
**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 **June 30, 2018**

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: **001-38075**

ANTERO MIDSTREAM GP LP

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

61-1748605

(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 website, 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, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

(Do not check if a smaller reporting company)

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. Yes No

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

The registrant had 186,209,369 common shares representing limited partner interests outstanding as of July 27, 2018.

EXPLANATORY NOTE

Antero Midstream GP LP (“AMGP”) was originally formed as Antero Resources Midstream Management LLC (“ARMM”) in 2013, to become the general partner of Antero Midstream Partners LP (“Antero Midstream”), a master limited partnership that is publicly traded on the New York Stock Exchange (NYSE: AM). On May 4, 2017, ARMM converted from a Delaware limited liability company to a Delaware limited partnership and changed its name to Antero Midstream GP LP in connection with our initial public offering (“IPO”). Unless the context otherwise requires, references to “we” and “our” refer to: (i) for the period prior to May 4, 2017, ARMM, and (ii) beginning on May 4, 2017, AMGP. We are traded on the New York Stock Exchange (NYSE: AMGP). We own 100% of the membership interests of Antero Midstream Partners GP LLC (“AMP GP”), which owns the non-economic general partner interest in Antero Midstream, and we own all of the Series A capital interests in Antero IDR Holdings LLC (“IDR LLC”), which owns the incentive distribution rights (“IDRs”) in Antero Midstream. IDR distributions earned by us through May 9, 2017, net of any related liabilities including income taxes through that date and expenses of the IPO, were distributed to Antero Resources Investment LLC (“Antero Investment”), the sole member of ARMM for all periods prior to the IPO. Antero Investment was liquidated on October 31, 2017.

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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 and actual results may vary materially. When considering these forward-looking statements, you should keep in mind the risk factors and other cautionary statements in this Quarterly Report on Form 10-Q. 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. We own the general partner of Antero Midstream Partners LP (NYSE: AM) (“Antero Midstream”) and all of the capital interests in the owner of the incentive distribution rights (“IDRs”) in Antero Midstream. Antero Midstream is a master limited partnership 52.9% owned by Antero Resources Corporation (NYSE: AR) (“Antero Resources”) that was formed to primarily service Antero Resources’ production and completion activity in the Appalachian Basin’s Marcellus Shale and Utica Shale located in West Virginia and Ohio. Because the IDRs are our sole source of income, all potential risks and uncertainties that affect the results of operations, financial condition, or forecasts of future events of both Antero Midstream and Antero Resources will also affect us and our ability to pay distributions to our common shareholders. Factors that could cause our actual results to differ materially from the results contemplated by such forward-looking statements include:

- our expected receipt of, and the amounts of, distributions from Antero Midstream and IDR LLC in respect of the IDRs;
- Antero Resources’ expected production and ability to execute its drilling and development plan;
- our and Antero Midstream’s business strategies;
- cost and outcomes associated with the ongoing review of potential transactions by the special committee of the board of directors of our general partner as described herein;
- Antero Midstream’s ability to realize the anticipated benefits of investing in unconsolidated affiliates;
- 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 Antero Midstream’s operations;
- general economic conditions;
- credit markets;
- operating hazards, natural disasters, weather related delays, casualty losses and other matters beyond our control;
- uncertainty regarding Antero Midstream’s future operating results; and
- plans, objectives, expectations and intentions contained in this report 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 and Antero Midstream’s control, incident to Antero Midstream’s business.

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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 flows and access to capital, the timing of development expenditures, and the other risks described under “Item 1A. Risk Factors” in our Annual Report on Form 10-K for the year ended December 31, 2017 on file with the Securities and Exchange Commission (the “SEC”), as well as in Antero Midstream’s Annual Report on Form 10-K for the year ended December 31, 2017.

Should one or more of the risks or uncertainties described in this report occur, or should underlying assumptions prove incorrect, our and Antero Midstream’s 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 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 Quarterly Report on Form 10-Q.

PART I—FINANCIAL INFORMATION

Antero Midstream GP LP
Condensed Consolidated Balance Sheets
December 31, 2017 and June 30, 2018
(Unaudited)
(In thousands, except number of shares and units)

	December 31, 2017	June 30, 2018
Assets		
Current assets:		
Cash	\$ 5,987	5,300
Prepaid expenses	—	867
Deferred financing costs	—	104
Total current assets	5,987	6,271
Investment in Antero Midstream Partners LP	23,772	33,137
Total assets	\$ 29,759	39,408
Liabilities and Partners' Capital		
Current liabilities:		
Accounts payable and accrued liabilities	293	823
Income taxes payable	13,858	13,310
Total current liabilities	14,151	14,133
Non-current liability:		
Liability for equity-based compensation	—	2,191
Total liabilities	14,151	16,324
Partners' capital:		
Common shareholders - public (186,181,975 shares and 186,199,995 shares issued and outstanding at December 31, 2017 and June 30, 2018, respectively)	(19,866)	(12,112)
IDR LLC Series B units (32,875 units vested at December 31, 2017 and June 30, 2018)	35,474	35,196
Total partners' capital	15,608	23,084
Total liabilities and partners' capital	\$ 29,759	39,408

See accompanying notes to condensed consolidated financial statements.

