UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended September 30, 2016

OR

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

For the transition period from to

Commission file number: 001-36719

ANTERO MIDSTREAM PARTNERS LP

(Exact name of registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation or organization)	**46-4109058** (IRS Employer Identification No.)
1615 Wynkoop Street **Denver, Colorado** (Address of principal executive offices)	**80202** (Zip Code)

(303) 357-7310
(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 ☐ 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 ☐ 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 the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☒	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

As of October 21, 2016, there were 101,358,290 common units and 75,940,957 subordinated units outstanding.

TABLE OF CONTENTS

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

Some of the information in this report may contain forward-looking statements. Forward-looking statements give our current expectations, contain projections of results of operations or of financial condition, or forecasts of future events. Words such as “may,” “assume,” “forecast,” “position,” “predict,” “strategy,” “expect,” “intend,” “plan,” “estimate,” “anticipate,” “believe,” “project,” “budget,” “potential,” or “continue,” and similar expressions are used to identify forward-looking statements. They can be affected by assumptions used or by known or unknown risks or uncertainties. Consequently, no forward-looking statements can be guaranteed. When considering these forward-looking statements, you should keep in mind the risk factors and other cautionary statements in this report. Actual results may vary materially. You are cautioned not to place undue reliance on any forward-looking statements. You should also understand that it is not possible to predict or identify all such factors and should not consider the following list to be a complete statement of all potential risks and uncertainties. Factors that could cause our actual results to differ materially from the results contemplated by such forward-looking statements include:

- Antero Resources Corporation’s production and drilling and development plan;
- Antero Resources Corporation’s ability to successfully integrate its recent acquisition of properties from a third party, and their successful development of such acquired acreage;
- our ability to execute our business strategy;
- natural gas, natural gas liquids (“NGLs”) and oil prices;
- competition and government regulations;
- actions taken by third-party producers, operators, processors and transporters;
- legal or environmental matters;
- costs of conducting our gathering and compression operations;
- general economic conditions;
- credit markets;
- operating hazards, natural disasters, weather-related delays, casualty losses and other matters beyond our control;
- uncertainty regarding our future operating results; and
- plans, objectives, expectations and intentions in this Form 10-Q that are not historical.

We caution you that these forward-looking statements are subject to all of the risks and uncertainties, most of which are difficult to predict and many of which are beyond our control, incident to the gathering and compression and water handling business. These risks include, but are not limited to, commodity price volatility, inflation, environmental risks, drilling and completion and other operating risks, regulatory changes, the uncertainty inherent in projecting future rates of production, cash flow and access to capital, the timing of development expenditures, and the other risks described under “Risk Factors” in this report and in our Annual Report on Form 10-K for the year ended December 31, 2015, filed with the Securities and Exchange Commission on February 24, 2016 (the “2015 Form 10-K”).

Should one or more of the risks or uncertainties described in this report occur, or should underlying assumptions prove incorrect, our actual results and plans could differ materially from those expressed in any forward-looking statements.

All forward-looking statements, expressed or implied, included in this report are expressly qualified in their entirety by this cautionary statement. This cautionary statement should also be considered in connection with any subsequent written or oral forward-looking statements that we or persons acting on our behalf may issue.

Except as otherwise required by applicable law, we disclaim any duty to update any forward-looking statements, all of which are expressly qualified by the statements in this section, to reflect events or circumstances after the date of this report.

PART I—FINANCIAL INFORMATION

Item 1. Financial Statements

ANTERO MIDSTREAM PARTNERS LP
Condensed Combined Consolidated Balance Sheets
December 31, 2015 and September 30, 2016
(Unaudited)
(In thousands)

	December 31, 2015	September 30, 2016
Assets		
Current assets:		
Cash and cash equivalents	$ 6,883	$ 9,221
Accounts receivable–Antero	65,712	58,398
Accounts receivable–third party	2,707	1,243
Prepaid expenses	—	53
Total current assets	75,302	68,915
Property and equipment:		
Gathering and compressions systems	1,485,835	1,638,748
Water handling and treatment systems	565,616	681,062
	2,051,451	2,319,810
Less accumulated depreciation	(157,625)	(231,724)
Property and equipment, net	1,893,826	2,088,086
Investment in unconsolidated affiliate	—	47,071
Other assets, net	10,904	12,215
Total assets	$ 1,980,032	$ 2,216,287
Liabilities and partners' capital		
Current liabilities:		
Accounts payable	$ 10,941	$ 19,203
Accounts payable–Antero	2,138	2,237
Accrued capital expenditures	50,022	21,256
Accrued ad valorem taxes	7,195	3,272
Accrued liabilities	28,168	15,956
Other current liabilities	150	197
Total current liabilities	98,614	62,121
Long-term liabilities:		
Long-term debt	620,000	809,766
Contingent acquisition consideration	178,049	188,433
Other	624	669
Total liabilities	897,287	1,060,989
Contingencies (Note 12)		
Partners' capital:		
Common unitholders - public (59,286 units and 68,071 units issued and outstanding at December 31, 2015 and September 30, 2016, respectively)	1,351,317	1,394,727
Common unitholder - Antero (40,929 units and 32,929 units issued and outstanding at December 31, 2015 and September 30, 2016, respectively)	30,186	36,086
Subordinated unitholder - Antero (75,941 units issued and outstanding at December 31, 2015 and September 30, 2016)	(299,727)	(280,322)
General partner	969	4,807
Total partners' capital	1,082,745	1,155,298
Total liabilities and partners' capital	$ 1,980,032	$ 2,216,287

See accompanying notes to condensed combined consolidated financial statements.

ANTERO MIDSTREAM PARTNERS LP

Condensed Combined Consolidated Statements of Operations and Comprehensive Income

Three Months Ended September 30, 2015, and 2016

(Unaudited)

(In thousands, except per unit amounts)

	Three months ended September 30, 2015	2016
Revenue:		
Gathering and compression–Antero	$ 59,220	$ 77,871
Water handling and treatment–Antero	21,819	72,411
Gathering and compression–third party	38	193
Water handling and treatment–third party	627	—
Total revenue	81,704	150,475
Operating expenses:		
Direct operating	1,609	33,213
General and administrative (including $5,284 and $6,599 of equity-based compensation in 2015 and 2016, respectively)	13,842	13,316
Depreciation	21,561	26,136
Accretion of contingent acquisition consideration	—	3,527
Total operating expenses	37,012	76,192
Operating income	44,692	74,283
Interest expense, net	(2,044)	(5,303)
Equity in earnings of unconsolidated affiliate	—	1,544
Net income and comprehensive income	42,648	70,524
Pre-Water Acquisition net income attributed to parent	(7,841)	—
General partner interest in net income attributable to incentive distribution rights	(295)	(4,807)
Limited partners' interest in net income	$ 34,512	$ 65,717
Net income per limited partner unit:		
Basic:		
Common units	$ 0.23	$ 0.37
Subordinated units	$ 0.22	$ 0.37
Diluted:		
Common units	$ 0.23	$ 0.37
Subordinated units	$ 0.22	$ 0.37
Weighted average number of limited partner units outstanding:		
Basic:		
Common units	78,018	100,454
Subordinated units	75,941	75,941
Diluted:		
Common units	78,034	100,825
Subordinated units	75,941	75,941

See accompanying notes to condensed combined consolidated financial statements.

ANTERO MIDSTREAM PARTNERS LP

Condensed Combined Consolidated Statements of Operations and Comprehensive Income

Nine Months Ended September 30, 2015, and 2016

(Unaudited)

(In thousands, except per unit amounts)

	Nine months ended September 30, 2015	Nine months ended September 30, 2016
Revenue:		
Gathering and compression–Antero	$ 168,056	$ 218,938
Water handling and treatment–Antero	86,759	203,750
Gathering and compression–third party	38	669
Water handling and treatment–third party	778	—
Total revenue	255,631	423,357
Operating expenses:		
Direct operating	38,830	124,951
General and administrative (including $17,663 and $19,366 of equity-based compensation in 2015 and 2016, respectively)	37,923	39,712
Depreciation	63,515	74,100
Accretion of contingent acquisition consideration	—	10,384
Total operating expenses	140,268	249,147
Operating income	115,363	174,210
Interest expense, net	(5,266)	(12,885)
Equity in earnings of unconsolidated affiliate	—	2,027
Net income and comprehensive income	110,097	163,352
Pre-Water Acquisition net income attributed to parent	(40,193)	—
General partner interest in net income attributable to incentive distribution rights	(295)	(9,387)
Limited partners' interest in net income	$ 69,609	$ 153,965
Net income per limited partner unit:		
Basic:		
Common units	$ 0.46	$ 0.87
Subordinated units	$ 0.45	$ 0.87
Diluted:		
Common units	$ 0.46	$ 0.87
Subordinated units	$ 0.45	$ 0.87
Weighted average number of limited partner units outstanding:		
Basic:		
Common units	76,641	100,302
Subordinated units	75,941	75,941
Diluted:		
Common units	76,657	100,365
Subordinated units	75,941	75,941

See accompanying notes to condensed combined consolidated financial statements.

ANTERO MIDSTREAM PARTNERS LP

Condensed Combined Consolidated Statements of Partners' Capital

Nine Months Ended September 30, 2016

(Unaudited)

(In thousands)

	Common Unitholders Public	Common Unitholder Antero	Subordinated Unitholder Antero	General Partner	Total Partners' Capital
Balance at December 31, 2015	$ 1,351,317	$ 30,186	$ (299,727)	$ 969	$ 1,082,745
Net income and comprehensive income	57,013	30,602	66,350	9,387	163,352
Distributions to unitholders	(45,689)	(24,975)	(53,539)	(5,549)	(129,752)
Equity-based compensation	5,921	6,851	6,594	—	19,366
Issuance of common units upon vesting of equity-based compensation awards, net of units withheld for income taxes	141	(159)	—	—	(18)
Issuance of common units to public, net of offering costs	19,605	—	—	—	19,605
Sale of units held by Antero to public	6,419	(6,419)	—	—	—
Balance at September 30, 2016	$ 1,394,727	$ 36,086	$ (280,322)	$ 4,807	$ 1,155,298

See accompanying notes to condensed combined consolidated financial statements.

ANTERO MIDSTREAM PARTNERS LP

Condensed Combined Consolidated Statements of Cash Flows

Nine Months Ended September 30, 2015, and 2016

(Unaudited)

(In thousands)

	Nine months ended September 30,	
	2015	**2016**
Cash flows provided by (used in) operating activities:		
Net income	$ 110,097	$ 163,352
Adjustment to reconcile net income to net cash provided by operating activities:		
Depreciation	63,515	74,100
Accretion of contingent acquisition consideration	—	10,384
Equity-based compensation	17,663	19,366
Equity in earnings of unconsolidated affiliate	—	(2,027)
Amortization of deferred financing costs	774	1,185
Changes in assets and liabilities:		
Accounts receivable–Antero	1,963	7,314
Accounts receivable–third party	4,910	1,464
Prepaid expenses	457	(53)
Accounts payable	673	1,467
Accounts payable–Antero	781	99
Accrued ad valorem tax	62	(3,923)
Accrued liabilities	(1,336)	(13,593)
Net cash provided by operating activities	199,559	259,135
Cash flows provided by (used in) investing activities:		
Additions to gathering and compression systems	(242,549)	(152,769)
Additions to water handling and treatment systems	(81,646)	(137,355)
Investment in unconsolidated affiliate	—	(45,044)
Change in other assets	10,883	(2,409)
Net cash used in investing activities	(313,312)	(337,577)
Cash flows provided by (used in) financing activities:		
Deemed distribution to Antero, net	(43,723)	—
Distributions to Antero	(633,457)	—
Distributions to unitholders	(70,519)	(129,752)
Issuance of senior notes	—	650,000
Borrowings (repayments) on bank credit facilities, net	410,000	(450,000)
Issuance of common units, net of offering costs	240,972	19,605
Payments of deferred financing costs	(1,956)	(8,940)
Other	(246)	(133)
Net cash provided by (used in) financing activities	(98,929)	80,780
Net increase (decrease) in cash and cash equivalents	(212,682)	2,338
Cash and cash equivalents, beginning of period	230,192	6,883
Cash and cash equivalents, end of period	$ 17,510	$ 9,221
Supplemental disclosure of cash flow information:		
Cash paid during the period for interest	$ 4,725	$ 11,751
Supplemental disclosure of noncash investing activities:		
Increase (decrease) in accrued capital expenditures and accounts payable for property and equipment	$ 21,962	$ (21,971)

See accompanying notes to condensed combined consolidated financial statements.

ANTERO MIDSTREAM PARTNERS LP

Notes to Condensed Combined Consolidated Financial Statements

December 31, 2015 and September 30, 2016

(1) Business and Organization

Antero Midstream Partners LP (the "Partnership") is a growth-oriented limited partnership formed by Antero Resources Corporation ("Antero") to own, operate and develop midstream energy assets to service Antero's increasing production. The Partnership's assets consist of gathering pipelines, compressor stations and water handling and treatment assets, through which the Partnership provides midstream services to Antero under long-term, fixed-fee and cost plus contracts. Our assets are located in the southwestern core of the Marcellus Shale in northwest West Virginia and the core of the Utica Shale in southern Ohio. The Partnership's condensed combined consolidated financial statements as of September 30, 2016, include the accounts of the Partnership, Antero Midstream LLC ("Midstream Operating"), Antero Water LLC ("Antero Water"), Antero Treatment LLC ("Antero Treatment"), and Antero Midstream Finance Corporation ("Finance Corp."), all of which are entities under common control.

On September 23, 2015, Antero contributed (the "Water Acquisition") (i) all of the outstanding limited liability company interests of Antero Water to the Partnership and (ii) all of the assets, contracts, rights, permits and properties owned or leased by Antero and used primarily in connection with the construction, ownership, operation, use or maintenance of Antero's advanced waste water treatment complex under construction in Doddridge County, West Virginia, to Antero Treatment (collectively, (i) and (ii) are referred to herein as the "Contributed Assets"). Our results for the three and nine months ended September 30, 2015 have been recast to include the historical results of Antero Water because the transaction was between entities under common control. Antero Water's operations prior to the Water Acquisition consisted entirely of fresh water handling operations.

References to "the Partnership," "we," "our," "us" or like terms, when referring to the three and nine months ended September 30, 2015, refer to the Partnership's gathering and compression assets and operations, and include Antero's water assets and operations, which were contributed to us on September 23, 2015. References to "the Partnership," "we," "our," "us" or like terms, when referring to the three and nine months ended September 30, 2016 or when used in the present tense or prospectively, refer to Antero Midstream Partners LP and its subsidiaries.

The Partnership's gathering and compression assets consist of 8-, 12-, 16-, 20-, and 24-inch high and low pressure gathering pipelines and compressor stations that collect natural gas, NGLs and oil from Antero's wells in West Virginia and Ohio. The Partnership's assets also include two independent fresh water distribution systems that deliver water used by Antero for hydraulic fracturing activities in Antero's operating areas. The fresh water distribution systems consist of permanent buried pipelines, surface pipelines and fresh water storage facilitates, as well as pumping stations and impoundments to transport fresh water throughout the pipeline system.

