|--|---|

| | |
|--|---------------------|
| 601 JEFFERSON, SUITE 3600 HOUSTON, TEXAS (Address of principal executive offices) | 77002 (Zip code) |
|--|---------------------|

Registrant's telephone number, including area code: (713) 751-7507

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ITEM 9. REGULATION FD DISCLOSURE.

Set forth below is a press release of Natural Resource Partners L.P., that was originally released on November 25, 2002 and was corrected on November 26, 2002. The release relates to the company's announcement of pro forma third quarter results and guidance for the fourth quarter of 2002.

CORRECTION -- NATURAL RESOURCE PARTNERS L.P. TUESDAY NOVEMBER 26, 3:26 PM ET

In the news release, Natural Resource Partners (NYSE: NRP) Announces Pro Forma Third Quarter Results, issued yesterday, Nov. 25, by Natural Resource Partners L.P. over PR Newswire, we are advised by the company that in the table NATURAL RESOURCE PARTNERS L.P. PRO FORMA STATEMENT OF REVENUES AND DIRECT COSTS AND EXPENSES FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2002, under the Pro Forma Combined and Pro Forma as Adjusted columns the figure for Other should read "1,777" rather than "2,111" as originally issued inadvertently. Complete, correct release follows:

NATURAL RESOURCE PARTNERS ANNOUNCES PRO FORMA THIRD QUARTER RESULTS

HOUSTON, Nov. 25 /PRNewswire-FirstCall/ -- Natural Resource Partners L.P. (NYSE: NRP) announced today pro forma third quarter revenues of \$14.3 million and excess of revenues over direct costs and expenses of \$7.3 million. Pro forma

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nine month revenues were \$39.7 million with excess revenues over direct costs and expenses of \$21.0 million.

Pro Forma Third Quarter

Pro forma coal royalty revenue increased 17% to \$12.8 million for the third quarter 2002 from \$10.9 million for the third quarter 2001. The revenue increase was attributable to a 6.5% increase in the average royalty revenue per ton to \$1.64 and an 11% increase in production to 7.8 million tons for the same period. The production increase was primarily due to the opening of a new mine, a long wall mine moving onto the property and general increases in production at other mines.

Pro Forma Year to Date Results

For the nine months ended September 30, 2002, coal royalty revenues increased 15% to \$35.6 million and production increased 6.7% to 21.6 million tons. The production increase is primarily due to two long wall mines moving onto properties in West Virginia. The increase in coal royalty revenue was due to the increased production and a 7.1% increase in the average royalty revenue to \$1.65 per ton.

Natural Resource Partners L.P. is a newly formed master limited partnership. The partnership was formed from the contribution of properties from four separate entities. The properties were contributed by Western Pocahontas Properties Limited Partnership, Great Northern Properties Limited Partnership, New Gauley Coal Corporation and Arch Coal, Inc. (NYSE: ACI). The partnership completed its initial public offering in October and has shown the pro forma numbers included in this release in an effort to provide a more meaningful presentation of what the partnership results of operations would have been had it been in existence during the periods shown. This is not intended to represent a comprehensive set of statements as certain costs and expenses such as general and administrative expenses are not shown.

Fourth Quarter 2002 Guidance

The partnership is issuing guidance for the fourth quarter 2002 as follows:

| | | |
|---------------------------------------|--------|------|
| Production: (millions of tons) | | |
| Appalachia | 5.7 - | 5.9 |
| Illinois Basin | .5 - | .6 |
| Northern Powder River Basin | 1.1 - | 1.2 |
| Total Partnership | 7.3 - | 7.7 |
| Average Revenue per ton: (\$ per ton) | | |
| Appalachia | 1.77 - | 1.80 |
| Illinois Basin | 1.23 - | 1.26 |
| Northern Powder River Basin | 1.03 - | 1.06 |
| Total Partnership | 1.62 - | 1.64 |
| Revenues: (\$ millions) | | |
| Royalty Revenues | 11.8 - | 12.6 |
| Minimums Recognized | .1 - | .2 |
| Property Taxes | .2 - | .3 |
| Other Revenues | 1.2 - | 1.3 |
| Total Revenues | 13.3 - | 14.4 |

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| Direct Costs and Expenses: (\$ millions) | | |
|--|-------|-----|
| Depreciation, Depletion and Amortization Expense | 4.8 - | 6.2 |
| General and Administrative Expenses | 1.1 - | 1.2 |
| Taxes Other than Income | .2 - | .3 |
| Other Expenses | .2 - | .3 |
| Commitment Fees | .1 - | .1 |

Distributions

Natural Resource Partners intends to pay its first quarterly distribution to unitholders for the fourth quarter of 2002 in February 2003. This distribution will be pro-rated to cover the period from the date of completion of the partnership's initial public offering on October 17, 2002 through December 31, 2002.