Antero Midstream GP LP
Condensed Consolidated Statements of Operations and Comprehensive Income
Three Months Ended June 30, 2017 and 2018
(Unaudited)
(In thousands, except per share amounts)

	Three Months Ended June 30,	
	2017	2018
Equity in earnings of Antero Midstream Partners LP	\$ 15,328	33,145
Total income	15,328	33,145
General and administrative expense	3,203	2,398
Equity-based compensation	9,631	9,111
Total operating expenses	12,834	11,509
Operating income	2,494	21,636
Interest expense, net	—	18
Income before income taxes	2,494	21,618
Provision for income taxes	(5,755)	(7,231)
Net income (loss) and comprehensive income (loss)	(3,261)	14,387
Net income attributable to vested Series B units	—	(506)
Pre-IPO net income attributed to parent	1,640	—
Net income (loss) attributable to common shareholders	\$ (1,621)	13,881
Net income (loss) per common share - basic and diluted	\$ (0.01)	0.07
Weighted average number of common shares outstanding - basic and diluted	186,170	186,199

See accompanying notes to condensed consolidated financial statements.

Antero Midstream GP LP
Condensed Consolidated Statements of Operations and Comprehensive Income
Six Months Ended June 30, 2017 and 2018
(Unaudited)
(In thousands, except per share amounts)

	Six Months Ended June 30,	
	2017	2018
Equity in earnings of Antero Midstream Partners LP	\$ 26,881	61,598
Total income	26,881	61,598
General and administrative expense	5,307	3,328
Equity-based compensation	17,954	17,745
Total operating expenses	23,261	21,073
Operating income	3,620	40,525
Interest expense, net	—	14
Income before income taxes	3,620	40,511
Provision for income taxes	(10,180)	(13,319)
Net income (loss) and comprehensive income (loss)	(6,560)	27,192
Net income attributable to vested Series B units	—	(919)
Pre-IPO net income attributed to parent	4,939	—
Net income (loss) attributable to common shareholders	\$ (1,621)	26,273
Net income (loss) per common share - basic and diluted	\$ (0.01)	0.14
Weighted average number of common shares outstanding - basic and diluted	186,170	186,194

Antero Midstream GP LP
Condensed Consolidated Statement of Partners' Capital
Six Months Ended June 30, 2018
(Unaudited)
(In thousands)

	Common Shares Representing Limited Partner Interests	Series B Unitholders	Partners' Capital
Balance at December 31, 2017	\$ (19,866)	35,474	15,608
Net income and comprehensive income	26,273	919	27,192
Equity-based compensation	15,554	—	15,554
Distributions	(34,073)	(1,197)	(35,270)
Balance at June 30, 2018	\$ (12,112)	35,196	23,084

See accompanying notes to condensed consolidated financial statements.

Antero Midstream GP LP
Condensed Consolidated Statements of Cash Flows
Six Months Ended June 30, 2017 and 2018
(Unaudited)
(In thousands)

	Six Months Ended June 30,	
	2017	2018
Cash flows provided by operating activities:		
Net income (loss)	\$ (6,560)	27,192
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Equity in earnings of Antero Midstream Partners LP	(26,881)	(61,598)
Distributions received from Antero Midstream Partners LP	19,096	52,232
Amortization of deferred financing costs	—	18
Equity-based compensation	17,954	17,745
Changes in current assets and liabilities:		
Accounts receivable - related party	(141)	—
Prepaid expenses	—	(974)
Accounts payable and accrued liabilities	1,404	531
Income taxes payable	(3,090)	(548)
Net cash provided by operating activities	<u>1,782</u>	<u>34,598</u>
Cash flows from investing activities	<u>—</u>	<u>—</u>
Cash flows used in financing activities		
Distributions to shareholders	—	(34,073)
Distributions to Series B unitholders	—	(1,197)
Payments of deferred financing costs	—	(15)
Net cash used in financing activities	<u>—</u>	<u>(35,285)</u>
Net increase (decrease) in cash	1,782	(687)
Cash, beginning of period	9,609	5,987
Cash, end of period	<u>\$ 11,391</u>	<u>5,300</u>
Supplemental disclosure of cash flow information:		
Cash paid during the period for interest	\$ —	3

See accompanying notes to condensed consolidated financial statements.

(1) Business and Organization

Antero Midstream GP LP (“AMGP”) was originally formed as Antero Resources Midstream Management LLC (“ARMM”) in 2013, to become the general partner of Antero Midstream Partners LP (“Antero Midstream”), a master limited partnership that is publicly traded on the New York Stock Exchange (NYSE: AM). On May 4, 2017, ARMM converted from a Delaware limited liability company to a Delaware limited partnership and changed its name to Antero Midstream GP LP in connection with our initial public offering (“IPO”). Unless the context otherwise requires, references to “we” and “our” refer to: (i) for the period prior to May 4, 2017, ARMM, and (ii) beginning on May 4, 2017, AMGP. We own 100% of the membership interests of Antero Midstream Partners GP LLC (“AMP GP”), which owns the non-economic general partner interest in Antero Midstream, and we own all of the Series A capital interests in Antero IDR Holdings LLC (“IDR LLC”), which owns the incentive distribution rights (“IDRs”) of Antero Midstream. IDR LLC also has Series B profits interests (“Series B Units”) outstanding that entitle the holders to receive up to 6% of the distributions that Antero Midstream makes on the IDRs in excess of \$7.5 million per quarter, subject to certain vesting conditions (see Note 4 – Long-Term Incentive Plans). We are taxed as a corporation for U.S. federal income tax purposes and we refer to our outstanding limited partner interests as common shares.