(2) Summary of Significant Accounting Policies

(a) Basis of Presentation

These condensed combined consolidated financial statements have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission (the "SEC") applicable to interim financial information, and should be read in the context of the December 31, 2015 combined consolidated financial statements and notes thereto for a more complete understanding of the Partnership's operations, financial position, and accounting policies. The December 31, 2015 combined consolidated financial statements were originally filed with the SEC in the 2015 Form 10-K.

The accompanying unaudited condensed combined consolidated financial statements of the Partnership have been prepared in accordance with accounting principles generally accepted in the United States ("GAAP") for interim financial information, and, accordingly, do not include all of the information and footnotes required by GAAP for complete consolidated financial statements. In the opinion of management, these statements include all adjustments (consisting of normal and recurring accruals) considered necessary for a fair presentation of the Partnership's financial position as of December 31, 2015 and September 30, 2016, and the results of its operations and its cash flows for the three and nine months ended September 30, 2015 and 2016. The Partnership has no items of other comprehensive income; therefore, its net income is identical to its comprehensive income. Operating results for the period ended September 30, 2016 are not necessarily indicative of the results that may be expected for the full year.

ANTERO MIDSTREAM PARTNERS LP

Notes to Condensed Combined Consolidated Financial Statements

December 31, 2015 and September 30, 2016

Certain costs of doing business which are incurred by Antero on our behalf have been reflected in the accompanying condensed combined consolidated financial statements. These costs include general and administrative expenses attributed to us by Antero in exchange for:

- business services, such as payroll, accounts payable and facilities management;
- corporate services, such as finance and accounting, legal, human resources, investor relations and public and regulatory policy; and
- employee compensation, including equity-based compensation.

Transactions between us and Antero have been identified in the condensed combined consolidated financial statements (see Note 3-Transactions with Affiliates).

As of the date these condensed combined consolidated financial statements were filed with the SEC, the Partnership completed its evaluation of potential subsequent events for disclosure and no items requiring disclosure were identified, except the declaration of a cash distribution to unitholders, as described in Note 6—Partnership Equity and Distributions.

(b) Revenue Recognition

We provide gathering and compression and water handling and treatment services under fee-based contracts primarily based on throughput or cost plus a margin. Under these arrangements, we receive fees for gathering oil and gas products, compression services, and water handling and treatment services. The revenue we earn from these arrangements is directly related to (1) in the case of natural gas gathering and compression, the volumes of metered natural gas that we gather, compress and deliver to natural gas compression sites or other transmission delivery points, (2) in the case of oil and condensate gathering, the volumes of metered oil and condensate that we gather and deliver to other transmission delivery points, (3) in the case of fresh water delivery, the quantities of fresh water delivered to our customers for use in their well completion operations, or (4) in the case of other fluid handling services, which includes the disposal and treatment of waste water and high rate transfer of fresh water, our costs plus 3%. We recognize revenue when all of the following criteria are met: (1) persuasive evidence of an agreement exists, (2) services have been rendered, (3) prices are fixed or determinable and (4) collectability is reasonably assured.

(c) Use of Estimates

The preparation of the condensed combined consolidated financial statements and notes in conformity with GAAP requires that management formulate estimates and assumptions that affect revenues, expenses, assets, liabilities and the disclosure of contingent assets and liabilities. Items subject to estimates and assumptions include the useful lives of property and equipment and valuation of accrued liabilities, among others. Although management believes these estimates are reasonable, actual results could differ from these estimates.

(d) Cash and Cash Equivalents

Prior to September 23, 2015 Antero Water's operations were funded by Antero. Net amounts funded by Antero are reflected as "Deemed distribution to Antero, net" on the accompanying statements of Condensed Combined Consolidated Cash Flows.

We consider all liquid investments purchased with an initial maturity of three months or less to be cash equivalents. The carrying value of cash and cash equivalents approximates fair value due to the short-term nature of these instruments.

(e) Property and Equipment

Property and equipment primarily consists of gathering pipelines, compressor stations and fresh water distribution pipelines and facilities stated at historical cost less accumulated depreciation. We capitalize construction-related direct labor and material costs. Maintenance and repair costs are expensed as incurred.

Depreciation is computed using the straight-line method over the estimated useful lives and salvage values of assets. The depreciation of fixed assets recorded under capital lease agreements is included in depreciation expense. Uncertainties that may impact these estimates of useful lives include, among others, changes in laws and regulations relating to environmental matters, including air and water quality, restoration and abandonment requirements, economic conditions, and supply and demand for our services in the areas in which we operate. When assets are placed into service, management makes estimates with respect to useful lives and salvage values that management believes are reasonable. However, subsequent events could cause a change in estimates, thereby impacting future depreciation amounts.

Our investment in property and equipment for the periods presented is as follows:

(in thousands)	Estimated useful lives	As of December 31, 2015	As of September 30, 2016
Land	n/a	$ 3,430	$ 6,997
Fresh water surface pipelines and equipment	5 years	34,402	38,556
Above ground storage tanks	10 years	4,296	4,301
Fresh water permanent buried pipelines and equipment	20 years	410,202	431,943
Gathering and compression systems	20 years	1,291,871	1,483,364
Construction-in-progress	n/a	307,250	354,649
Total property and equipment		2,051,451	2,319,810
Less accumulated depreciation		(157,625)	(231,724)
Property and equipment, net		$ 1,893,826	$ 2,088,086

(f) Impairment of Long-Lived Assets

We evaluate our long-lived assets for impairment when events or changes in circumstances indicate that the related carrying values of the assets may not be recoverable. Generally, the basis for making such assessments is undiscounted future cash flow projections for the unit being assessed. If the carrying values of the assets are deemed not recoverable, the carrying values are reduced to the estimated fair value, which are based on discounted future cash flows or other techniques, as appropriate. No impairments for such assets have been recorded through September 30, 2016.

(g) Asset Retirement Obligations

Our gathering pipelines, compressor stations and fresh water distribution pipelines and facilities have an indeterminate life, if properly maintained. A liability will be recorded only if and when a future retirement obligation with a determinable life can be estimated. We are not able to make a reasonable estimate of when future dismantlement and removal dates of our pipelines, compressor stations and facilities, will occur and, because it has been determined that abandonment of all other ancillary assets would require minimal costs, we have not recorded asset retirement obligations at December 31, 2015 or September 30, 2016.

(h) Litigation and Other Contingencies

An accrual is recorded for a loss contingency when its occurrence is probable and damages can be reasonably estimated based on the anticipated most likely outcome or the minimum amount within a range of possible outcomes. We regularly review contingencies to determine the adequacy of our accruals and related disclosures. The ultimate amount of losses, if any, may differ from these estimates.

We accrue losses associated with environmental obligations when such losses are probable and can be reasonably estimated. Accruals for estimated environmental losses are recognized no later than at the time a remediation feasibility study, or an evaluation of response options, is complete. These accruals are adjusted as additional information becomes available or as circumstances change. Future environmental expenditures are not discounted to their present value. Recoveries of environmental costs from other parties are recorded separately as assets at their undiscounted value when receipt of such recoveries is probable.

ANTERO MIDSTREAM PARTNERS LP

Notes to Condensed Combined Consolidated Financial Statements

December 31, 2015 and September 30, 2016

(i) Equity-Based Compensation

On March 30, 2016, the Financial Accounting Standards Board (the "FASB") issued ASU No. 2016-09, *Stock Compensation–Improvements to Employee Share-Based Payment Accounting*, and the Partnership has elected to early-adopt the standard as of January 1, 2016. See Note 2 *(m) Recently Adopted Accounting Pronouncements*.

Our condensed combined consolidated financial statements reflect various equity-based compensation awards granted by Antero, as well as compensation expense associated with our own plan. These awards include profits interests awards, restricted stock, stock options, restricted units, and phantom units. For purposes of these condensed combined consolidated financial statements, we recognized as expense in each period an amount allocated from Antero, with the offset recorded as an increase in partners' capital. See Note 3—Transactions with Affiliates for additional information regarding Antero's allocation of expenses to us.

In connection with our initial public offering ("IPO"), our general partner adopted the Antero Midstream Partners LP Long-Term Incentive Plan ("Midstream LTIP"), pursuant to which certain non-employee directors of our general partner and certain officers, employees and consultants of our general partner and its affiliates are eligible to receive awards representing equity interests in the Partnership. An aggregate of 10,000,000 common units may be delivered pursuant to awards under the Midstream LTIP, subject to customary adjustments. For accounting purposes, these units are treated as if they are distributed from us to Antero. Antero recognizes compensation expense for the units awarded to its employees and a portion of that expense is allocated to us. See Note 5—Equity-Based Compensation.

(j) Income Taxes

Our condensed combined consolidated financial statements do not include a provision for income taxes as we are treated as a partnership for federal and state income tax purposes, with each partner being separately taxed on its share of taxable income.

(k) Fair Value Measures

The FASB Accounting Standards Codification Topic 820, *Fair Value Measurements and Disclosures*, clarifies the definition of fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. This guidance also relates to all nonfinancial assets and liabilities that are not recognized or disclosed on a recurring basis (e.g., the initial recognition of asset retirement obligations and impairments of long -lived assets). The fair value is the price that we estimate would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value hierarchy is used to prioritize inputs to valuation techniques used to estimate fair value. An asset or liability subject to the fair value requirements is categorized within the hierarchy based on the lowest level of input that is significant to the fair value measurement. Our assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the asset or liability. The highest priority (Level 1) is given to unadjusted quoted market prices in active markets for identical assets or liabilities, and the lowest priority (Level 3) is given to unobservable inputs. Level 2 inputs are data, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly.

The carrying values on our balance sheet of our cash and cash equivalents, accounts receivable—Antero, accounts receivable—third party, prepaid expenses, other assets, accounts payable, accounts payable—Antero, accrued liabilities, accrued capital expenditures, accrued ad valorem tax, other current liabilities, other liabilities and the revolving credit facility approximate fair values due to their short-term maturities.

(l) Investment in Unconsolidated Entities

The Partnership uses the equity method to account for its investments in companies if the investment provides the Partnership with the ability to exercise significant influence over, but not control, the operating and financial policies of the investee. The Partnership's consolidated net income includes the Partnership's proportionate share of the net income or loss of such companies. The Partnership's judgment regarding the level of influence over each equity method investee includes considering key factors such as the Partnership's ownership interest, representation on the board of directors and participation in policy-making decisions of the investee and material intercompany transactions. See Note 10–Equity Method Investment.

(m) Recently Adopted Accounting Pronouncement

On March 30, 2016, the FASB issued ASU No. 2016-09, *Stock Compensation–Improvements to Employee Share-Based Payment Accounting*. This standard simplifies or clarifies several aspects of the accounting for equity-based payment awards, including the income tax consequences, classification of awards as either equity or liabilities, and classification on the statement of cash flows. Certain of these changes are required to be applied retrospectively, while other changes are required to be applied prospectively. The Partnership has elected to early-adopt the standard as of January 1, 2016.

As a result of adopting this standard, we will reclassify cash outflows attributable to tax withholdings on the net settlement of equity-classified awards from operating cash flows to financing cash flows. No retrospective adjustments to the condensed combined consolidated statement of cash flows were required for the nine months ended September 30, 2015, because no equity-based compensation awards were settled during this period.

(3) Transactions with Affiliates

(a) Revenues

All revenues earned, except revenues earned from third parties, were earned from Antero, under various agreements for gathering and compression, water services and seconded employees.

(b) Accounts receivable—Antero and Accounts payable—Antero

Accounts receivable—Antero represents amounts due from Antero, primarily related to gathering and compression services and water handling and treatment services. Accounts payable—Antero represents amounts due to Antero for general and administrative expenses and other costs.

(c) Allocation of Costs

The employees supporting our operations are employees of Antero. Direct operating expense includes allocated costs of $0.8 million and $1.0 million during the three months ended September 30, 2015 and 2016, respectively, and $2.2 million and $2.8 million during the nine months ended September 30, 2015 and 2016, respectively, related to labor charges for Antero employees associated with the operation of our gathering lines, compressor stations, and water handling and treatment assets. General and administrative expense includes allocated costs of $11.6 million and $12.2 million during the three months ended September 30, 2015 and 2016, respectively, and $33.9 million and $36.1 million during the nine months ended September 30, 2015 and 2016, respectively. These costs relate to: (i) various business services, including payroll processing, accounts payable processing and facilities management, (ii) various corporate services, including legal, accounting, treasury, information technology and human resources and (iii) compensation, including equity-based compensation (see Note 5—Equity-Based Compensation for more information). These expenses are charged or allocated to us based on the nature of the expenses and are allocated based on a combination of our proportionate share of Antero's gross property and equipment, capital expenditures and labor costs, as applicable.

(4) Long-Term Debt

Long-term debt was as follows at December 31, 2015 and September 30, 2016:

(in thousands)	**As of December 31, 2015**	**As of September 30, 2016**
Revolving credit facility(a)	$ 620,000	$ 170,000
5.375% senior notes due 2024(b)	—	650,000
Net unamortized debt issuance costs	—	(10,234)
	$ 620,000	$ 809,766

ANTERO MIDSTREAM PARTNERS LP

Notes to Condensed Combined Consolidated Financial Statements

December 31, 2015 and September 30, 2016

(a) Revolving Credit Facility

We have a secured revolving credit facility with a syndicate of bank lenders. The revolving credit facility provides for lender commitments of $1.5 billion and a letter of credit sublimit of $150 million. The revolving credit facility matures on November 10, 2019.

The revolving credit facility is ratably secured by mortgages on substantially all of our properties, including the properties of our subsidiaries, and guarantees from our subsidiaries. The revolving credit facility contains certain covenants including restrictions on indebtedness, and requirements with respect to leverage and interest coverage ratios. The revolving credit facility provides that, so long as no event of default exists or would be caused thereby, and only to the extent permitted by our organizational documents, distributions to the holders of our equity interests may be made in accordance with the cash distribution policy adopted by the board of directors of our general partner in connection with the IPO. The Partnership was in compliance with all of the financial covenants under the revolving credit facility as of December 31, 2015 and September 30, 2016.

Principal amounts borrowed are payable on the maturity date with such borrowings bearing interest that is payable quarterly or, in the case of Eurodollar Rate Loans, at the end of the applicable interest period if shorter than six months. Interest is payable at a variable rate based on LIBOR or the base rate, determined by election at the time of borrowing. Commitment fees on the unused portion of the revolving credit facility are due quarterly at rates ranging from 0.25% to 0.375% of the unused facility based on utilization.

At December 31, 2015 and September 30, 2016, we had borrowings under the revolving credit facility of $620 million and $170 million, respectively, with a weighted average interest rate of 1.92% and 2.03%, respectively. No letters of credit were outstanding at December 31, 2015 or September 30, 2016.

(b) 5.375% Senior Notes Due 2024

On September 13, 2016, the Partnership and its wholly-owned subsidiary, Finance Corp., as co-issuers, issued $650 million in aggregate principal amount of 5.375% senior notes due September 15, 2024 (the “2024 Notes”) at par. The 2024 Notes are unsecured and effectively subordinated to the revolving credit facility to the extent of the value of the collateral securing the revolving credit facility. The 2024 Notes are fully and unconditionally guaranteed on a joint and several senior unsecured basis by the Partnership’s wholly-owned subsidiaries (other than Finance Corp.) and certain of its future restricted subsidiaries. Interest on the 2024 Notes is payable on March 15 and September 15 of each year. The Partnership may redeem all or part of the 2024 Notes at any time on or after September 15, 2019 at redemption prices ranging from 104.031% on or after September 15, 2019 to 100.00% on or after September 15, 2022. In addition, prior to September 15, 2019, the Partnership may redeem up to 35% of the aggregate principal amount of the 2024 Notes with an amount of cash not greater than the net cash proceeds of certain equity offerings, if certain conditions are met, at a redemption price of 105.375% of the principal amount of the 2024 Notes, plus accrued and unpaid interest. At any time prior to September 15, 2019, the Partnership may also redeem the 2024 Notes, in whole or in part, at a price equal to 100% of the principal amount of the 2024 Notes plus a “make-whole” premium and accrued and unpaid interest. If the Partnership undergoes a change of control, the holders of the 2024 Notes will have the right to require the Partnership to repurchase all or a portion of the notes at a price equal to 101% of the principal amount of the 2024 Notes, plus accrued and unpaid interest.