Natural Resource Partners L.P. is headquartered in Houston, TX, with its operations headquarters in Huntington, WV. NRP is principally engaged in the business of owning and managing coal properties in the three major coal producing regions of the United States: Appalachia, the Illinois Basin and the Powder River Basin.

For additional information, please contact Kathy Hager at 713-751-7555 or khager@nrplp.com . Further information about NRP is available on the partnership's website at <http://www.nrplp.com>.

This press release may include "forward-looking statements" as defined by the Securities and Exchange Commission. Such statements are those concerning the fourth quarter guidance and the distributions. All statements, other than statements of historical facts, included in this press release that address activities, events or developments that the partnership expects, believes or anticipates will or may occur in the future are forward-looking statements. These statements are based on certain assumptions made by the partnership based on its experience and perception of historical trends, current conditions, expected future developments and other factors it believes are appropriate in the circumstances. Such statements are subject to a number of assumptions, risks and uncertainties, many of which are beyond the control of the partnership. These risks include, but are not limited to, decreases in demand for coal; changes in operating conditions and costs; production cuts by our lessees; commodity prices; unanticipated geologic problems;

changes in the legislative or regulatory environment and other factors detailed in Natural Resource Partners' Securities and Exchange Commission filings.

-Financials Follow-

The financial statements that follow were compiled by combining the operations of Western Pocahontas Properties Limited Partnership, Great Northern Properties Limited Partnership, New Gauley Coal Corporation and the Arch Coal Contributed Properties and then making pro forma adjustments. Adjustments were made for the properties retained by certain of the entities. Offering adjustments relate to the additional depletion due to the step-up in basis for the Arch Coal Contributed properties.

NATURAL RESOURCE PARTNERS L.P.
SELECTED PRO FORMA RESULTS OF OPERATIONS

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| | Three Months Ended September 30, 2002 | | Nine Months Ended September 30, 2002 | |
|--------------------------------------|---|-----------|--|-----------|
| | 2001 | | 2001 | |
| | (Unaudited) | | (Unaudited) | |
| Coal Royalties (in thousands) | | | | |
| Western Pocahontas | | | | |
| Properties | \$ 5,907 | \$ 4,246 | \$ 16,220 | \$ 11,192 |
| Great Northern | 1,928 | 1,833 | 5,370 | 5,052 |
| New Gauley | 398 | 376 | 1,336 | 1,152 |
| Arch Coal Contributed | | | | |
| Properties | 4,971 | 4,471 | 13,851 | 13,802 |
| Total Combined | 13,204 | 10,926 | 36,777 | 31,198 |
| Adjustments for Properties | | | | |
| Retained | (373) | (1) | (1,156) | (131) |
| Pro forma Natural Resource Partners | \$ 12,831 | \$ 10,925 | \$ 35,621 | \$ 31,067 |
| Production (in thousands of tons) | | | | |
| Western Pocahontas | | | | |
| Properties | 3,280 | 2,731 | 9,008 | 7,653 |
| Great Northern | 1,832 | 1,437 | 5,422 | 4,782 |
| New Gauley | 134 | 180 | 445 | 552 |
| Arch Coal Contributed | | | | |
| Properties | 2,961 | 2,747 | 8,278 | 8,493 |
| Total Combined | 8,207 | 7,095 | 23,153 | 21,480 |
| Adjustments for Properties | | | | |
| Retained | (377) | (9) | (1,586) | (1,263) |
| Pro forma Natural Resource Partners | 7,830 | 7,086 | 21,567 | 20,217 |
| Average Royalty Revenue (\$ per ton) | | | | |
| Pro forma Natural Resource Partners | \$ 1.64 | \$ 1.54 | \$ 1.65 | \$ 1.54 |

NATURAL RESOURCE PARTNERS L.P.
PRO FORMA STATEMENT OF REVENUES AND DIRECT COSTS AND EXPENSES
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2002
(Unaudited)
(In Thousands)

| | Historical | | | |
|---------------------------|-----------------------|-------------------|--------------------|--|
| | Western Pocahontas | Great Northern | New Gauley Coal | Arch Coal Contributed Properties |
| Revenues | | | | |
| Coal royalties | \$5,907 | \$1,928 | \$ 398 | \$4,971 |
| Timber royalties | 1,002 | 6 | --- | --- |
| Gain on sale of property | 7 | --- | --- | --- |
| Lease and easement income | 106 | 86 | --- | --- |
| Property taxes | 548 | 30 | 20 | 268 |
| Other | 277 | --- | --- | 369 |
| Total revenues | 7,847 | 2,050 | 418 | 5,608 |
| Direct cost and expenses | | | | |
| Taxes other than income | 610 | 24 | 27 | 268 |