Our only income results from distributions made on the IDRs of Antero Midstream. The Antero Midstream IDRs entitle holders to receive cash distributions from Antero Midstream when distributions exceed certain target amounts (see Note 5 – Distributions from Antero Midstream).

We are managed by our general partner, AMGP GP LLC (“AMGP GP”), which establishes the quarterly cash distribution payable to shareholders. AMGP GP has a board of directors appointed by the entities and individuals that collectively own 100% of the membership interest in our general partner. Following the completion of our IPO, certain of our directors and executive officers own AMGP common shares as well as Series B Units in IDR LLC. In addition, certain of our directors and executive officers own a portion of Antero Resources Corporation’s (“Antero Resources”) (NYSE: AR) common stock and Antero Midstream’s common units. We have an agreement with Antero Resources, under which Antero Resources provides certain general and administrative services to us for a fee of \$0.5 million per year, subject to annual inflation adjustments.

Antero Midstream was formed by Antero Resources to own, operate and develop midstream energy assets to service Antero Resources’ oil and gas producing assets. Both Antero Midstream and Antero Resources’ assets are located in the Marcellus Shale and Utica Shale located in West Virginia and Ohio. Antero Midstream’s assets consist of gathering pipelines, compressor stations, and water handling and treatment systems, which provide midstream services to Antero Resources under long-term, fixed fee contracts. Antero Midstream also has a 15% equity interest in the gathering system of Stonewall Gas Gathering LLC and a 50% equity interest in a joint venture to develop processing and fractionation assets with MarkWest Energy Partners, L.P. Our results of operations, financial position and cash flows are dependent on the results of operations, financial position and cash flows of Antero Midstream. As a result, these unaudited condensed consolidated financial statements should be read in conjunction with Antero Midstream’s audited consolidated financial statements and notes thereto presented in its Annual Report on Form 10-K for the year ended December 31, 2017, as well as Antero Midstream’s unaudited condensed consolidated financial statements presented in its Quarterly Report on Form 10-Q for the quarter ended June 30, 2018.

(2) Summary of Significant Accounting Policies

(a) Basis of Presentation

These condensed consolidated financial statements have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission (“SEC”) applicable to interim financial information. The accompanying unaudited condensed consolidated financial statements of AMGP 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, the accompanying unaudited condensed consolidated financial statements include all adjustments (consisting of normal and recurring accruals) considered necessary to fairly present our financial position as of December 31, 2017 and June 30, 2018, and our results of operations for the three and six months ended June 30, 2017 and 2018 and our cash flows for six months ended June 30, 2017 and 2018. We have no items of other comprehensive income (loss); therefore, our net income (loss) is identical to our comprehensive income (loss). Operating results for the period ended June 30, 2018 are not necessarily indicative of the results that may be expected for the full year.

As of the date these condensed consolidated financial statements were filed with the SEC, we completed our evaluation of potential subsequent events for disclosure and no items requiring disclosure were identified other than as disclosed in Note 6 – Cash Distributions.

(b) Principles of Consolidation

The condensed consolidated financial statements include the accounts of AMGP, AMP GP (its wholly-owned subsidiary), and IDR LLC.

(c) Investment in Antero Midstream

We have determined that Antero Midstream is a variable interest entity (“VIE”) for which we are not the primary beneficiary and therefore do not consolidate. We have concluded that Antero Resources is the primary beneficiary of Antero Midstream and Antero Resources should consolidate Antero Midstream’s financial results. Antero Resources is the primary beneficiary based on its power to direct the activities that most significantly impact Antero Midstream’s economic performance and its obligations to absorb losses or receive benefits of Antero Midstream that could be significant to Antero Midstream. Antero Resources owns approximately 52.9% of the outstanding limited partner interests in Antero Midstream and its officers and management group also act as management of Antero Midstream. Antero Midstream was formed to own, operate and develop midstream energy assets to service Antero Resources’ production under long term contracts as described herein. We do not own any limited partnership interests in Antero Midstream and have no capital interests in Antero Midstream. We have not provided and do not anticipate providing financial support to Antero Midstream.

Antero Resources and Antero Midstream have contracts with 20-year initial terms and automatic renewal provisions, whereby Antero Resources has dedicated the rights for gathering and compression, and water handling and treatment, services to Antero Midstream on a fixed-fee basis. Such dedications cover a substantial portion of Antero Resources’ current acreage and future acquired acreage, in each case, except for acreage that was already dedicated to other parties prior to entering into the service contracts or that was acquired subject to a pre-existing dedication. The contracts call for Antero Resources to present, in advance, drilling and completion plans in order for Antero Midstream to put in place gathering and compression, water handling, and gas processing assets to service Antero Resources’ assets. The drilling and completion capital investment decisions made by Antero Resources control the development and operation of all of Antero Midstream’s assets. Antero Resources therefore controls the activities that most significantly impact Antero Midstream’s economic performance. Because of these contractual obligations and the capital requirements related to these obligations, Antero Midstream has devoted and, for the foreseeable future, will devote substantially all of its resources to servicing Antero Resources’ operations. Additionally, revenues from Antero Resources will provide substantially all of Antero Midstream’s financial support and therefore its ability to finance its operations. Because of the long term contractual commitment to support Antero Resources’ substantial growth plans, Antero Midstream will be practically and physically constrained from providing any substantive amount of services to other parties.