(5) Equity-Based Compensation

Our general and administrative expenses include equity-based compensation costs allocated to us by Antero for grants made pursuant to Antero’s long-term incentive plan and the Midstream LTIP. Equity-based compensation expense allocated to us was $5.3 million and $6.6 million for the three months ended September 30, 2015 and 2016, respectively, and $17.7 million and $19.4 million for the nine months ended September 30, 2015 and 2016, respectively. These expenses were allocated to us based on our proportionate share of Antero’s labor costs. Antero has unamortized expense totaling approximately $210.2

million as of September 30, 2016 related to its various equity-based compensation plans, which includes the Midstream LTIP. A portion of this will be allocated to us as it is amortized over the remaining service period of the related awards.

Midstream LTIP

Our general partner manages our operations and activities and Antero employs the personnel who provide support to our operations. In connection with the IPO, our general partner adopted the Midstream LTIP, pursuant to which non-employee directors of our general partner and certain officers, employees and consultants of our general partner and its affiliates are eligible to receive awards representing ownership interests in the Partnership. An aggregate of 10,000,000 common units may be delivered pursuant to awards under the Midstream LTIP, subject to customary adjustments. A total of 7,737,934 common units are available for future grant under the Midstream LTIP as of September 30, 2016. Restricted units and phantom units granted under the Midstream LTIP vest subject to the satisfaction of service requirements, upon the completion of which common units in the Partnership and distribution equivalent rights are delivered to the holder of the restricted units or phantom units. Compensation related to each restricted unit and phantom unit award is recognized on a straight-line basis over the requisite service period of the entire award. The grant date fair values of these awards are determined based on the closing price of the Partnership's common units on the date of grant. These units are accounted for as if they are distributed by the Partnership to Antero. Antero recognizes compensation expense for the units awarded and a portion of that expense is allocated to the Partnership. Antero allocates equity-based compensation expense to the Partnership based on our proportionate share of Antero's labor costs. The Partnership's portion of the equity-based compensation expense is included in general and administrative expenses, and recorded as a credit to the applicable classes of partners' capital.

A summary of restricted unit and phantom unit awards activity during the nine months ended September 30, 2016 is as follows:

	Number of units	Weighted average grant date fair value	Aggregate intrinsic value (in thousands)
Total awarded and unvested—December 31, 2015	1,667,832	$ 28.97	$ 38,060
Granted	290,254	$ 21.24	
Vested	(6,354)	$ 24.98	
Forfeited	(97,723)	$ 28.63	
Total awarded and unvested—September 30, 2016	1,854,009	$ 27.79	$ 49,502

Intrinsic values are based on the closing price of the Partnership's common units on the referenced dates. Midstream LTIP unamortized expense of $37.5 million at September 30, 2016 is expected to be recognized over a weighted average period of approximately 2.3 years and our proportionate share will be allocated to us as it is recognized.

(6) Partnership Equity and Distributions

Our Minimum Quarterly Distribution

Our partnership agreement provides for a minimum quarterly distribution of $0.17 per unit for each quarter, or $0.68 per unit on an annualized basis.

Our partnership agreement generally provides that we distribute cash each quarter during the subordination period in the following manner:

- first, to the holders of common units, until each common unit has received the minimum quarterly distribution of $0.17 plus any arrearages from prior quarters;

- second, to the holders of subordinated units, until each subordinated unit has received the minimum quarterly distribution of $0.17; and
- third, to the holders of common units and subordinated units pro rata until each has received a distribution of $0.1955.

If cash distributions to our unitholders exceed $0.1955 per common unit and subordinated unit in any quarter, our unitholders and our general partner, as the holder of our incentive distribution rights ("IDRs"), will receive distributions according to the following percentage allocations:

	Marginal Percentage Interest in Distributions	
Total Quarterly Distribution Target Amount	**Unitholders**	**General Partner (as holder of IDRs)**
above $0.1955 up to $0.2125	85 %	15 %
above $0.2125 up to $0.2550	75 %	25 %
above $0.2550	50 %	50 %

General Partner Interest

Our general partner does not own any limited partner or subordinated limited partner interests in us. However, our general partner owns the IDRs and may in the future own common units or other equity interests in us and will be entitled to receive cash distributions on such interests.

Subordinated Units

Antero owns all of our subordinated units. The principal difference between our common units and subordinated units is that, for any quarter during the subordination period, holders of the subordinated units are not entitled to receive any distribution from operating surplus until the common units have received the minimum quarterly distribution from operating surplus for such quarter plus any arrearages in the payment of the minimum quarterly distribution from prior quarters. Subordinated units will not accrue arrearages. When the subordination period ends, all of the subordinated units will convert into an equal number of common units. The subordination period will end on the first business day after we have earned and paid at least $0.68 (the minimum quarterly distribution on an annualized basis) on each outstanding common unit and subordinated unit for each of three consecutive, non-overlapping four-quarter periods ending on or after September 30, 2017 and there are no outstanding arrearages on our common units.

To the extent we do not pay the minimum quarterly distribution on our common units, our common unitholders will not be entitled to receive such arrearage payments in the future except during the subordination period. To the extent we have cash available for distribution from operating surplus in any future quarter during the subordination period in excess of the amount necessary to pay the minimum quarterly distribution to holders of our common units, we will use this excess cash to pay any distribution arrearages on common units related to prior quarters before any cash distribution is made to holders of subordinated units.

Cash Distributions

The board of directors of our general partner has declared a cash distribution of $0.265 per unit for the quarter ended September 30, 2016. The distribution will be payable on November 24, 2016 to unitholders of record as of November 10, 2016.

ANTERO MIDSTREAM PARTNERS LP

Notes to Condensed Combined Consolidated Financial Statements

December 31, 2015 and September 30, 2016

The following table details the distributions paid during or pertaining to the periods presented below (in thousands, except per unit data):

			Distributions				
			Limited Partners				
Quarter and Year	Record Date	Distribution Date	Common unitholders	Subordinated unitholders	General partner (IDRs)	Total	Distributions per limited partner unit
Q4 2014	February 13, 2015	February 27, 2015	$ 7,161	$ 7,161	$ -	$ 14,322	$ 0.0943
Q1 2015	May 13, 2015	May 27, 2015	$ 13,669	$ 13,669	$ -	$ 27,338	$ 0.1800
Q2 2015	August 13, 2015	August 27, 2015	$ 14,429	$ 14,429	$ -	$ 28,858	$ 0.1900
Q3 2015	November 11, 2015	November 30, 2015	$ 20,470	$ 15,568	$ 295	$ 36,333	$ 0.2050
*	November 12, 2015	November 20, 2015	$ 397	$ -	$ -	$ 397	$ *
	Total 2015		$ 56,126	$ 50,827	$ 295	$ 107,248	
Q4 2015	February 15, 2016	February 29, 2016	$ 22,048	$ 16,708	$ 969	$ 39,725	$ 0.2200
Q1 2016	May 11, 2016	May 25, 2016	$ 23,556	$ 17,846	$ 1,850	$ 43,252	$ 0.2350
Q2 2016	August 10, 2016	August 24, 2016	$ 25,059	$ 18,985	$ 2,731	$ 46,775	$ 0.2500
	Total 2016		$ 70,663	$ 53,539	$ 5,550	$ 129,752	

* Distribution equivalent rights on units that vested under the Midstream LTIP.

(7) Net Income Per Limited Partner Unit

The Partnership's net income is attributed to the general partner and limited partners, including subordinated unitholders, in accordance with their respective ownership percentages, and when applicable, giving effect to incentive distributions paid to the general partner. Basic and diluted net income per limited partner unit is calculated by dividing limited partners' interest in net income, less general partner incentive distributions, by the weighted average number of outstanding limited partner units during the period.

We compute earnings per unit using the two-class method for master limited partnerships. Under the two-class method, earnings per unit is calculated as if all of the earnings for the period were distributed under the terms of the partnership agreement, regardless of whether the general partner has discretion over the amount of distributions to be made in any particular period, whether those earnings would actually be distributed during a particular period from an economic or practical perspective, or whether the general partner has other legal or contractual limitations on its ability to pay distributions that would prevent it from distributing all of the earnings for a particular period.

We calculate net income available to limited partners based on the distributions pertaining to the current period's net income. After adjusting for the appropriate period's distributions, the remaining undistributed earnings or excess distributions over earnings, if any, are attributed to the general partner and limited partners in accordance with the contractual terms of the partnership agreement under the two-class method.

Basic earnings per unit is computed by dividing net earnings attributable to unitholders by the weighted average number of units outstanding during each period. Diluted net income per limited partner unit reflects the potential dilution that could occur if agreements to issue common units, such as awards under long-term incentive plans, were exercised, settled or converted into common units. When it is determined that potential common units resulting from an award should be included in the diluted net income per limited partner unit calculation, the impact is reflected by applying the treasury stock method. Earnings per common unit assuming dilution for the three months ended September 30, 2016 was calculated based on the diluted weighted average number of units outstanding of 100,824,582, including 370,594 dilutive units attributable to non-vested restricted unit and phantom unit awards. Earnings per common unit assuming dilution for the nine months ended September 30, 2016 was calculated based on the diluted weighted average number of units outstanding of 100,364,955, including 62,647 dilutive units attributable to non-vested restricted unit and phantom unit awards. For the three and nine months ended September 30, 2016, zero and 1,562,669 non-vested phantom unit and restricted unit awards, respectively, were anti-dilutive.

ANTERO MIDSTREAM PARTNERS LP

Notes to Condensed Combined Consolidated Financial Statements

December 31, 2015 and September 30, 2016

The Partnership's calculation of net income per common and subordinated unit for the periods indicated is as follows (in thousands, except per unit data):

	Three months ended September 30,		Nine months ended September 30,	
	2015	2016	2015	2016
Net income	$ 42,648	$ 70,524	$ 110,097	$ 163,352
Less:				
Pre-Water Acquisition net income attributed to parent	(7,841)	—	(40,193)	—
General partner interest in net income attributable to incentive distribution rights	(295)	(4,807)	(295)	(9,387)
Limited partner interest in net income	$ 34,512	$ 65,717	$ 69,609	$ 153,965
Net income allocable to common units - basic and diluted	$ 17,561	$ 37,409	$ 35,110	$ 87,615
Net income allocable to subordinated units - basic and diluted	16,951	28,308	34,499	66,350
Limited partner interest in net income - basic and diluted	$ 34,512	$ 65,717	$ 69,609	$ 153,965
Net income per limited partner unit - basic				
Common units	$ 0.23	$ 0.37	$ 0.46	$ 0.87
Subordinated units	$ 0.22	$ 0.37	$ 0.45	$ 0.87
Net income per limited partner unit - diluted				
Common units	$ 0.23	$ 0.37	$ 0.46	$ 0.87
Subordinated units	$ 0.22	$ 0.37	$ 0.45	$ 0.87
Weighted average limited partner units outstanding - basic				
Common units	78,018	100,454	76,641	100,302
Subordinated units	75,941	75,941	75,941	75,941
Weighted average limited partner units outstanding - diluted				
Common units	78,034	100,825	76,657	100,365
Subordinated units	75,941	75,941	75,941	75,941

(8) Sale of Common Units Under Equity Distribution Agreement

During the third quarter of 2016, the Partnership entered into an Equity Distribution Agreement (the "Distribution Agreement"), pursuant to which the Partnership may sell, from time to time through brokers acting as its sales agents, common units representing distribution limited partner interests having an aggregate offering price of up to $250 million. The program is registered with the SEC on an effective registration statement on Form S-3. Sales of the common units may be made by means of ordinary brokers' transactions on the New York Stock Exchange, at market prices, in block transactions, or as otherwise agreed to between the Partnership and the sales agents. Proceeds are expected to be used for general partnership purposes, which may include repayment of indebtedness and funding working capital or capital expenditures. The Partnership is under no obligation to offer and sell common units under the Distribution Agreement.

During the three months ended September 30, 2016, the Partnership issued and sold 764,739 common units under the Distribution Agreement, resulting in net proceeds of $19.6 million. As of September 30, 2016, the Partnership had the capacity to issue additional common units under the Distribution Agreement up to an aggregate sales price of $229.8 million.

(9) Fair Value Measurement

In connection with the Water Acquisition, we have agreed to pay Antero (a) $125 million in cash if the Partnership delivers 176,295,000 barrels or more of fresh water during the period between January 1, 2017 and December 31, 2019 and (b) an additional $125 million in cash if the Partnership delivers 219,200,000 barrels or more of fresh water during the period between January 1, 2018 and December 31, 2020. This contingent consideration liability is valued based on Level 3 inputs.

The following table provides a reconciliation of changes in Level 3 financial liabilities measured at fair value on a recurring basis (in thousands):

Contingent acquisition consideration—December 31, 2015	$	178,049
Accretion		10,384
Contingent acquisition consideration—September 30, 2016	$	188,433

We account for contingent consideration in accordance with applicable accounting guidance pertaining to business combinations. We are contractually obligated to pay Antero contingent consideration in connection with the Water Acquisition, and therefore recorded this contingent consideration liability at the time of the Water Acquisition. We update our assumptions each reporting period based on new developments and adjust such amounts to fair value based on revised assumptions, if applicable, until such consideration is satisfied through payment upon achievement of the specified objectives or it is eliminated upon failure to achieve the specified objectives.

As of September 30, 2016, we expect to pay the entire amount of the contingent consideration amounts in 2019 and 2020. The fair value measurement is based on significant inputs not observable in the market and thus represents a Level 3 measurement within the fair value hierarchy. The fair value of the contingent consideration liability associated with future milestone payments was based on the risk adjusted present value of the contingent consideration payout.

The carrying values of accounts receivable and accounts payable at December 31, 2015 and September 30, 2016 approximated market value because of their short-term nature. The carrying value of the amounts under the revolving credit facility at December 31, 2015 and September 30, 2016 approximated fair value because the variable interest rates are reflective of current market conditions.

Based on Level 2 market data inputs, the fair value of the Partnership's 2024 Notes was approximately $655.7 million at September 30, 2016.

(10) Equity Method Investment

Our consolidated net income includes the Partnership's proportionate share of the net income (loss) of equity method investees. When the Partnership records its proportionate share of net income (loss), it increases (decreases) equity income in the consolidated statements of operations and comprehensive income and the carrying value of that investment. The Partnership uses the equity method of accounting to account for its investment in Stonewall Gas Gathering LLC because it is a limited liability company, which maintains separate capital accounts, and the Partnership exercises significant influence over the entity. Our judgment regarding the level of influence over the Stonewall Gas Gathering LLC investment includes considering key factors such as the Partnership's ownership interest, representation on the board of directors and participation in policy-making decisions of Stonewall Gas Gathering LLC.