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| | | | | |
|---|---------------------|--------------------|----------------------|-----------------------|
| Depreciation, depletion and amortization | 1,324 | 662 | 48 | 1,634 |
| Other expenses | --- | --- | --- | 101 |
| Total direct costs and expenses | 1,934 | 686 | 75 | 2,003 |
| Excess of revenues over direct costs and expenses | \$5,913 | \$1,364 | \$ 343 | \$3,605 |
| | Adjustments for | | | |
| | Properties Retained | Pro Forma Combined | Offering Adjustments | Pro Forma as Adjusted |
| Revenues | | | | |
| Coal royalties | \$ (373) | \$12,831 | --- | \$12,831 |
| Timber royalties | (1,008) | --- | --- | --- |
| Gain on sale of property | (7) | --- | --- | --- |
| Lease and easement income | (137) | 55 | --- | 55 |
| Property taxes | --- | 866 | --- | 866 |
| Other | (132) | 514 | --- | 514 |
| Total revenues | (1,657) | 14,266 | --- | 14,266 |
| Direct cost and expenses | | | | |
| Taxes other than income | (63) | 866 | --- | 866 |
| Depreciation, depletion and amortization | (184) | 3,484 | 2,502 | 5,986 |
| Other expenses | --- | 101 | --- | 101 |
| Total direct costs and expenses | (247) | 4,451 | 2,502 | 6,953 |
| Excess of revenues over direct costs and expenses | \$ (1,410) | \$ 9,815 | \$ (2,502) | \$ 7,313 |

NATURAL RESOURCE PARTNERS L.P.
PRO FORMA STATEMENT OF REVENUES AND DIRECT COSTS AND EXPENSES
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2002
(Unaudited)
(In Thousands)

| | Historical | | | Arch Coal Contributed Properties |
|---------------------------|-----------------------|-------------------|--------------------|--|
| | Western Pocahontas | Great Northern | New Gauley Coal | |
| Revenues | | | | |
| Coal royalties | \$16,220 | \$ 5,370 | \$ 1,336 | \$13,851 |
| Timber royalties | 2,620 | 51 | --- | --- |
| Gain on sale of property | 92 | --- | --- | --- |
| Lease and easement income | 318 | 468 | 2 | --- |

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| | | | | |
|---|----------|----------|----------|----------|
| Property taxes | 1,186 | 61 | 20 | 806 |
| Other | 810 | --- | 50 | 1,294 |
| Total revenues | 21,246 | 5,950 | 1,408 | 15,951 |
| Direct cost and expenses | | | | |
| Taxes other than income | 1,392 | 68 | 38 | 806 |
| Depreciation, depletion and amortization | 3,337 | 1,865 | 127 | 4,603 |
| Other expenses | --- | --- | --- | 512 |
| Total direct costs and expenses | 4,729 | 1,933 | 165 | 5,921 |
| Excess of revenues over direct costs and expenses | \$16,517 | \$ 4,017 | \$ 1,243 | \$10,030 |

| | Adjustments for | | | |
|---|---------------------|--------------------|----------------------|-----------------------|
| | Properties Retained | Pro Forma Combined | Offering Adjustments | Pro Forma as Adjusted |
| Revenues | | | | |
| Coal royalties | \$ (1,156) | \$35,621 | --- | \$35,621 |
| Timber royalties | (2,671) | --- | --- | --- |
| Gain on sale of property | (92) | --- | --- | --- |
| Lease and easement income | (585) | 203 | --- | 203 |
| Property taxes | --- | 2,073 | --- | 2,073 |
| Other | (377) | 1,777 | --- | 1,777 |
| Total revenues | (4,881) | 39,674 | --- | 39,674 |
| Direct cost and expenses | | | | |
| Taxes other than income | (231) | 2,073 | --- | 2,073 |
| Depreciation, depletion and amortization | (423) | 9,509 | 6,575 | 16,084 |
| Other expenses | --- | 512 | --- | 512 |
| Total direct costs and expenses | (654) | 12,094 | 6,575 | 18,669 |
| Excess of revenues over direct costs and expenses | \$ (4,227) | \$27,580 | \$ (6,575) | \$21,005 |

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

NATURAL RESOURCE PARTNERS L.P.
(Registrant)

By: NRP (GP) LP
its General Partner

By: GP Natural Resource Partners LLC
its General Partner

/s/ CHARLES H. KERR

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Charles H. Kerr
Secretary

Dated: November 26, 2002