Our ownership of the non-economic general partner interest in Antero Midstream provides us with significant influence over Antero Midstream, but not control over the decisions that most significantly impact the economic performance of Antero Midstream. Our indirect ownership of the IDRs of Antero Midstream entitles us to receive cash distributions from Antero Midstream when distributions exceed certain target amounts. Our ownership of these interests does not require us to provide financial support to Antero Midstream. We obtained these interests upon our formation for no consideration. Therefore, they have no cost basis and are classified as long term investments. Our share of Antero Midstream’s earnings as a result of our ownership of the IDRs is accounted for using the equity method of accounting. We recognize distributions earned from Antero Midstream as “Equity in earnings of Antero Midstream Partners LP” on our statement of operations in the period in which they are earned and are allocated to our capital account. Our long term interest in the IDRs on the balance sheet is recorded in “Investment in Antero Midstream Partners LP.” The ownership of the general partner interests and IDRs do not provide us with any claim to the assets of Antero Midstream other than the balance in our Antero Midstream capital account. Income related to the IDRs is recognized as earned and increases our capital account and equity investment. When these distributions are paid to us, they reduce our capital account and our equity investment in Antero Midstream. See Note 5—Distributions from Antero Midstream.

(d) Use of Estimates

The preparation of the condensed consolidated financial statements and notes in conformity with GAAP requires that management formulate estimates and assumptions that affect income, expenses, assets, and liabilities. Changes in facts and circumstances or discovery of new information may result in revised estimates, and actual results could differ from those estimates.

(e) Income Taxes

We regularly review our tax positions in each significant taxing jurisdiction during the process of evaluating our tax provision. We make adjustments to our tax provision when: (i) facts and circumstances regarding a tax position change, causing a change in management's judgment regarding that tax position; and/or (ii) a tax position is effectively settled with a tax authority at a differing amount.

Equity-based compensation expense related to the Series B Units and IPO costs are not deductible for federal income tax purposes. These non-deductible expenses and costs, along with the effect of state taxes, account for the difference between the federal tax rate of 35% and 21% for the three and six months ended June 30, 2017 and 2018 respectively, and the effective rate of income tax expense for financial reporting purposes.

(f) General and Administrative Expenses

General and administrative costs incurred pre-IPO in 2017 primarily relate to legal and other costs incurred in connection with our IPO. Post-IPO general and administrative expense consists primarily of management fees paid to Antero Resources, and other legal and administrative expenses. Additionally, in connection with the formation of a special committee of the board of directors of our general partner to consider potential transactions involving us in connection with Antero Resources' and Antero Midstream's ongoing efforts to explore, review, and evaluate potential measures related to its valuation, the special committee has retained an investment advisor and attorneys. The agreement with the investment advisor calls for a \$2 million retainer fee which we are charging to expense over the expected duration of the advisor's services. Attorneys' fees related to this matter are charged to expense as incurred.

(g) Fair Value Measures

The Financial Accounting Standards Board (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, which are observable for the asset or liability, either directly or indirectly.

(h) Net Income (Loss) per Common Share

Net income (loss) per common share – basic for each period is computed by dividing net income attributable to common shareholders by the basic weighted average number of common shares outstanding during the period. Net income (loss) per common share – diluted for each period is computed after giving consideration to the potential dilution from outstanding Series B Units, calculated using the if-converted method. During the periods in which AMGP incurs a net loss, diluted weighted average shares outstanding are equal to basic weighted average common shares outstanding because the effect of all equity awards is anti-dilutive.

Based on AMGP's market capitalization as of June 30, 2018, 4,748,565 AMGP shares would be issuable upon conversion of all outstanding Series B Units. The effect of these awards is anti-dilutive for the three and six months ended June 30, 2018, and thus

our diluted net income per common share for the three and six months ended June 30, 2018 is equal to our basic net income per common share.

(i) Recently Issued Accounting Standard

On June 20, 2018, the FASB issued Accounting Standards Update (“ASU”) No. 2018-07, *Improvements to Nonemployee Share-Based Payment Accounting*, which aligns the accounting for employee and nonemployee share-based payments. The new standard becomes effective for us on January 1, 2019. Early application of the standard is permitted. The Company is evaluating the timing of adoption and the effect that ASU 2018-07 will have on our consolidated financial statements and related disclosures.

(3) Credit Facility

On May 9, 2018, AMGP entered into a credit facility (the “Credit Facility”) with Wells Fargo Bank, National Association as lender (the “Lender”), which provides for a line of credit of up to \$12 million. The maturity date of the Credit Facility is May 6, 2019.

The Credit Facility is guaranteed by IDR LLC and secured by a pledge of the Series A capital interests in IDR LLC and the membership interests in AMP GP.

Interest is payable on borrowings at a variable rate based on the base rate plus a margin rate of interest equal to 1.00% per annum. The base rate is the highest of (i) the Federal Funds Rate plus ½ of 1%, (ii) the rate of interest in effect for such day as publicly announced from time to time by the Lender as its “prime rate” and (iii) the Eurodollar Rate plus 1.00%.

The Credit Facility contains customary events of default and various affirmative and negative covenants, including restrictions on incurring indebtedness, making investments and disposing of assets, and a requirement to completely repay amounts outstanding under the line of credit at least once each fiscal quarter.