The carrying value of the Partnership's investment in Stonewall Gas Gathering LLC was $47.1 million at September 30, 2016, and is included in the "Investment in unconsolidated affiliate" line item on the condensed combined consolidated balance sheet. The Partnership's share of Stonewall Gas Gathering LLC's net income was $1.5 million and $2.0 million for the three and nine months ended September 30, 2016, respectively, and is included in “Equity in earnings of unconsolidated affiliate” on the condensed combined consolidated statement of operations and comprehensive income.

(11) Reporting Segments

The Partnership’s operations are located in the United States and are organized into two reporting segments: (1) gathering and compression and (2) water handling and treatment.

Gathering and Compression

The gathering and compression segment includes a network of gathering pipelines and compressor stations that collect natural gas, NGLs and oil from Antero’s wells in West Virginia and Ohio.

Water Handling and Treatment

The Partnership’s water handling and treatment segment includes two independent fresh water distribution systems that source and deliver fresh water from the Ohio River and several regional waterways, and other fluid handling services for well completion operations in Antero’s operating areas. These fresh water systems consist of permanent buried pipelines, surface pipelines and fresh water storage facilitates, as well as pumping stations and impoundments to transport the fresh water throughout the pipelines. Other fluid handling services consist of the disposal and treatment of waste water, including a waste water treatment facility, currently under construction, and high rate transfer of fresh water.

These segments are monitored separately by management for performance and are consistent with internal financial reporting. These segments have been identified based on the differing products and services, regulatory environment and the expertise required for these operations. We evaluate the performance of the Partnership’s business segments based on operating income. Interest expense is primarily managed and evaluated on a consolidated basis.

ANTERO MIDSTREAM PARTNERS LP

Notes to Condensed Combined Consolidated Financial Statements

December 31, 2015 and September 30, 2016

Summarized financial information concerning the Partnership's segments for the periods indicated is shown in the following table (in thousands):

	Gathering and Compression	Water Handling and Treatment	Consolidated Total
Three months ended September 30, 2015			
Revenues:			
Revenue - Antero	$ 59,220	$ 21,819	$ 81,039
Revenue - third-party	38	627	665
Total revenues	59,258	22,446	81,704
Operating expenses:			
Direct operating	(3,164)	4,773	1,609
General and administrative	11,265	2,577	13,842
Depreciation	15,076	6,485	21,561
Total expenses	23,177	13,835	37,012
Operating income	$ 36,081	$ 8,611	$ 44,692
Total assets	$ 1,395,057	$ 487,734	$ 1,882,791
Additions to property and equipment	$ 82,751	$ 48,381	$ 131,132
Three months ended September 30, 2016			
Revenues:			
Revenue - Antero	$ 77,871	$ 72,411	$ 150,282
Revenue - third-party	193	-	193
Total revenues	78,064	72,411	150,475
Operating expenses:			
Direct operating	4,692	28,521	33,213
General and administrative	10,281	3,035	13,316
Depreciation	18,298	7,838	26,136
Accretion of contingent acquisition consideration	-	3,527	3,527
Total expenses	33,271	42,921	76,192
Operating income	$ 44,793	$ 29,490	$ 74,283
Total assets	$ 1,653,292	$ 562,995	$ 2,216,287
Additions to property and equipment	$ 55,800	$ 58,730	$ 114,530

ANTERO MIDSTREAM PARTNERS LP

Notes to Condensed Combined Consolidated Financial Statements

December 31, 2015 and September 30, 2016

	Gathering and Compression	Water Handling and Treatment	Consolidated Total
Nine months ended September 30, 2015			
Revenues:			
Revenue - Antero	$ 168,056	$ 86,759	$ 254,815
Revenue - third-party	38	778	816
Total revenues	168,094	87,537	255,631
Operating expenses:			
Direct operating	19,817	19,013	38,830
General and administrative	30,685	7,238	37,923
Depreciation	44,748	18,767	63,515
Total expenses	95,250	45,018	140,268
Operating income	$ 72,844	$ 42,519	$ 115,363
Total assets	$ 1,395,057	$ 487,734	$ 1,882,791
Additions to property and equipment	$ 242,549	$ 81,646	$ 324,195
Nine months ended September 30, 2016			
Revenues:			
Revenue - Antero	$ 218,938	$ 203,750	$ 422,688
Revenue - third-party	669	—	669
Total revenues	219,607	203,750	423,357
Operating expenses:			
Direct operating	19,758	105,193	124,951
General and administrative	29,755	9,957	39,712
Depreciation	52,125	21,975	74,100
Accretion of contingent acquisition consideration	—	10,384	10,384
Total expenses	101,638	147,509	249,147
Operating income	$ 117,969	$ 56,241	$ 174,210
Total assets	$ 1,653,292	$ 562,995	$ 2,216,287
Additions to property and equipment	$ 152,769	$ 137,355	$ 290,124

(12) Contingencies

Environmental Obligations

We are subject to federal, state and local regulations regarding air and water quality, hazardous and solid waste disposal and other environmental matters. We believe there are currently no such matters that will have a material adverse effect on our results of operations, cash flows or financial position.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our condensed combined consolidated financial statements and related notes included elsewhere in this report. The information provided below supplements, but does not form part of, our condensed combined consolidated financial statements. This discussion contains forward‑looking statements that are based on the views and beliefs of our management, as well as assumptions and estimates made by our management. Actual results could differ materially from such forward‑looking statements as a result of various risk factors, including those that may not be in the control of management. For further information on items that could impact our future operating performance or financial condition, please see "Item 1A. Risk Factors." and the section entitled "Cautionary Statement Regarding Forward‑Looking Statements." We do not undertake any obligation to publicly update any forward-looking statements except as otherwise required by applicable law. For more information please refer to the Annual Report on Form 10-K for the year ended December 31, 2015, filed with the SEC on February 24, 2016.

References to "the Partnership," "we," "our," "us" or like terms, when referring to periods prior to September 23, 2015 refer to the Partnership's gathering and compression assets and operations, and include Antero's water assets and operations, which were contributed to us on September 23, 2015. References to "the Partnership," "we," "our," "us" or like terms, when referring to periods after September 23, 2016 or when used in the present tense or prospectively, refer to Antero Midstream Partners LP and its subsidiaries.

Overview

We are a growth-oriented limited partnership formed by Antero to own, operate and develop midstream energy assets to service Antero's production. Our assets consist of gathering pipelines and compressor stations that collect natural gas, NGLs and oil from Antero's wells in the Marcellus Shale in West Virginia and the Utica Shale in Ohio. Our assets also include two independent fresh water distribution systems that deliver fresh water from the Ohio River and several regional waterways for well completion operations, and other fluid handling services in Antero's operating areas. The fresh water systems consist of permanent buried pipelines, surface pipelines and fresh water storage facilities, as well as pumping stations and impoundments to transport the fresh water throughout the pipelines. Other fluid handling services consist of the disposal and treatment of waste water, including a waste water treatment facility, currently under construction, and high rate transfer of fresh water. We believe that our strategically located assets and our relationship with Antero position us as a leading midstream energy company serving the Marcellus and Utica shale plays.

Address, Internet Website and Availability of Public Filings

Our principal executive offices are at 1615 Wynkoop Street, Denver, Colorado 80202. Our telephone number is (303) 357-7310. Our website is located at *www.anteromidstream.com*.

We make available free of charge our Annual Reports on Form 10-K, our Quarterly Reports on Form 10-Q and our Current Reports on Form 8-K as soon as reasonably practicable after we file such material with, or furnish it to, the SEC. These documents are located at *www.anteromidstream.com* under the "Investors Relations" link.

Information on our website is not incorporated into this Quarterly Report on Form 10-Q or our other filings with the SEC and is not a part of them.

2016 Developments and Highlights

Financial Results

For the three months ended September 30, 2016, we generated cash flow from operations of $90.6 million, net income of $70.5 million, and Adjusted EBITDA of $110.5 million. This compares to cash flow from operations of $54.5 million, net income of $42.7 million, and Adjusted EBITDA of $71.5 million for the three months ended September 30, 2015. See "—Non-GAAP Financial Measures" for a definition of Adjusted EBITDA (a non-GAAP measure) and a reconciliation of Adjusted EBITDA to net income.

For the nine months ended September 30, 2016, we generated cash flow from operations of $259.1 million, net income of $163.4 million, and Adjusted EBITDA of $278.1 million. This compares to cash flow from operations of $199.6 million, net income of $110.1 million, and Adjusted EBITDA of $196.5 million for the nine months ended September 30, 2015. See "—Non-GAAP

Financial Measures" for a definition of Adjusted EBITDA (a non-GAAP measure) and a reconciliation of Adjusted EBITDA to net income.

During the third quarter of 2016, the Partnership and Antero Midstream Finance Corporation ("Finance Corp."), as co-issuers, issued $650 million of 5.375% senior unsecured notes due 2024 at par (the "2024 Notes"). Net proceeds from the issuance of the 2024 Notes were used to repay indebtedness under our revolving credit facility.

Also during the third quarter of 2016, the Partnership entered into an Equity Distribution Agreement (the "Distribution Agreement"), pursuant to which, the Partnership may sell, from time to time through brokers acting as its sales agents, common units representing limited partner interests having an aggregate offering price of up to $250 million. During the three months ended September 30, 2016, the Partnership issued and sold 764,739 common units under the Distribution Agreement, at a weighted average sales price of $26.38 resulting in net proceeds of $19.6 million (net of $0.2 million of compensation payable to the sales agents for sales made during the period, and $0.4 million of other offering costs). We received net proceeds of $19.6 million during the quarter from the sale of common units pursuant to the Distribution Agreement, which were used for general partnership purposes.

Energy Industry Environment

In late 2014, global energy commodity prices declined precipitously as a result of several factors, including an increase in worldwide commodity supplies, a stronger U.S. dollar, relatively mild weather in large portions of the U.S. during winter months, and strong competition among oil producing countries for market share. These events continued throughout 2015 and 2016 to date and, along with slower economic growth in China, have led to the continuation of low commodity prices. Spot prices for WTI declined significantly since June 2014 levels of approximately $106.00 per Bbl and are currently approximately $50.00 per Bbl. Spot prices for Henry Hub natural gas have also declined significantly from approximately $4.40 per MMBtu in January 2014 and have ranged from approximately $2.00 per MMBtu in March 2016 to approximately $3.00 per MMBtu in September 2016. Spot prices for propane, which is the largest portion of Antero's NGLs sales, have declined from approximately $1.55 per gallon in January 2014 and have ranged from less than $0.35 per gallon in January 2016 to approximately $0.50 per gallon in September 2016.

Cash Distributions

The board of directors of our general partner has declared a cash distribution of $0.265 per unit for the quarter ended September 30, 2016. The distribution will be payable on November 24, 2016 to unitholders of record as of November 10, 2016.

2016 Capital Budget

Our 2016 capital budget is approximately $480 million, which includes $410 million of expansion capital, $25 million of maintenance capital, and $45 million for the purchase of an equity interest in a regional gas gathering pipeline. The capital budget includes $240 million of expansion capital on gathering and compression infrastructure, approximately 90% of which will be invested in the Marcellus Shale and the remaining 10% will be invested in the Utica Shale. The gathering and compression budget will result in 9 miles and 22 miles of additional low pressure and high pressure gathering pipelines, respectively, and 240 MMcf/d of incremental compression capacity in 2016. The budget includes investing $40 million of expansion capital in fresh water delivery infrastructure, approximately 75% of which will be invested in the Marcellus Shale and the remaining 25% will be invested in the Utica Shale. In addition, the budget includes plans to construct one fresh water storage impoundment as well as 11 miles and 19 miles of fresh water trunklines and surface pipelines, respectively. Our 2016 budget also includes $130 million of construction capital for the advanced waste water treatment facility, which is expected to be placed into service in late 2017. During the three and nine months ended September 30, 2016, our total gathering and compression capital expenditures were approximately $55.8 million and $152.8 million, respectively, and our total water handling and treatment capital expenditures were approximately $58.7 million and $137.4 million, respectively.

Antero's 2016 capital budget for drilling, completions, and land in 2016 is $1.4 billion, a 24% reduction from Antero's 2015 capital expenditures. Antero plans to operate an average of 7 drilling rigs in 2016 as compared to an average of 14 rigs in 2015, and plans to complete 110 horizontal wells in the Marcellus and Utica Shales in 2016 as compared to 131 in 2015. In conjunction with the reduction in capital expenditures during 2016, Antero plans to defer the completion of 70 wells until 2017.

Credit Facility

As of September 30, 2016, lender commitments under our revolving credit facility were $1.5 billion, with a letter of credit sublimit of $150 million. At September 30, 2016, we had borrowings of $170 million and no letters of credit outstanding under the revolving credit facility. Our revolving credit facility matures in November 2019. Net proceeds from the issuance of the 2024 Notes were used to repay indebtedness under our revolving credit facility. See "—Debt Agreements—Revolving Credit Facility" for a description of our revolving credit facility.

Items Affecting Comparability of Our Financial Results

Certain of the historical financial results discussed below may not be comparable to our future financial results primarily as a result of the significant increase in the scope of our operations over the last several years. Our gathering and compression and water handling and treatment systems are relatively new, having been substantially built within the last three years. Accordingly, our revenues and expenses over that time reflect the significant ramp up in our operations. Similarly, Antero has experienced significant changes in its production and drilling and completion schedule over that same period. Accordingly, it may be difficult to project trends from our historical financial data going forward.

On September 23, 2015, Antero contributed (the "Water Acquisition") (i) all of the outstanding limited liability company interests of Antero Water to the Partnership and (ii) all of the assets, contracts, rights, permits and properties owned or leased by Antero and used primarily in connection with the construction, ownership, operation, use or maintenance of Antero's advanced waste water treatment complex under construction in Doddridge County, West Virginia, to Antero Treatment. Results of operations and cash flows for the three and nine months ended September 30, 2015 have been recast to include the Water Acquisition.

Results of Operations

Three months ended September 30, 2015 compared to three months ended September 30, 2016

We have two operating segments: (1) gathering and compression and (2) water handling and treatment. The operating results and assets of our reportable segments were as follows for the three months ended September 30, 2015 and 2016 (in thousands):

	Gathering and Compression	Water Handling and Treatment	Consolidated Total
Three months ended September 30, 2015			
Revenues:			
Revenue - Antero	$ 59,220	$ 21,819	$ 81,039
Revenue - third-party	38	627	665
Total revenues	59,258	22,446	81,704
Operating expenses:			
Direct operating	(3,164)	4,773	1,609
General and administrative (before equity-based compensation)	7,060	1,498	8,558
Equity-based compensation	4,205	1,079	5,284
Depreciation	15,076	6,485	21,561
Total expenses	23,177	13,835	37,012
Operating income	$ 36,081	$ 8,611	$ 44,692
Three months ended September 30, 2016			
Revenues:			
Revenue - Antero	$ 77,871	$ 72,411	$ 150,282
Revenue - third-party	193	-	193
Total revenues	78,064	72,411	150,475
Operating expenses:			
Direct operating	4,692	28,521	33,213
General and administrative (before equity-based compensation)	5,068	1,649	6,717
Equity-based compensation	5,213	1,386	6,599
Depreciation	18,298	7,838	26,136
Accretion of contingent acquisition consideration	-	3,527	3,527
Total expenses	33,271	42,921	76,192
Operating income	$ 44,793	$ 29,490	$ 74,283

The following table sets forth selected operating data for the three months ended September 30, 2015 compared to the three months ended September 30, 2016:

	Three months ended September 30, 2015	Three months ended September 30, 2016	Amount of Increase (Decrease)	Percentage Change
	($ in thousands, except average realized fees)			
Revenue:				
Revenue - Antero	$ 81,039	$ 150,282	$ 69,243	85 %
Revenue - third-party	665	193	(472)	(71)%
Total revenue	81,704	150,475	68,771	84 %
Operating expenses:				
Direct operating	1,609	33,213	31,604	1,964 %
General and administrative (before equity-based compensation)	8,558	6,717	(1,841)	(22)%
Equity-based compensation	5,284	6,599	1,315	25 %
Depreciation	21,561	26,136	4,575	21 %
Accretion of contingent acquisition consideration	—	3,527	3,527	*
Total operating expenses	37,012	76,192	39,180	106 %
Operating income	44,692	74,283	29,591	66 %
Interest expense	(2,044)	(5,303)	(3,259)	159 %
Equity in earnings of unconsolidated affiliate	—	1,544	1,544	*
Net income	$ 42,648	$ 70,524	$ 27,876	65 %
Adjusted EBITDA(1)	$ 71,537	$ 110,545	$ 39,008	55 %
Operating Data:				
Gathering—low pressure (MMcf)	95,471	131,625	36,154	38 %
Gathering—high pressure (MMcf)	111,896	124,266	12,370	11 %
Compression (MMcf)	40,063	71,470	31,407	78 %
Condensate gathering (MBbl)	263	48	(215)	(82)%
Fresh water distribution (MBbl)	6,168	12,895	6,727	109 %
Waste water handling and treatment (MBbl)	—	2,577	2,577	*
Wells serviced by fresh water distribution	28	35	7	25 %
Gathering—low pressure (MMcf/d)	1,038	1,431	393	38 %
Gathering—high pressure (MMcf/d)	1,216	1,351	135	11 %
Compression (MMcf/d)	435	777	342	78 %
Condensate gathering (MBbl/d)	3	1	(2)	(82)%
Fresh water distribution (MBbl/d)	67	140	73	109 %
Waste water handling and treatment (MBbl/d)	—	28	28	*
Average realized fees:				
Average gathering—low pressure fee ($/Mcf)	$ 0.31	$ 0.31	$ —	*
Average gathering—high pressure fee ($/Mcf)	$ 0.19	$ 0.19	$ —	*
Average compression fee ($/Mcf)	$ 0.19	$ 0.19	$ —	*
Average gathering—condensate fee ($/Bbl)	$ 4.16	$ 4.17	$ 0.01	*
Average fresh water distribution fee - Antero ($/Bbl)	$ 3.62	$ 3.68	$ 0.06	2 %

* Not meaningful or applicable.

(1) For a discussion of the non-GAAP financial measure Adjusted EBITDA, including a reconciliation of Adjusted EBITDA to its most directly comparable financial measure calculated and presented in accordance with GAAP, please see "—Non-GAAP Financial Measures" below.

Sources of Water Handling and Treatment Revenue. Water handling and treatment revenues are generated from fresh water delivery and other fluid handling services. Fresh water delivery is billed at a fixed fee per barrel. Other fluid handling services include the disposal and treatment of waste water and high rate transfer of fresh water and are billed at our cost plus 3%.

Revenue - Antero. Revenues from gathering and compression of natural gas and condensate, and water handling and treatment increased by 85%, from $81.0 million for the three months ended September 30, 2015 to $150.3 million for the three months ended September 30, 2016. Revenues from our gathering and compression segment increased by 31%, from $59.2 million for the three months ended September 30, 2015 to $77.9 million for the three months ended September 30, 2016. Revenues from our water handling and treatment segment increased by $50.6 million, from $21.8 million for the three months ended September 30, 2015 to $72.4 million for the three months ended September 30, 2016. These fluctuations are primarily the result of:

- low pressure gathering revenue increased $11.5 million period over period due to a 38% increase in throughput volumes to 132 Bcf, or 1,431 MMcf/d, which was primarily due to 115 additional wells added to our system since September 30, 2015;
- compression revenue increased $5.9 million due to a 78% increase in throughput volumes to 71 Bcf, or 777 MMcf/d, primarily due to the addition of two new compressor stations placed in service after September 30, 2015, and additional wells added to our system;
- fresh water delivery revenue increased $25.0 million due to a 109% increase in fresh water distribution to 12,895 MBbl, or 140 MBbl/d, primarily due to an increase in the amount of water used in well completions by Antero; and
- other fluid handling services revenue of $24.9 million.

Direct operating expenses. Total direct operating expenses increased from $1.6 million for the three months ended September 30, 2015 to $33.2 million for the three months ended September 30, 2016. Direct operating expenses related to our gathering and compression segment increased from $(3.2) million for the three months ended September 30, 2015 to $4.7 million for the three months ended September 30, 2016. The increase was primarily the result of increased throughput volumes, and a downward revision of our estimate of ad valorem tax liability, during the three months ended September 30, 2015, resulting in a reduction of the previously accrued liability related to prior periods of approximately $8.4 million. Direct operating expenses related to our water handling and treatment segment increased from $4.8 million for the three months ended September 30, 2015 to $28.5 million for the three months ended September 30, 2016. The increase was primarily due to other fluid handling services, which began in the fourth quarter of 2015. Other fluid handling service costs are billed to Antero at our cost plus 3%. Other fluid handling service revenues were zero and $24.9 million during the three months ended September 30, 2015 and 2016, respectively, and other fluid handling service operating expenses were zero and $24.2 million during the three months ended September 30, 2015 and 2016, respectively.

General and administrative expenses. General and administrative expenses (before equity-based compensation expense) decreased by 22%, from $8.6 million for the three months ended September 30, 2015 to $6.7 million for the three months ended September 30, 2016. The decrease was primarily a result of higher legal related costs in the third quarter of 2015 in connection with the Water Acquisition which closed in the same quarter, partially offset by increased staffing levels and related salary and benefits expenses and increased general partnership expenses to support our growth.

Equity-based compensation expenses. Equity-based compensation expense increased by 25%, from $5.3 million for the three months ended September 30, 2015 to $6.6 million for the three months ended September 30, 2016. This increase was due to additional awards made under Antero's and our equity-based compensation plans. Equity-based compensation expense allocated to us from Antero has no effect on our cash flows.

Accretion of contingent acquisition consideration. Total contingent acquisition consideration accretion expense increased from zero for the three months ended September 30, 2015 to $3.5 million for the three months ended September 30, 2016. In connection with the Water Acquisition, we have agreed to pay Antero (a) $125 million in cash if we deliver 176 million barrels or more of fresh water during the period between January 1, 2017 and December 31, 2019 and (b) an additional $125 million in cash if we deliver 219 million barrels or more of fresh water during the period between January 1, 2018 and December 31, 2020. In conjunction with the Water Acquisition on September 23, 2015, we recorded a liability for the discounted net present value of the contingent acquisition consideration and, as time passes, we recognize accretion expense to increase the discounted liability to the expected liability amounts in 2019 and 2020.

Depreciation expense. Total depreciation expense increased by 21%, from $21.6 million for the three months ended September 30, 2015 to $26.1 million for the three months ended September 30, 2016. The increase was primarily due to additional gathering, compression, and water handling and treatment assets placed into service.

Interest expense. Interest expense increased from $2.0 million for the three months ended September 30, 2015 to $5.3 million for the three months ended September 30, 2016. The increase was due to increased amounts outstanding under the revolving credit facility, increased commitment fees on the increased amount of lender commitments under the facility, and interest incurred on our 2024 Notes beginning in the third quarter of 2016.

Operating income. Total operating income increased by 66%, from $44.7 million for the three months ended September 30, 2015 to $74.3 million for the three months ended September 30, 2016. Operating income related to our gathering and compression segment increased by 24%, from $36.1 million for the three months ended September 30, 2015 to $44.8 million for the three months ended September 30, 2016. The increase was primarily due to an increase in gathering and compression throughput volumes in the third quarter of 2016. Operating income related to our water handling and treatment segment increased from $8.6 million for the three months ended September 30, 2015 to $29.5 million for the three months ended September 30, 2016. This increase was primarily due to an increase in fresh water throughput volumes and other fluid handling services in the third quarter of 2016.

Adjusted EBITDA. Adjusted EBITDA increased by 55%, from $71.5 million for the three months ended September 30, 2015 to $110.5 million for the three months ended September 30, 2016. The increase was primarily due to an increase in gathering and compression, fresh water throughput volumes, and other fluid handling services in the third quarter of 2016. For a discussion of the non-GAAP financial measure Adjusted EBITDA, including a reconciliation of Adjusted EBITDA to its most directly comparable financial measure calculated and presented in accordance with GAAP, please see "—Non-GAAP Financial Measures" below.

Nine months ended September 30, 2015 compared to nine months ended September 30, 2016

The operating results and assets of our reportable segments were as follows for the nine months ended September 30, 2015 and 2016 (in thousands):

	Gathering and Compression	Water Handling and Treatment	Consolidated Total
Nine months ended September 30, 2015			
Revenues:			
Revenue - Antero	$ 168,056	$ 86,759	$ 254,815
Revenue - third-party	38	778	816
Total revenues	168,094	87,537	255,631
Operating expenses:			
Direct operating	19,817	19,013	38,830
General and administrative (before equity-based compensation)	16,467	3,793	20,260
Equity-based compensation	14,218	3,445	17,663
Depreciation	44,748	18,767	63,515
Total expenses	95,250	45,018	140,268
Operating income	$ 72,844	$ 42,519	$ 115,363
Nine months ended September 30, 2016			
Revenues:			
Revenue - Antero	$ 218,938	$ 203,750	$ 422,688
Revenue - third-party	669	—	669
Total revenues	219,607	203,750	423,357
Operating expenses:			
Direct operating	19,758	105,193	124,951
General and administrative (before equity-based compensation)	14,853	5,493	20,346
Equity-based compensation	14,902	4,464	19,366
Depreciation	52,125	21,975	74,100
Accretion of contingent acquisition consideration	—	10,384	10,384
Total expenses	101,638	147,509	249,147
Operating income	$ 117,969	$ 56,241	$ 174,210

The following table sets forth selected operating data for the nine months ended September 30, 2015 compared to the nine months ended September 30, 2016:

	Nine months ended September 30, 2015	Nine months ended September 30, 2016	Amount of Increase (Decrease)	Percentage Change
	($ in thousands, except average realized fees)			
Revenue:				
Revenue - Antero	$ 254,815	$ 422,688	$ 167,873	66 %
Revenue - third-party	816	669	(147)	(18)%
Total revenue	255,631	423,357	167,726	66 %
Operating expenses:				
Direct operating	38,830	124,951	86,121	222 %
General and administrative (before equity-based compensation)	20,260	20,346	86	*
Equity-based compensation	17,663	19,366	1,703	10 %
Depreciation	63,515	74,100	10,585	17 %
Accretion of contingent acquisition consideration	—	10,384	10,384	*
Total operating expenses	140,268	249,147	108,879	78 %
Operating income	115,363	174,210	58,847	51 %
Interest expense	(5,266)	(12,885)	(7,619)	145 %
Equity in earnings of unconsolidated affiliate	—	2,027	2,027	*
Net income	$ 110,097	$ 163,352	$ 53,255	48 %
Adjusted EBITDA(1)	$ 196,541	$ 278,060	$ 81,519	41 %
Operating Data:				
Gathering—low pressure (MMcf)	267,442	373,338	105,896	40 %
Gathering—high pressure (MMcf)	322,930	349,440	26,510	8 %
Compression (MMcf)	113,583	186,406	72,823	64 %
Condensate gathering (MBbl)	751	498	(253)	(34)%
Fresh water distribution (MBbl)	24,034	31,341	7,307	30 %
Waste water handling and treatment (MBbl)	—	7,621	7,621	*
Wells serviced by fresh water distribution	89	96	7	8 %
Gathering—low pressure (MMcf/d)	980	1,363	383	40 %
Gathering—high pressure (MMcf/d)	1,183	1,275	92	8 %
Compression (MMcf/d)	416	680	264	64 %
Condensate gathering (MBbl/d)	3	2	(1)	(34)%
Fresh water distribution (MBbl/d)	88	114	26	30 %
Waste water handling and treatment (MBbl/d)	—	28	28	*
Average realized fees:				
Average gathering—low pressure fee ($/Mcf)	$ 0.31	$ 0.31	$ —	*
Average gathering—high pressure fee ($/Mcf)	$ 0.19	$ 0.19	$ —	*
Average compression fee ($/Mcf)	$ 0.19	$ 0.19	$ —	*
Average gathering—condensate fee ($/Bbl)	$ 4.16	$ 4.17	$ 0.01	*
Average fresh water distribution fee - Antero ($/Bbl)	$ 3.63	$ 3.68	$ 0.05	1 %

* Not meaningful or applicable.

(1) For a discussion of the non-GAAP financial measure Adjusted EBITDA, including a reconciliation of Adjusted EBITDA to its most directly comparable financial measure calculated and presented in accordance with GAAP, please see "—Non-GAAP Financial Measures" below.

Sources of Water Handling and Treatment Revenue. Water handling and treatment revenues are generated from fresh water delivery and other fluid handling services. Fresh water delivery is billed at a fixed fee per barrel. Other fluid handling services include the disposal and treatment of waste water and high rate transfer of fresh water and are billed at our cost plus 3%.

Revenue - Antero. Revenues from gathering and compression of natural gas and condensate, and water handling and treatment increased by 66%, from $254.8 million for the nine months ended September 30, 2015 to $422.7 million for the nine months ended September 30, 2016. Revenues from our gathering and compression segment increased by 30%, from $168.1 million for the nine months ended September 30, 2015 to $218.9 million for the nine months ended September 30, 2016. Revenues from our water handling and treatment segment increased from $86.7 million for the nine months ended September 30, 2015 to $203.8 million for the nine months ended September 30, 2016. These fluctuations are primarily the result of:

- low pressure gathering revenue increased $33.7 million due to a 40% increase in throughput volumes to 373 Bcf, or 1,363 MMcf/d, which was primarily due to 115 additional wells added to our system since September 30, 2015;
- compressor revenue increased $13.9 million due to a 64% increase in throughput volumes to 186 Bcf, or 680 MMcf/d, primarily due to the addition of two new compressor stations placed in service after September 30, 2015, and additional wells added to our system;
- high pressure gathering revenue increased $5.0 million due to a 8% increase in throughput volumes to 349 Bcf, or 1,275 MMcf/d, primarily as a result of the addition of two new high pressure gathering lines placed in service after September 30, 2015, and additional wells added to our system;
- other fluid handling services revenue of $88.4 million; and
- fresh water delivery revenue increased $27.8 million due to a 30% increase in fresh water distribution to 31,341 MBbl, or 114 MBbl/d, primarily due to an increase in the amount of water used in well completions by Antero.