At June 30, 2018, AMGP had no borrowings under the Credit Facility.

(4) Long-Term Incentive Plans

As of June 30, 2018, IDR LLC had 98,600 Series B Units authorized and outstanding that entitle the holders to receive up to 6% of the amount of the distributions that Antero Midstream makes on its IDRs in excess of \$7.5 million per quarter, subject to certain vesting conditions. Series B Units issued to common law employees of AMGP, including officers of AMGP and Antero Resources employees who provide services directly to AMGP, are classified as equity awards. Series B Units issued to Antero Resources employees who are not common law employees of AMGP are classified as liability awards. IDR LLC has granted 92,000 Series B Units that are equity classified awards and 8,000 Series B Units that are liability classified awards. As of June 30, 2018, 500 Series B Units that were equity classified awards have been forfeited, and 900 Series B Units that were liability classified awards have been forfeited. The Series B Units vest ratably over a three year period. As of June 30, 2018, 32,875 Series B Units have vested. The holders of vested Series B Units have the right to convert the units to common shares with a value equal to their pro rata share of up to 6% of any increase in our equity value in excess of \$2.0 billion. In no event will the aggregate number of newly issued common shares exceed 6% of the total number of our issued and outstanding common shares.

For equity classified awards, we recognize expense for the grant date fair value of the awards over the vesting period of the awards. Forfeitures are accounted for as they occur by reversing expense previously recognized for awards that were forfeited during the period. The grant date fair value of the Series B Unit awards was estimated using a Monte Carlo simulation using various assumptions including a floor equity value of \$2.0 billion, expected volatility of 43% based on historical volatility of a peer group of publicly traded partnerships, a risk free rate of 2.45%, and expected IDR distributions based on internal estimates discounted based on a weighted average cost of capital assumption of 7.25%. Based on these assumptions, the estimated value of each Series B Unit was \$999 when they were issued. 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. Any significant increases or decreases in management estimates and assumptions may result in a significantly higher or lower fair value measurement. The actual amount that may ultimately be realized by the holders of the Series B Unit awards in the future could be significantly higher or lower depending on the Company’s

market capitalization at the relevant time during the ten-year term when the Series B Units may be exchanged for our common shares, considering both share price and total number of shares outstanding at that time.

For liability classified awards, we recognize expense for the fair value of the awards over the vesting period of the awards. Forfeitures are accounted for as they occur by reversing expense previously recognized for awards that were forfeited during the period. We update our assumptions each reporting period based on new developments and adjust such amounts to fair value based on revised assumptions, if applicable, over the vesting period. At June 30, 2018, the fair value of the liability classified Series B Unit awards was estimated using a Monte Carlo simulation using various assumptions including an equity value of \$3.7 billion, expected volatility of 38% based on historical volatility of a peer group of publicly traded partnerships, a risk free rate of 2.81%, and expected IDR distributions based on internal estimates discounted based on a weighted average cost of capital assumption of 7.25%. Based on these assumptions, the estimated value of each Series B Unit at June 30, 2018 was \$1,852. 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.

We recognized expense of \$8.9 million, of which \$7.6 million was for equity classified awards and \$1.3 million was for liability classified awards, during the three months ended June 30, 2018. We recognized expense of \$9.6 million, of which \$7.5 million was for equity classified awards and \$2.1 million was for liability classified awards, during the three months ended June 30, 2017.

We recognized expense of \$17.4 million, of which \$15.2 million was for equity classified awards and \$2.2 million was for liability classified awards, during the six months ended June 30, 2018. We recognized expense of \$18.0 million, of which \$15.3 million was for equity classified awards and \$2.7 million was for liability classified awards, during the six months ended June 30, 2017. As of June 30, 2018, there was \$52.3 million of unamortized compensation expense related to nonvested Series B Units that is expected to be recognized over the next 1.5 years.

On April 17, 2017, we also adopted the Antero Midstream GP LP Long-Term Incentive Plan (“2017 LTIP”), pursuant to which certain non-employee directors of our general partner and certain officers, employees and consultants of Antero Resources are eligible to receive awards representing equity interests in AMGP. An aggregate of 930,851 common shares may be delivered pursuant to awards under the 2017 LTIP, subject to customary adjustments. As of June 30, 2018, 29,782 common shares have been granted. We recognized zero and \$0.2 million in expense related to these grants in the three months ended June 30, 2017 and 2018, respectively. We recognized zero and \$0.3 million in expense related to these grants in the six months ended June 30, 2017 and 2018, respectively. As of June 30, 2018, 901,069 common shares remain available for grant under the 2017 LTIP.

(5) Distributions from Antero Midstream

Antero Midstream’s partnership agreement provides for a target minimum quarterly distribution of \$0.17 per common unit for each quarter, or \$0.68 per unit on an annualized basis.

If cash distributions to Antero Midstream’s unitholders exceed \$0.1955 per common unit in any quarter, IDR LLC, as the holder of Antero Midstream’s IDRs, will receive distributions according to the following percentage allocations:

Total Quarterly Distribution Target Amount	Marginal Percentage Interest in Distributions	
	Antero Midstream Common Unitholders	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 %

Distributions per common unit and distributions related to the IDRs were as follows for the periods indicated:

Quarter and Year	Distribution Date	Antero Midstream Distribution Amount per Common Unit	Income Attributable to IDRs (\$ thousands)
Q1 2017	May 10, 2017	\$ 0.3000	\$ 11,553
Q2 2017	August 16, 2017	\$ 0.3200	\$ 15,328
Q3 2017	November 16, 2017	\$ 0.3400	\$ 19,067
Q4 2017	February 13, 2018	\$ 0.3650	\$ 23,772
Q1 2018	May 18, 2018	\$ 0.3900	\$ 28,460

The board of directors of Antero Midstream’s general partner has declared a cash distribution of \$0.415 per unit for the quarter ended June 30, 2018. The distribution will be payable on August 17, 2018 to unitholders of record as of August 2, 2018. The distribution attributable to the IDRs for the quarter ended June 30, 2018 is \$33.1 million.

Distributions attributable to the IDRs which relate to periods prior to May 9, 2017, the closing of our IPO, were distributed to Antero Investment prior to its liquidation.

(6) Cash Distributions

The following table details the amount of quarterly distributions AMGP paid with respect to the quarter indicated (in thousands, except per share data):

Quarter and Year	Record Date	Distribution Date	Distributions			Distributions per common share
			Common shareholders	Antero Resources Investment	Total	
*	May 9, 2017	September 13, 2017	\$ —	15,908	15,908	*
Q2 2017	August 3, 2017	August 23, 2017	5,026	—	5,026	\$ 0.0270
Q3 2017	November 1, 2017	November 23, 2017	10,985	—	10,985	\$ 0.0590
Total 2017			\$ 16,011	15,908	31,919	
Q4 2017	February 1, 2018	February 20, 2018	\$ 13,964	—	13,964	\$ 0.0750
Q1 2018	May 3, 2018	May 23, 2018	20,109	—	20,109	\$ 0.1080
Total 2018			\$ 34,073	—	34,073	

* Income relating to periods prior to May 9, 2017, the closing of our IPO, was distributed to Antero Investment prior to its liquidation.

The board of directors of our general partner has declared a cash distribution of \$0.125 per share for the quarter ended June 30, 2018. The distribution will be payable on August 22, 2018 to shareholders of record as of August 2, 2018.

(7) Related Party Transactions

Certain of AMGP’s shareholders, including members of its executive management group, own a significant interest in AMGP and, either through their representatives or directly, serve as members of the Board of Directors of Antero Resources and the Boards of Directors of the general partners of Antero Midstream and AMGP. These same groups or individuals own common stock in Antero Resources and limited partner interests in Antero Midstream. AMGP’s executive management group also manages the operations and business affairs of Antero Resources and Antero Midstream.

Accrued liabilities and accounts payable at December 31, 2017 and June 30, 2018 includes less than \$0.1 million and \$0.1 million, respectively, payable to Antero Resources for general and administrative expenses.

(8) Summarized Financial Information for Antero Midstream

Summarized financial information for Antero Midstream, our investee accounted for using the equity method of accounting, is included in this note. The following tables present summarized income statement and balance sheet information for Antero Midstream (in thousands).

Summarized Antero Midstream Income Statement Information

	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	2018	2017	2018
Revenues	\$ 193,766	250,975	368,536	480,566
Operating expenses	101,199	136,145	194,272	254,196
Operating income	\$ 92,567	114,830	174,264	226,370
Net income and comprehensive income	87,175	109,466	162,267	217,571
Net income attributable to incentive distribution rights	(15,328)	(33,145)	(26,881)	(61,598)
Limited partners' interest in net income	\$ 71,847	76,321	135,386	155,973

Summarized Antero Midstream Balance Sheet Information

	December 31, 2017	June 30, 2018
Current assets	\$ 120,385	146,358
Non-current assets	2,921,824	3,149,871
Current liabilities	121,316	112,005
Non-current liabilities	1,404,424	1,633,091
Partners' capital	\$ 1,516,469	1,551,133

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 consolidated financial statements, and related notes, included elsewhere in this report. The information provided below supplements, but does not form part of, our condensed 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, 2017, filed with the SEC on February 13, 2018, and Antero Midstream’s Quarterly Report on Form 10-Q for the quarter ended June 30, 2018.

References in this Quarterly Report on Form 10-Q to “ARMM,” “we,” “us” or like terms, when referring to periods prior to May 4, 2017, refer to our predecessor, Antero Resources Midstream Management LLC. References to “AMGP,” “we,” “us” or like terms, when referring to periods beginning on May 4, 2018 and prospectively, refer to Antero Midstream GP LP.

Overview

We are a Delaware limited partnership that is taxed as a corporation for U.S. federal income tax purposes. We own 100% of the membership interests in Antero Midstream Partners GP LLC (“AMGP”), which owns the non-economic general partner interest in Antero Midstream Partners LP (NYSE: AM) (“Antero Midstream”) and we own all of the Series A capital interests in Antero IDR Holdings LLC (“IDR LLC”), which owns the incentive distribution rights (“IDRs”) in Antero Midstream. IDR LLC also has Series B profits interests (“Series B Units”) outstanding that entitle the holders to receive up to 6% of the distributions that Antero Midstream makes on the IDRs in excess of \$7.5 million per quarter, subject to certain vesting conditions. We receive at least 94% of the cash distributions paid by Antero Midstream on the IDRs. Antero Midstream is a growth-oriented master limited partnership 52.9% owned by Antero Resources Corporation (NYSE: AR) (“Antero Resources”) that was formed to own, operate and develop midstream energy infrastructure primarily to service Antero Resources’ increasing production and completion activity in the Appalachian Basin’s Marcellus Shale and Utica Shale located in West Virginia and Ohio. We believe that Antero Midstream’s strategically located assets and integrated relationship with Antero Resources position it to be a leading Appalachian midstream provider across the full midstream value chain.