Direct operating expenses. Total direct operating expenses increased from $38.8 million for the nine months ended September 30, 2015 to $125.0 million for the nine months ended September 30, 2016. Direct operating expenses related to our gathering and compression segment remained consistant at $19.8 million for both the nine months ended September 30, 2015 and 2016. Direct operating expenses related to our water handling and treatment segment increased from $19.0 million for the nine months ended September 30, 2015 to $105.2 million for the nine months ended September 30, 2016. The increase was primarily due to other fluid handling services, which began in the fourth quarter of 2015. Other fluid handling service costs are billed at our cost plus 3%. Other fluid handling service revenues were zero and $88.4 million during the nine months ended September 30, 2015 and 2016, respectively, and other fluid handling service operating expenses were zero and $85.9 million during the nine months ended September 30, 2015 and 2016, respectively.

General and administrative expenses. General and administrative expenses (before equity-based compensation expense) increased from $20.2 million for the nine months ended September 30, 2015 to $20.3 million for the nine months ended September 30, 2016. The slight increase was primarily a result of increased staffing levels and related salary and benefits expenses and increased general partnership expenses to support our growth, partially offset by higher legal and related costs in the nine months ended September 30, 2015 in connection with the Water Acquisition.

Equity-based compensation expenses. Equity-based compensation expense increased by 10%, from $17.7 million for the nine months ended September 30, 2015 to $19.4 million for the nine months ended September 30, 2016. This increase was due to additional awards made under Antero's and our equity-based compensation plans. Equity-based compensation expense allocated to us from Antero has no effect on our cash flows.

Accretion of contingent acquisition consideration. Total contingent acquisition consideration accretion expense increased from zero for the nine months ended September 30, 2015 to $10.4 million for the nine months ended September 30, 2016. In connection with the Water Acquisition, we have agreed to pay Antero (a) $125 million in cash if we deliver 176 million barrels or more of fresh water during the period between January 1, 2017 and December 31, 2019 and (b) an additional $125 million in cash if we deliver 219 million barrels or more of fresh water during the period between January 1, 2018 and December 31, 2020. In conjunction with the Water Acquisition on September 23, 2015, we recorded a liability for the discounted net present value of the contingent acquisition consideration and, as time passes, we recognize accretion expense to increase the discounted liability to the expected liability amounts in 2019 and 2020.

Depreciation expense. Total depreciation expense increased by 17%, from $63.5 million for the nine months ended September 30, 2015 to $74.1 million for the nine months ended September 30, 2016. The increase was primarily due to additional gathering, compression, and water handling and treatment assets placed into service.

Interest expense. Interest expense increased from $5.3 million for the nine months ended September 30, 2015 to $12.9 million for the nine months ended September 30, 2016. The increase was due to increased amounts outstanding under the revolving credit facility, increased commitment fees on the increased amount of lender commitments under the facility, and interest incurred on our 2024 Notes beginning in the third quarter of 2016.

Operating income. Total operating income increased by 51%, from $115.4 million for the nine months ended September 30, 2015 to $174.2 million for the nine months ended September 30, 2016. Operating income related to our gathering and compression segment increased by 62%, from $72.8 million for the nine months ended September 30, 2015 to $118.0 million for the nine months ended September 30, 2016. The increase was primarily due to an increase in gathering and compression throughput volumes in the first nine months of 2016. Operating income related to our water handling and treatment segment increased by 32%, from $42.6 million for the nine months ended September 30, 2015 to $56.2 million for the nine months ended September 30, 2016. This increase was primarily due to an increase in fresh water throughput volumes and other fluid handling services for the nine months ended September 30, 2016.

Adjusted EBITDA. Adjusted EBITDA increased by 41%, from $196.5 million for the nine months ended September 30, 2015 to $278.1 million for the nine months ended September 30, 2016. The increase was primarily due to an increase in gathering and compression, fresh water throughput volumes, and other fluid handling services for the nine months ended September 30, 2016. For a discussion of the non-GAAP financial measure Adjusted EBITDA, including a reconciliation of Adjusted EBITDA to its most directly comparable financial measure calculated and presented in accordance with GAAP, please see "—Non-GAAP Financial Measures" below.

Capital Resources and Liquidity

Sources and Uses of Cash

Capital and liquidity is provided by operating cash flow, cash on our balance sheet, borrowings under our revolving credit facility and capital markets transactions, further discussed below. We expect cash flow from operations to continue to contribute to our liquidity in the future. We expect the combination of these capital resources will be adequate to meet our working capital requirements, capital expenditures program and expected quarterly cash distributions for at least the next 12 months.

The board of directors of our general partner has adopted a cash distribution policy pursuant to which we intend to distribute at least the minimum quarterly distribution of $0.17 per unit ($0.68 per unit on an annualized basis) on all of our units to the extent we have sufficient cash after the establishment of cash reserves and the payment of our expenses, including payments to our general partner and its affiliates. The board of directors of our general partner has declared a cash distribution of $0.265 per unit for the quarter ended September 30, 2016. The distribution will be payable on November 24, 2016 to unitholders of record as of November 10, 2016.

We expect our future cash requirements relating to working capital, maintenance capital expenditures and quarterly cash distributions to our partners will be funded from cash flows internally generated from our operations. Our expansion capital expenditures will be funded by borrowings under our revolving credit facility or from potential capital markets transactions.

During the third quarter of 2016, the Partnership and Finance Corp. issued $650 million in aggregate principal amount of 5.375% senior unsecured notes due 2024 at par. Net proceeds from the issuance of the 2024 Notes were used to repay indebtedness under our revolving credit facility. The Partnership also received net proceeds of $19.6 million from the issuance of 764,739 common units under the Distribution Agreement.

The following table and discussion presents a summary of our combined net cash provided by (used in) operating activities, investing activities and financing activities for the periods indicated.

	Nine months ended September 30,		
(in thousands)	**2015**	**2016**	**Increase**
Operating activities	$ 199,559	$ 259,135	$ 59,576
Investing activities	(313,312)	(337,577)	24,265
Financing activities	(98,929)	80,780	179,709
Net increase (decrease) in cash and cash equivalents	$ (212,682)	$ 2,338	

Cash Flow Provided by Operating Activities

Net cash provided by operating activities was $199.6 million and $259.1 million for the nine months ended September 30, 2015 and 2016, respectively. The increase in cash flow from operations for the nine months ended September 30, 2016 compared to the nine months ended September 30, 2015 was primarily the result of increased gathering and compression and fresh water handling revenues, as a result of additional gathering and compression and water handling systems placed in service since September 30, 2015.

Cash Flow Used in Investing Activities

Prior to September 23, 2015, all of our water handling and treatment capital expenditures were funded by Antero.

During the nine months ended September 30, 2015, and 2016, we used cash flows in investing activities of $313.3 million and $337.6 million, respectively, primarily as a result of our capital expenditures for gathering systems, compressor stations, and water handling and treatment systems. Cash flows used in investing activities during the nine months ended September 30, 2016 includes $45.0 million for our investment in Stonewall Gas Gathering LLC.

The board of directors of our general partner has approved a gathering and compression capital budget of $480 million for 2016 to expand our existing gathering and compression systems and water handling and treatment systems to accommodate Antero's development plans. Our capital budgets may be adjusted as business conditions warrant. The amount, timing and allocation of capital expenditures is largely discretionary and within our control. If natural gas, NGLs, and oil prices decline to levels below acceptable levels or costs increase to levels above acceptable levels, Antero could choose to defer a significant portion of its budgeted capital expenditures until later periods. As a result, we may also defer a significant portion of our budgeted capital expenditures to achieve the desired balance between sources and uses of liquidity and prioritize capital projects that we believe have the highest expected returns and potential to generate near-term cash flow. We routinely monitor and adjust our capital expenditures in response to changes in Antero's development plans, changes in prices, availability of financing, acquisition costs, industry conditions, the timing of regulatory approvals, success or lack of success in Antero's drilling activities, contractual obligations, internally generated cash flow and other factors both within and outside our control.

Cash Flow Provided by (Used in) Financing Activities

Net cash used in financing activities for the nine months ended September 30, 2015 of $ 98.9 million is the result of the following: (i) $ 633.5 million in net cash distributions to Antero, primarily in connection with the Water Acquisition, (ii) $70.5 million in quarterly cash distributions to our unitholders, (iii) $43.7 million in deemed cash distributions to Antero, (iv) $171.0 million in repayment of Antero Water's credit facility in connection with the Water Acquisition, and (v) $2.0 million of payments of deferred financing costs. The following cash provided by financing activities partially offset net cash used in financing activities: (i) $525 million in borrowings under the revolving credit facility, (ii) $241.0 million in net proceeds paid to Antero from a private placement of common units and (iii) $56 million in borrowings under Antero Water's credit facility before repayment, all of which were in connection with the Water Acquisition.

Net cash provided by financing activities for the nine months ended September 30, 2016 of $80.8 million is the result of the following: (i) $650 million of proceeds from the issuance of the 2024 Notes and (ii) $19.6 million in net proceeds from the sale of common units under the Distribution Agreement. The following cash used in financing activities partially offset net cash provided by financing activities: (i) $450 million in net repayments under revolving credit facility, $129.8 million in quarterly cash distributions to our unitholders, and (iii) $8.9 million in payments of deferred financing costs related to the issuance of our 2024 Notes.

Debt Agreements

Revolving Credit Facility

We have a senior secured revolving bank credit facility (the "Credit Facility") with a syndicate of lenders. As of September 30, 2016, the Credit Facility provided for lender commitments of $1.5 billion and for a letter of credit sublimit of $150 million. At September 30, 2016, we had $170 million of borrowings and no letters of credit outstanding under the Credit Facility. The Credit Facility will mature on November 10, 2019. Borrowings under the Credit Facility are limited by certain financial ratio covenants which may reduce the amount we are able to borrow to amounts less than the total lender commitments.

Principal amounts borrowed are payable on the maturity date with such borrowings bearing interest that is payable quarterly. We have a choice of borrowing in Eurodollars or at the base rate. Eurodollar loans bear interest at a rate per annum equal to the LIBOR Rate administered by the ICE Benchmark Administration for one, two, three, six or twelve months plus an applicable margin ranging from 150 to 225 basis points, depending on the leverage ratio then in effect. Base rate loans bear interest at a rate per annum equal to the greatest of (i) the agent bank's reference rate, (ii) the federal funds effective rate plus 50 basis points and (iii) the rate for one month Eurodollar loans plus 100 basis points, plus an applicable margin ranging from 50 to 125 basis points, depending on the leverage ratio then in effect.

The revolving credit facility is guaranteed by our subsidiaries and is secured by mortgages on substantially all of our and our subsidiaries' properties. The revolving credit facility contains restrictive covenants that may limit our ability to, among other things:

- incur additional indebtedness;
- sell assets;
- make loans to others;
- make investments;
- enter into mergers;
- make certain restricted payments;
- incur liens; and
- engage in certain other transactions without the prior consent of the lenders.

Borrowings under the revolving credit facility also require us to maintain the following financial ratios:

- an interest coverage ratio, which is the ratio of our consolidated EBITDA to its consolidated current interest charges of at least 2.5 to 1.0 at the end of each fiscal quarter; provided that upon obtaining an investment grade rating, the borrower may elect not to be subject to such ratio;
- a consolidated total leverage ratio, which is the ratio of consolidated debt to consolidated EBITDA (annualized until the fiscal quarter ending September 30, 2016), of not more than 5.00 to 1.00 at the end of each fiscal quarter; provided that after electing to issue unsecured high yield notes, the consolidated total leverage ratio will not be more than 5.25 to 1.0, or, following the election of the borrower for two fiscal quarters after a material acquisition, 5.50 to 1.0; and
- if we elect to issue unsecured high yield notes, a consolidated senior secured leverage ratio, which is the ratio of consolidated senior secured debt to consolidated EBITDA, of not more than 3.75 to 1.0.

We were in compliance with such covenants and ratios as of December 31, 2015 and September 30, 2016. The actual borrowing capacity available to us may be limited by the interest coverage ratio, consolidated total leverage ratio, and consolidated senior secured leverage ratio covenants.

5.375% Senior Notes Due 2024

On September 13, 2016, the Partnership and Finance Corp., as co-issuers, issued $650 million in aggregate principal amount of 5.375% senior notes due 2024 at par. The 2024 Notes are unsecured and effectively subordinated to the revolving credit facility to the extent of the value of the collateral securing the revolving credit facility. The 2024 Notes are fully and unconditionally guaranteed on a joint and several senior unsecured basis by the Partnership's wholly-owned subsidiaries (other than Finance Corp.) and certain of its future restricted subsidiaries. Interest on the 2024 Notes is payable on March 15 and September 15 of each year. The Partnership may redeem all or part of the 2024 Notes at any time on or after September 15, 2019 at redemption prices ranging from 104.031% on or after September 15, 2019 to 100.00% on or after September 15, 2022. In addition, prior to September 15, 2019, the Partnership may redeem up to 35% of the aggregate principal amount of the 2024 Notes with an amount of cash not greater than the net cash proceeds of certain equity offerings, if certain conditions are met, at a redemption price of 105.375% of the principal amount of the 2024 Notes, plus accrued and unpaid interest. At any time prior to September 15, 2019, the Partnership may also redeem the 2024 Notes, in whole or in part, at a price equal to 100% of the principal amount of the 2024 Notes plus a "make-whole" premium and accrued and unpaid interest. If the Partnership undergoes a change of control, the holders of the 2024 Notes will have the right to require the Partnership to repurchase all or a portion of the notes at a price equal to 101% of the principal amount of the 2024 Notes, plus accrued and unpaid interest.

Contractual Obligations

At September 30, 2016, we had $170 million of borrowings and no letters of credit outstanding under the Credit Facility. Under the terms of our Credit Facility, we are required to pay a commitment fee of 0.25% on any unused portion of the Credit Facility.

A summary of our contractual obligations by maturity date as of September 30, 2016 is provided in the following table.

(in millions)	Remainder of 2016	Year ended December 31, 2017	2018	2019	2020	2021	Thereafter	Total
Credit Facility (1)	$ —	—	—	170	—	—	—	170
5.375% senior notes due 2024—principal	—	—	—	—	—	—	650	650
5.375% senior notes due 2024—interest	—	35	35	35	35	35	105	280
Water treatment (2)	29	67	6	—	—	—	—	102
Contingent acquisition consideration (3)	—	—	—	125	125	—	—	250
Total	$ 29	102	41	330	160	35	755	1,452

(1) Includes outstanding principal amounts on our Credit Facility at September 30, 2016. This table does not include future commitment fees, interest expense or other fees on our Credit Facility because they are floating rate instruments and we cannot determine with accuracy the timing of future loan advances, repayments, or future interest rates to be charged.

(2) Includes obligations related to the construction of our waste water treatment facility.

(3) In connection with the Water Acquisition, we have agreed to pay Antero (a) $125 million in cash if the Partnership delivers 176 million barrels or more of fresh water during the period between January 1, 2017 and December 31, 2019 and (b) an additional $125 million in cash if the Partnership delivers 219 million barrels or more of fresh water during the period between January 1, 2018 and December 31, 2020.

Non-GAAP Financial Measures

We view Adjusted EBITDA as an important indicator of our performance. We define Adjusted EBITDA as net income before equity-based compensation expense, interest expense, income taxes and depreciation and amortization expense, excluding pre-acquisition income and expenses attributable to the parent, and equity in earnings of unconsolidated affiliate.

We use Adjusted EBITDA to assess:

- the financial performance of our assets, without regard to financing methods in the case of Adjusted EBITDA, capital structure or historical cost basis;
- our operating performance and return on capital as compared to other publicly traded partnerships in the midstream energy sector, without regard to financing or capital structure; and
- the viability of acquisitions and other capital expenditure projects.