Our revenues are generated solely from the cash distributions we receive from Antero Midstream through our interests in IDR LLC. Because our success is dependent upon the operations and management of Antero Midstream and its resulting performance, Antero Midstream’s Quarterly Report on Form 10-Q for the quarter ended June 30, 2018, has been included in this filing as Exhibit 99.1 and incorporated herein by reference.

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.anteromidstreamgp.com.

We furnish or file with the Securities and Exchange Commission (the “SEC”) our Annual Reports on Form 10-K, our Quarterly Reports on Form 10-Q, and our Current Reports on Form 8-K. We make these documents available free of charge at www.anteromidstreamgp.com under the “Investors Relations” link as soon as reasonably practicable after they are filed or furnished with the SEC.

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.

Second Quarter 2018 Developments and Highlights

Special Committee Formation

On February 26, 2018, we announced that the board of directors of our general partner formed a special committee composed solely of independent directors in conjunction with the formation of special committees at both Antero Resources and at Antero Midstream. Antero Resources' ongoing efforts to explore, review and evaluate potential measures related to its valuation may include transactions involving us, and the special committee was established to consider any such transactions. The special committee has hired legal advisors and financial advisors to assist in its evaluation of potential measures that could involve us. However, as of the date of filing this Quarterly Report on Form 10-Q, no decision on any particular strategic alternative or transaction has been reached, and there is no assurance that any future agreement will be reached, or that any future strategic alternative transaction or transactions will occur. Included in general and administrative expense for the three and six months ended June 30, 2018 are \$1.8 million and \$2.3 million, respectively, of costs related to the special committee's ongoing evaluation of potential transactions.

Appointment of New Director

On April 26, 2018, the board of directors of our general partner appointed Peter A. Dea to the board. Also effective April 26, 2018, Mr. Dea was appointed to serve on the audit committee of the board of directors of our general partner. The board of directors of our general partner determined that Mr. Dea meets the independence requirements under the rules of the New York Stock Exchange and our general partner's independence standards.

Credit Facility

On May 9, 2018, we entered into a senior secured credit facility consisting of a \$12 million credit commitment. The credit facility was entered into by us, as borrower, and Wells Fargo Bank, National Association, as lender (the "Lender"), and is evidenced by a credit agreement dated as of May 9, 2018 (the "Credit Facility"). Pursuant to the Credit Facility, we are entitled to borrow up to \$12 million. See "—Capital Resources and Liquidity—Credit Facility" for a description of the Credit Facility.

Cash Distributions

We distribute cash available for distribution to our shareholders. Cash available for distribution is the cash distribution received from Antero Midstream reduced by reserves for estimated federal and state income taxes, general and administrative expenses, and reserves for other purposes deemed necessary by the board of directors of our general partner. Cash available for distribution for the three months ended June 30, 2018 was as follows (in thousands):

	Three Months Ended June 30, 2018
Cash distributions from Antero Midstream Partners LP	\$ 33,137
Cash reserved for distributions to unvested Series B units of IDR LLC	(1,011)
Cash distribution to vested Series B units of IDR LLC	(506)
Cash distributions to Antero Midstream GP LP	31,620
General and administrative expenses	(2,398)
Interest Expense	(18)
Special Committee legal and advisory fees included in G&A expense ⁽¹⁾	1,844
Provision and reserve for income taxes	(7,777)
Cash available for distribution	<u>\$ 23,271</u>

⁽¹⁾ General and administrative expenses related to the formation and ongoing evaluations of the special committee. See Note 2—Summary of Significant Accounting Policies to the condensed consolidated financial statements.

The board of directors of our general partner has declared a cash distribution of \$0.125 per share for the quarter ended June 30, 2018. The distribution will be payable on August 22, 2018 to shareholders of record as of August 2, 2018.

Items Affecting Comparability of Our Financial Results

Certain of the historical financial results discussed below may not be comparable to future financial results primarily as a result of the significant increase in Antero Midstream’s cash distributions described below. As our sole source of income, any change in Antero Midstream’s cash distributions will have a direct financial impact on us. Distributions to the IDRs began in the fourth quarter of 2015 and have increased significantly since that time as the IDRs have been entitled to a greater marginal percentage interest in distributions.

In addition, our results of operations prior to the completion of our initial public offering (the “IPO”) do not reflect the incremental expenses we are now incurring as a result of being a publicly traded company, and such results include the non-recurring costs we incurred in connection with the IPO. Our historical results of operations for the three and six months ended June 30, 2017 also reflect a U.S. federal corporate tax rate of 35%. Effective January 1, 2018, the U.S. federal corporate tax rate was reduced from 35% to 21%. Accordingly, our historical results of operations will reflect a higher U.S. federal corporate tax rate in comparison to our current and future financial results.