We define Distributable Cash Flow as Adjusted EBITDA less cash interest paid, income tax withholding payments and cash reserved for payments upon vesting of equity-based compensation awards, and ongoing maintenance capital expenditures paid, excluding pre-acquisition amounts attributable to the parent, plus cash to be received from unconsolidated affiliate. We use Distributable Cash Flow as a performance metric to compare the cash generating performance of the Partnership from period to period and to compare the cash generating performance for specific periods to the cash distributions (if any) that are expected to be paid to unitholders. Distributable Cash Flow does not reflect changes in working capital balances.

Adjusted EBITDA and Distributable Cash Flow are non-GAAP financial measures. The GAAP measure most directly comparable to Adjusted EBITDA and Distributable Cash Flow is net income. The non-GAAP financial measures of Adjusted EBITDA and Distributable Cash Flow should not be considered as alternatives to the GAAP measure of net income. Adjusted EBITDA and Distributable Cash Flow are not presentations made in accordance with GAAP and have important limitations as an analytical tool because they include some, but not all, items that affect net income and Adjusted EBITDA. You should not consider Adjusted EBITDA and Distributable Cash Flow in isolation or as a substitute for analyses of results as reported under GAAP. Our definition of Adjusted EBITDA and Distributable Cash Flow may not be comparable to similarly titled measures of other partnerships.

The following table represents a reconciliation of our Adjusted EBITDA and Distributable Cash Flow to the most directly comparable GAAP financial measures for the periods presented.

	Three months ended September 30,		Nine months ended September 30,	
(in thousands)	2015	2016	2015	2016
Reconciliation of Net Income to Adjusted EBITDA and Distributable Cash Flow:				
Net income	$ 42,648	$ 70,524	$ 110,097	$ 163,352
Interest expense	2,044	5,303	5,266	12,885
Depreciation expense	21,561	26,136	63,515	74,100
Accretion of contingent acquisition consideration	—	3,527	—	10,384
Equity-based compensation	5,284	6,599	17,663	19,366
Equity in earnings of unconsolidated affiliate	—	(1,544)	—	(2,027)
Adjusted EBITDA	71,537	110,545	196,541	278,060
Pre-Water Acquisition net income attributed to parent	(7,841)	—	(40,193)	—
Pre-Water Acquisition depreciation expense attributed to parent	(6,485)	—	(18,767)	—
Pre-Water Acquisition equity-based compensation expense attributed to parent	(1,079)	—	(3,445)	—
Pre-Water Acquisition interest expense attributed to parent	(770)	—	(2,326)	—
Adjusted EBITDA attributable to the Partnership	55,362	110,545	131,810	278,060
Cash interest paid, net - attributable to the Partnership	(1,038)	(4,043)	(2,215)	(11,751)
Cash reserved for payment of income tax withholding upon vesting of Antero Midstream LP equity-based compensation awards (1)	—	(1,000)	—	(3,000)
Cash to be received from unconsolidated affiliate (2)	—	2,221	—	2,998
Maintenance capital expenditures (3)	(4,214)	(4,638)	(10,001)	(16,156)
Distributable cash flow	$ 50,110	$ 103,085	$ 119,594	$ 250,151

(1) Estimate of current period portion of expected cash payment for income tax withholding attributable to vesting of Midstream LTIP equity-based compensation awards to be paid in the fourth quarter.
(2) Based on management estimate for the three and nine months ended September 30, 2016.
(3) Maintenance capital expenditures represent that portion of our estimated capital expenditures associated with (i) the connection of new wells to our gathering and compression systems that we believe will be necessary to offset the natural production declines Antero will experience on its wells over time, and (ii) water distribution to new wells necessary to maintain the average throughput volume on our systems.

Critical Accounting Policies and Estimates

The following discussion relates to the critical accounting policies and estimates for both the Partnership and our Predecessors. The discussion and analysis of our financial condition and results of operations are based upon our financial statements, which have been prepared in accordance with GAAP. The preparation of our condensed combined consolidated financial statements requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and related disclosure of contingent assets and liabilities. Certain accounting policies involve judgments and uncertainties to such an extent that there is reasonable likelihood that materially different amounts could have been reported under different conditions, or if different assumptions had been used. We evaluate our estimates and assumptions on a regular basis. We base our estimates on historical experience and various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates and assumptions used in preparation of our financial statements. We provide expanded discussion of our more significant accounting policies, estimates and judgments in our 2015 Form 10-K. We believe these accounting policies reflect our more significant estimates and assumptions used in preparation of our financial statements. Also, see note 2 of the notes to our audited combined consolidated financial statements, included in our 2015 Form 10-K, for a discussion of additional accounting policies and estimates made by management.

New Accounting Pronouncements

On May 28, 2014, the Financial Accounting Standards Board (the "FASB") issued ASU No. 2014-09, *Revenue from Contracts with Customers*, which requires an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The ASU will replace most existing revenue recognition guidance in GAAP when it becomes effective. The new standard becomes effective for the Partnership on January 1, 2018. Early application is not permitted. The standard permits the use of either the retrospective or cumulative effect transition method. While the Partnership has not fully evaluated the impact of ASU 2014-09, we are currently evaluating the impact of the new standard and do not expect the standard to have a material effect on the Partnership's consolidated financial statements and related disclosures.

On February 25, 2016, the FASB issued ASU No. 2016-02, *Leases*, which requires all leasing arrangements to be presented in the balance sheet as liabilities along with a corresponding asset. The ASU will replace most existing leases guidance in GAAP when it becomes effective. The new standard becomes effective for the Partnership on January 1, 2019. The Partnership is evaluating the effect that ASU 2016-02 will have on its consolidated financial statements and related disclosures and has not yet determined the effect of the standard on its ongoing financial reporting.

On June 16, 2016, the FASB issued ASU No. 2016-13, *Measurement of Credit Losses on Financial Instruments*, which requires an entity to measure its financial assets at the net amount expected to be collected. The ASU will replace most existing guidance in GAAP regarding the valuation of financial assets when it becomes effective. The new standard becomes effective for the Partnership on January 1, 2020. The Partnership does not believe that this standard will have a material impact on its ongoing financial reporting upon adoption.

Off-Balance Sheet Arrangements

As of September 30, 2016, we did not have any off-balance sheet arrangements.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

The primary objective of the following information is to provide forward-looking quantitative and qualitative information about our potential exposure to market risk. The term "market risk" refers to the risk of loss arising from adverse changes in commodity prices and interest rates. The disclosures are not meant to be precise indicators of expected future losses, but rather indicators of reasonably possible losses. This forward-looking information provides indicators of how we view and manage our ongoing market risk exposures.

Commodity Price Risk

Our gathering and compression and water services agreements with Antero provide for fixed-fee structures, and we intend to continue to pursue additional fixed-fee opportunities with Antero and third parties in order to avoid direct commodity price exposure. However, to the extent that our future contractual arrangements with Antero or third parties do not provide for fixed-fee structures, we may become subject to commodity price risk. We are subject to commodity price risks to the extent that they impact Antero's development program and production and therefore our gathering and water handling and treatment volumes.

Interest Rate Risk

Our primary exposure to interest rate risk results from outstanding borrowings under our Credit Facility, which has a floating interest rate. We do not currently, but may in the future, hedge the interest on portions of our borrowings under our revolving credit facility from time-to-time in order to manage risks associated with floating interest rates. At September 30, 2016, we had $170 million of borrowings and no letters of credit outstanding under the revolving credit facility. A 1.0% increase in our Credit Facility interest rate would have resulted in an estimated $4.9 million increase in interest expense, for the nine months ended September 30, 2016.

Credit Risk

We are dependent on Antero as our primary customer, and we expect to derive a substantial majority of our revenues from Antero for the foreseeable future. As a result, any event, whether in our area of operations or otherwise, that adversely affects Antero's production, drilling schedule, financial condition, leverage, market reputation, liquidity, results of operations or cash flows may adversely affect our revenues and cash available for distribution.

Further, we are subject to the risk of non-payment or non-performance by Antero, including with respect to our gathering and compression and water services agreements. We cannot predict the extent to which Antero's business would be impacted if conditions in the energy industry were to deteriorate further, nor can we estimate the impact such conditions would have on Antero's ability to execute its drilling and development program or to perform under our agreement. Any material non-payment or non-performance by Antero could reduce our ability to make distributions to our unitholders.

Item 4. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

As required by Rule 13a-15(b) under the Exchange Act we have evaluated, under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of the end of the period covered by this Quarterly Report on Form 10-Q. Our disclosure controls and procedures are designed to provide reasonable assurance that the information required to be disclosed by us in reports that we file under the Exchange Act is accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate, to allow timely decisions regarding required disclosure and is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the SEC. Based upon that evaluation, our principal executive officer and principal financial officer concluded that our disclosure controls and procedures were effective as of September 30, 2016 at a reasonable assurance level.

Changes in Internal Control Over Financial Reporting

There have been no changes in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the three months ended September 30, 2016 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II—OTHER INFORMATION

Item 1. Legal Proceedings.

Our operations are subject to a variety of risks and disputes normally incident to our business. As a result, we may, at any given time, be a defendant in various legal proceedings and litigation arising in the ordinary course of business. However, we are not currently subject to any material litigation.

Item 1A. Risk Factors.

We are subject to certain risks and hazards due to the nature of the business activities we conduct. For a discussion of these risks, see "Item 1A. Risk Factors" in our 2015 Form 10-K. The risks described in our 2015 Form 10-K could materially and adversely affect our business, financial condition, cash flows, and results of operations. There have been no material changes to the risks described in our 2015 Form 10-K. We may experience additional risks and uncertainties not currently known to us; or, as a result of developments occurring in the future, conditions that we currently deem to be immaterial may also materially and adversely affect our business, financial condition, cash flows and results of operations.

Item 5. Other Information.

Midstream LTIP Award Amendment

Effective October 24, 2016, the board of directors of our general partner approved an amendment to certain outstanding phantom unit awards granted pursuant to the Midstream LTIP (the "Amendment"). The Amendment provides for 100% vesting of outstanding phantom units held by the named executive officers of our general partner upon a Change in Control, as defined in the Amendment, provided that the officer remains continuously employed through the date of the Change in Control. The preceding description of the Amendment is qualified in its entirety by reference to the Amendment, a copy of which is attached as Exhibit 10.1 hereto and incorporated by reference herein.

Disclosure pursuant to Section 13(r) of the Securities Exchange Act of 1934

Pursuant to Section 13(r) of the Securities Exchange Act of 1934, we, Antero Midstream Partners LP, may be required to disclose in our annual and quarterly reports to the SEC, whether we or any of our "affiliates" knowingly engaged in certain activities, transactions or dealings relating to Iran or with certain individuals or entities targeted by U.S. economic sanctions. Disclosure is generally required even where the activities, transactions or dealings were conducted in compliance with applicable law. Because the SEC defines the term "affiliate" broadly, it includes any entity under common "control" with us (and the term "control" is also construed broadly by the SEC).

The description of the activities below has been provided to us by Warburg Pincus LLC ("WP"), affiliates of which: (i) beneficially own more than 10% of our outstanding common units and/or are members of our general partner's board of directors, (ii) beneficially own more than 10% of the equity interests of, and have the right to designate members of the board of directors of Santander Asset Management Investment Holdings Limited ("SAMIH"). SAMIH may therefore be deemed to be under common "control" with us; however, this statement is not meant to be an admission that common control exists.

The disclosure below relates solely to activities conducted by SAMIH and its affiliates. The disclosure does not relate to any activities conducted by us or by WP and does not involve our or WP's management. Neither we nor WP has had any involvement in or control over the disclosed activities, and neither we nor WP has independently verified or participated in the preparation of the disclosure. Neither we nor WP is representing as to the accuracy or completeness of the disclosure nor do we or WP undertake any obligation to correct or update it.

We understand that one or more SEC-reporting affiliates of SAMIH intends to disclose in their next annual or quarterly SEC report that:

(a) Santander UK plc ("Santander UK") holds two savings accounts and one current account for two customers resident in the United Kingdom ("U.K.") who are currently designated by the United States ("U.S.") under the Specially Designated Global Terrorist ("SDGT") sanctions program. Revenues and profits generated by Santander UK on these accounts in the nine months ended September 30, 2016 were negligible relative to the overall revenues and profits of Banco Santander, S.A.

(b) Santander UK held a savings account for a customer resident in the UK who is currently designated by the US under the SDGT sanctions program. The savings account was closed on July 26, 2016. Revenue generated by Santander UK on this account in the nine months ended September 30, 2016 was negligible relative to the overall revenues of Banco Santander SA.

(c) Santander UK holds two frozen current accounts for two UK nationals who are designated by the US under the SDGT sanctions program. The accounts held by each customer have been frozen since their designation and have remained frozen through the nine months ended September 30, 2016. The accounts are in arrears (£1,844.73 in debit combined) and are currently being managed by Santander UK Collections & Recoveries department. Revenues and profits generated by Santander UK on these accounts in the nine months ended September 30, 2016 were negligible relative to the overall revenues and profits of Banco Santander SA.

(d) Santander UK holds three current accounts and a savings account for two customers resident in the UK who are currently designated by the US under the Transnational Criminal Organizations (“TCO”) sanctions program. Revenues and profits generated by Santander UK on these accounts in the nine months ended September 30, 2016 were negligible relative to the overall revenues and profits of Banco Santander SA.

(e) In addition, during the nine months ended September 30, 2016, Santander UK had an OFAC match on a power of attorney account. A party listed on the account is currently designated by the US under the SDGT sanctions program and the Iranian Financial Sanctions Regulations. The power of attorney was removed from the account on July 29, 2016. During the nine months ended September 30, 2016, related revenues and profits generated by Santander UK were negligible relative to the overall revenues and profits of Banco Santander SA.

Item 6. Exhibits.

The exhibits required to be filed pursuant to the requirements of Item 601 of Regulation S-K are set forth in the Exhibit Index accompanying this Form 10-Q and are incorporated herein by reference.

SIGNATURES

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

ANTERO MIDSTREAM PARTNERS LP

By:	**ANTERO RESOURCES MIDSTREAM MANAGEMENT LLC, its general partner**
By:	/s/ Michael N. Kennedy Michael N. Kennedy *Chief Financial Officer*
Date:	October 26, 2016

EXHIBIT INDEX

3.1	Certificate of Conversion of Antero Resources Midstream LLC, dated November 5, 2014 (incorporated by reference to Exhibit 3.1 to the Current Report on Form 8-K (Commission File No. 001-36719) filed on November 7, 2014).
3.2	Certificate of Limited Partnership of Antero Midstream Partners LP, dated November 5, 2014 (incorporated by reference to Exhibit 3.2 to the Current Report on Form 8-K (Commission File No. 001-36719) filed on November 7, 2014).
3.3	Agreement of Limited Partnership, dated as of November 10, 2014, by and between Antero Resources Midstream Management LLC, as the General Partner, and Antero Resources Corporation, as the Organizational Limited Partner (incorporated by reference to Exhibit 3.1 to the Current Report on Form 8-K (Commission File No. 001-36719) filed on November 17, 2014).
3.4	Amendment No. 1 to Agreement of Limited Partnership of Antero Midstream Partners LP, dated as of February 23, 2016 (incorporated by reference to Exhibit 3.4 to the Annual Report on Form 10-K (Commission File No. 001-36719) filed on February 24, 2016).
4.1	Indenture, dated as of September 13, 2016, by and among Antero Midstream Partners LP, Antero Midstream Finance Corporation, the subsidiary guarantors party thereto and Wells Fargo Bank, National Association, as trustee (incorporated by reference to Exhibit 4.1 to Current Report on Form 8-K (Commission File No. 001-36719) filed on September 13, 2016).
4.2	Form of 5.375% Senior Note due 2024 (incorporated by reference to Exhibit 4.2 to Current Report on Form 8-K (Commission File No. 001-36719) filed on September 13, 2016).
4.3	Registration Rights Agreement, dated as of September 13, 2016, by and among Antero Midstream Partners LP, Antero Midstream Finance Corporation, the subsidiary guarantors named therein and J.P. Morgan Securities LLC as representative of the initial purchasers named therein (incorporated by reference to Exhibit 4.3 to Current Report on Form 8-K (Commission File No. 001-36719) filed on September 13, 2016).
10.1 *	Global Amendment to Grant Notices and Award Agreements Under the Antero Midstream Partners LP Long-Term Incentive Plan.
10.3 *	Second Amendment and Joinder Agreement, dated as of October 4, 2016.
31.1 *	Certification of the Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. Section 7241).
31.2 *	Certification of the Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. Section 7241).
32.1 *	Certification of the Chief Executive Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. Section 1350).
32.2 *	Certification of the Chief Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. Section 1350).
101 *	The following financial information from this Form 10-Q of ANTERO MIDSTREAM PARTNERS, LP for the quarter ended September 30, 2016, formatted in XBRL (eXtensible Business Reporting Language): (i) Condensed Combined Consolidated Balance Sheets, (ii) Condensed Combined Consolidated Statements of Operations, (iii) Condensed Combined Consolidated Statements of Partners' Capital, (iv) Condensed Combined Consolidated Statements of Cash Flows, and (v) Notes to the Condensed Combined Consolidated Financial Statements, tagged as blocks of text.

The exhibits marked with the asterisk symbol (*) are filed or furnished with this Quarterly Report on Form 10-Q.

Exhibit 10.1

GLOBAL AMENDMENT TO
GRANT NOTICES AND AWARD AGREEMENTS
UNDER THE ANTERO MIDSTREAM PARTNERS LP
LONG-TERM INCENTIVE PLAN

This Global Amendment to Grant Notices and Award Agreements under the Antero Midstream Partners LP Long-Term Incentive Plan is hereby adopted by Antero Resources Midstream Management LLC, a Delaware limited liability company (the "General Partner"), effective as of October 24, 2016 (the "Effective Date"). Capitalized terms used but not defined herein shall have the meanings assigned to such terms in the Antero Midstream Partners LP Long-Term Incentive Plan (the "LTIP").

WHEREAS, the General Partner has previously granted Phantom Units under the LTIP to Participants pursuant to the terms and conditions of Phantom Unit Grant Notices and Phantom Unit Agreements between the General Partner and such Participants (collectively, the "Outstanding Award Agreements");

WHEREAS, pursuant to the LTIP and the Outstanding Award Agreements, the terms and conditions of the Outstanding Award Agreements may be amended without the consent of any Participant, provided that such amendment does not materially reduce the rights of any Participant who holds an Award subject to such amendment; and

WHEREAS, the General Partner desires to amend each Outstanding Award Agreement to provide for accelerated vesting under certain circumstances as set forth herein.

NOW, THEREFORE, in consideration of the foregoing, effective as of the Effective Date, the Outstanding Award Agreements are hereby amended as follows:

1. Notwithstanding anything to the contrary in any Outstanding Award Agreement:

(a) With respect to each Award expressly described on Schedule A hereto, such Award shall immediately become fully vested upon the consummation of a Change in Control so long as the Participant holding such Award remains continuously employed by Antero Resources Corporation, a Delaware corporation ("AR"), or one of its Affiliates through the date on which such Change in Control is consummated.

(b) With respect to each Award that is not expressly described on Schedule A hereto, such Award shall immediately become fully vested if (i) the employment of the Participant holding such Award is terminated by AR or any of its Affiliates other than for Cause within the 12-month period following the consummation of a Change in Control or (ii) in the case of a transaction described in clause (ii) of the definition of Change in Control below, the Participant holding such Award does not receive an offer of employment from the acquirer in such transaction that (1) provides a base salary or base wage rate at least equal to the base salary or base wage rate provided to such Participant by AR or one of its Affiliates immediately prior to the consummation of such Change in Control; and (2) is at a principal place of employment that is no more than 25 miles from the location of such Participant's principal place of employment immediately prior to the consummation of such Change in Control.

2. Definitions. As used herein, the following terms shall have the meanings set forth below:

(a) "Cause" shall mean a finding by the Committee, before or after the termination of a Participant's employment, of the Participant's: (i) final conviction of, or plea of *nolo contendere* to, a crime that constitutes a felony (or state law equivalent); (ii) gross negligence or willful misconduct in the performance of the Participant's duties that would reasonably be expected to have a material adverse economic effect on the Partnership, the General Partner, AR or any of their respective Affiliates; (iii) willful failure without proper legal reason to perform the Participant's duties; or (iv) a material breach of any material provision of any Award Agreement or any other written agreement or corporate policy or code of conduct established by the Partnership, the General Partner, AR or any of their respective Affiliates that would reasonably be expected to have a material adverse economic effect on the Partnership, the General Partner, AR or any of their respective Affiliates.

(b) "Change in Control" shall mean the occurrence of any of the following events: (i) any Person or group, other than the Partnership, the General Partner, Antero Resources Investment LLC, AR or any of their respective Affiliates (as determined immediately prior to such event), becomes the beneficial owner, by way of merger, acquisition, consolidation, recapitalization, reorganization, or otherwise, of 50% or more of the voting power of the equity interests in the General Partner; (ii) the sale or disposition by either the General Partner or the Partnership of all or substantially all of its assets in one or more transactions to any Person other than an Affiliate of the General Partner or the Partnership; (iii) approval by the General Partner of a complete liquidation or dissolution of the Partnership; (iv) a transaction resulting in a Person other than the General Partner, the Partnership, Antero Resources Investment LLC, AR or one of their respective Affiliates being the general partner of the Partnership; or (v) a "Change in Control" as defined in the Antero Resources Corporation Long-Term Incentive Plan, as such plan may be amended, restated or otherwise modified from time to time. Notwithstanding the foregoing, if a Change in Control constitutes a payment event with respect to any Award that provides for the deferral of compensation and is subject to Section 409A, then the transaction of event described in clause (i), (ii), (iii), (iv), or (v) above with respect to such Award must also constitute a "change in control event," as defined in Treasury Regulation Section 1.409A-3(i)(5), and as relates to the holder of such Award, to the extent required to comply with Section 409A.

3. Except as expressly amended hereby, the Outstanding Award Agreements shall remain in full force and effect and are specifically ratified and reaffirmed.

[Remainder of Page Intentionally Blank]

Schedule A

- All outstanding Awards granted to senior vice presidents of AR
- All outstanding Awards granted to named executive officers of AR as set forth in the AR Definitive Proxy Statement on Schedule 14A, filed on April 27, 2016
- All outstanding Awards granted to employees who are age 65 or older as of the date of a Change in Control

Exhibit 10.3

Execution Version

JOINDER AGREEMENT

JOINDER AGREEMENT, dated as of October 4, 2016, made by Antero Midstream Partners LP (the "Borrower"), Antero Midstream Finance Corporation, a Delaware corporation, (the " Additional Grantor"), in favor of Wells Fargo Bank, National Association, as Administrative Agent (in such capacity, the "Administrative Agent") for the Secured Parties as defined in the Credit Agreement referred to below. All capitalized terms not defined herein shall have the meaning ascribed to them in such Credit Agreement.

W I T N E S S E T H:

WHEREAS, the Borrower, the financial institutions from time to time party thereto (the "Lenders"), and the Administrative Agent, have entered into a Credit Agreement, dated as of November 10, 2014 (as amended by that certain First Amendment and Joinder Agreement dated as of the date hereof and as further amended, supplemented or otherwise modified from time to time, the "Credit Agreement");

WHEREAS, in connection with the Credit Agreement, the Borrower and certain of the Borrower's Subsidiaries have entered into the Guaranty and Collateral Agreement, dated as of November 10, 2014 (as amended, supplemented or otherwise modified from time to time, the "Guaranty and Collateral Agreement") in favor of the Administrative Agent for the benefit of the Secured Parties;

WHEREAS, the Credit Agreement requires the Additional Grantor to become a party to the Guaranty and Collateral Agreement; and

WHEREAS, the Additional Grantor has agreed to execute and deliver this Joinder Agreement in order to become a party to the Guaranty and Collateral Agreement;

NOW, THEREFORE, IT IS AGREED:

1 . Guaranty and Collateral Agreement. By executing and delivering this Joinder Agreement, the Additional Grantor, as provided in Section 10.14 of the Guaranty and Collateral Agreement, hereby becomes a party to the Guaranty and Collateral Agreement as a Grantor (and therefore a Guarantor) thereunder with the same force and effect as if originally named therein as a Grantor and, without limiting the generality of the foregoing, hereby (a) gives the Guaranty provided for therein, (b) expressly assumes all obligations and liabilities of a Grantor and Guarantor thereunder and (c) expressly grants to the Administrative Agent, as and to the extent set forth in the Guaranty and Collateral Agreement, for the ratable benefit of the Secured Parties, a security interest in all Collateral owned by the Additional Grantor to secure all of the Obligations. The information set forth in Annex 1-A hereto is hereby added to the information set forth in Schedules 1 through 9 to the Guaranty and Collateral Agreement. Each of the Borrower and the Additional Grantor hereby represents and warrants that each of the representations and warranties contained in Article V of the Guaranty and Collateral Agreement is true and correct in all material respects (except that any such representations and warranties that are qualified by materiality shall be true and correct in all respects) on and as the date hereof (after giving effect to this Joinder Agreement) as if made on and as of such date.

2 . Governing Law. THIS JOINDER AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK.

3 . Miscellaneous. This Joinder Agreement is a Loan Document executed in connection with the Credit Agreement. Delivery of an executed counterpart of a signature page of this Joinder Agreement by facsimile or other electronic transmission shall be effective as delivery of a manually executed counterpart of this Joinder Agreement.

[Signature Page Follows]

IN WITNESS WHEREOF, each of the undersigned has caused this Joinder Agreement to be duly executed and delivered as of the date first above written.

ANTERO MIDSTREAM PARTNERS LP, as Borrower

By: Antero Resources Midstream Management LLC, its General Partner

By: /s/ Alvyn A. Schopp
Name: Alvyn A. Schopp
Title: Chief Administrative Officer, Regional Senior Vice President and Treasurer

ANTERO MIDSTREAM FINANCE CORPORATION, as Additional Grantor

By: /s/ Alvyn A. Schopp
Name: Alvyn A. Schopp
Title: Chief Administrative Officer, Regional Senior Vice President and Treasurer

Annex 1-A

The following information is to be added to Schedules 1 through 9 to the Guaranty and Collateral Agreement as indicated below:

Schedule 1: Notice Addresses

Grantor	**Address**
Antero Midstream Finance Corporation	1615 Wynkoop Street, Denver, Colorado 80202

Schedule 2: Description of Pledged Securities

Issuer	**Holder**	**Percent of Ownership**	**Certificate No.**	**Number of Shares**
Antero Midstream Finance Corporation	Antero Midstream Partners LP	100%	1	1,000

Schedule 3: Filings and Other Required Actions to Perfect Security Interest

Grantor	**State ID#**	**Jurisdiction of Organization**	**Filing Type**	**Filing Jurisdiction**
Antero Midstream Finance Corporation	6133845	Delaware	UCC-1	Delaware

Schedule 4: Legal Name, Location of Jurisdiction or Organization, Organizational Identification Number, Taxpayer Identification Number and Chief Executive Office

Grantor	**State ID#**	**Taxpayer ID#**	**Jurisdiction of Organization**	**Location of Chief Executive Office**
Antero Midstream Finance Corporation	6133845	81-3742749	Delaware	1615 Wynkoop Street, Denver, Colorado 80202

Schedule 5: Prior Names and Prior Chief Executive Offices

No additions.

Schedule 6: Patents, Patent Applications and Patent Licenses

No additions.

Schedule 7: Trademarks, Trademark Applications and Trademark Licenses

No additions.

Schedule 8: Copyrights and Copyright Licenses

No additions.

Schedule 9: Deposit Accounts and Security Accounts.

Grantor	**Type of Account**	**Account Number**	**Name & Address of Financial Institutions**	**Excluded Bank Account?**
Antero Midstream Finance Corporation	No accounts currently set up.	N/A	N/A	N/A

Exhibit 31.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO RULE 13A-14(A) AND RULE 15D-14(A)
OF THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED

I, Paul M. Rady, Chief Executive Officer of Antero Midstream Partners LP, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2016 of Antero Midstream Partners LP (the "registrant");

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared; and

   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles; and

   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: October 26, 2016

/s/ Paul M. Rady
Paul M. Rady
Chief Executive Officer

Exhibit 31.2

**CERTIFICATION OF CHIEF FINANCIAL OFFICER
PURSUANT TO RULE 13A-14(A) AND RULE 15D-14(A)
OF THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED**

I, Michael N. Kennedy, Chief Financial Officer of Antero Midstream Partners LP, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2016 of Antero Midstream Partners LP (the "registrant");

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared; and

    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles; and

    c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: October 26, 2016

/s/ Michael N. Kennedy
Michael N. Kennedy
Chief Financial Officer

Exhibit 32.1

**CERTIFICATION OF
CHIEF EXECUTIVE OFFICER
OF ANTERO MIDSTREAM PARTNERS LP
PURSUANT TO 18 U.S.C. SECTION 1350**

In connection with this Quarterly Report on Form 10-Q of Antero Midstream Partners LP for the quarter ended September 30, 2016, I, Paul M. Rady, Chief Executive Officer of Antero Midstream Partners LP, hereby certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

1. This Quarterly Report on Form 10-Q for the quarter ended September 30, 2016 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in this Quarterly Report on Form 10-Q for the quarter ended September 30, 2016 fairly presents, in all material respects, the financial condition and results of operations of Antero Midstream Partners LP for the periods presented therein.

Date: October 26, 2016

/s/ Paul M. Rady
Paul M. Rady
Chief Executive Officer

Exhibit 32.2

CERTIFICATION OF
CHIEF FINANCIAL OFFICER
OF ANTERO MIDSTREAM PARTNERS LP
PURSUANT TO 18 U.S.C. SECTION 1350

In connection with this Quarterly Report on Form 10-Q of Antero Midstream Partners LP for the quarter ended September 30, 2016, I, Michael N. Kennedy, Chief Financial Officer of Antero Midstream Partners LP, hereby certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

1. This Quarterly Report on Form 10-Q for the quarter ended September 30, 2016 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in this Quarterly Report on Form 10-Q for the quarter ended September 30, 2016 fairly presents, in all material respects, the financial condition and results of operations of Antero Midstream Partners LP for the periods presented therein.

Date: October 26, 2016

/s/ Michael N. Kennedy
Michael N. Kennedy
Chief Financial Officer