Certain of the historical financial results discussed below may not be comparable to future financial results primarily as a result of the significant increase in the scope of Antero Midstream’s operations over the last several years. Antero Midstream’s gathering and compression and water handling and treatment systems are relatively new, as a substantial portion of these assets have been built within the last four years. Accordingly, Antero Midstream’s revenues and expenses over that time reflect the significant increase in its operations. Similarly, Antero Resources has experienced significant changes in its production and drilling and completion schedule over that same period. As our income is predicated on Antero Midstream’s cash available for distribution, any change in Antero Midstream’s revenue and expenses could have a direct impact on us. Accordingly, it may be difficult to project trends from our historical financial data going forward.

Results of Operations

Three Months Ended June 30, 2017 Compared to Three Months Ended June 30, 2018:

(in thousands)	Three Months Ended June 30,		Amount of Increase (Decrease)	Percentage Change
	2017	2018		
Equity in earnings of Antero Midstream Partners LP	\$ 15,328	33,145	17,817	116 %
Total income	15,328	33,145	17,817	116 %
General and administrative expense	3,203	2,398	(805)	(25)%
Equity-based compensation	9,631	9,111	(520)	(5)%
Total operating expenses	12,834	11,509	(1,325)	(10)%
Operating income	2,494	21,636	19,142	768 %
Interest Expense	—	18	18	*
Income before income taxes	2,494	21,618	19,124	767 %
Provision for income taxes	(5,755)	(7,231)	(1,476)	26 %
Net income (loss) and comprehensive income (loss)	\$ (3,261)	14,387	17,648	*

* Not meaningful or applicable.

Equity in earnings of Antero Midstream Partners LP. Equity in earnings of Antero Midstream increased from \$15.3 million for the three months ended June 30, 2017 to \$33.1 million for the three months ended June 30, 2018. Antero Midstream’s per-unit distribution increased to \$0.415 per unit for the three months ended June 30, 2018 from \$0.32 per unit for the three months ended June 30, 2017, resulting in an increase in distributions on the IDRs. IDR LLC receives a portion of Antero Midstream distributions based on a tiered approach, in which the percentage received of the total distribution increases at certain levels. The highest tier, which was met in both periods, in which cash distributions to Antero Midstream’s unitholders exceeds \$0.255 per common unit in any quarter, entitles IDR LLC to 50% of such incremental distribution amounts.

General and administrative expenses. General and administrative expenses decreased from \$3.2 million for the three months ended June 30, 2017 to \$2.4 million for the three months ended June 30, 2018. The decrease was primarily due to costs incurred in

the second quarter of 2017 related to our IPO, partially offset by \$1.8 million of costs related to the special committee’s formation and ongoing evaluation of potential transactions, which are included in General and administrative expense for the three months ended June 30, 2018.

Equity-based compensation expenses. Equity-based compensation expenses remained relatively consistent at \$9.6 million and \$9.1 million for the three months ended June 30, 2017 and 2018.

Interest expense, net. Interest expense, net was \$18 thousand for the three months ended June 30, 2018, including \$20 thousand of interest expense and \$2 thousand of interest income. Interest expense in 2018 is primarily due to deferred financing costs incurred under the Credit Facility. See Note 3—Credit Facility to the condensed consolidated financial statements.

Income tax expense. Income tax expense increased from \$5.8 million for the three months ended June 30, 2017 to \$7.2 million for the three months ended June 30, 2018. The increase is primarily due to higher taxable income as a result of the increase in equity in earnings of Antero Midstream related to the IDRs, partially offset by the decrease in the U.S. corporate income tax rate from 35% to 21% beginning in 2018.

The difference between income tax expense and expected income tax expense for financial statement purposes computed by applying the federal statutory rate to pre-tax income is caused by nondeductible equity-based compensation and IPO expenses, and the effect of state income taxes.

Net income (loss) and comprehensive income (loss). Net income (loss) and comprehensive income (loss) increased from a net loss of \$3.3 million for the three months ended June 30, 2017 to net income of \$14.4 million for the three months ended June 30, 2018. The increase was primarily due to an increase in equity in earnings of Antero Midstream in the second quarter of 2018, partially offset by the increase in income tax expense.

Six Months Ended June 30, 2017 Compared to Six Months Ended June 30, 2018:

(in thousands)	Six Months Ended June 30,		Amount of Increase (Decrease)	Percentage Change
	2017	2018		
Equity in earnings of Antero Midstream Partners LP	\$ 26,881	61,598	34,717	129 %
Total income	26,881	61,598	34,717	129 %
General and administrative expense	5,307	3,328	(1,979)	(37)%
Equity-based compensation	17,954	17,745	(209)	(1)%
Total operating expenses	23,261	21,073	(2,188)	(9)%
Operating income	3,620	40,525	36,905	1,019 %
Interest Expense	—	14	14	*
Income before income taxes	3,620	40,511	36,891	1,019 %
Provision for income taxes	(10,180)	(13,319)	(3,139)	31 %
Net income (loss) and comprehensive income (loss)	\$ (6,560)	27,192	33,752	*

* Not meaningful or applicable.

Equity in earnings of Antero Midstream Partners LP. Equity in earnings of Antero Midstream increased from \$26.9 million for the six months ended June 30, 2017 to \$61.6 million for the six months ended June 30, 2018. Antero Midstream’s per-unit distribution increased from the six months ended June 30, 2017 to the six months ended June 30, 2018, resulting in an increase in distributions on the IDRs. IDR LLC receives a portion of Antero Midstream distributions based on a tiered approach, in which the percentage received of the total distribution increases at certain levels. The highest tier, which was met in both periods, in which cash distributions to Antero Midstream’s unitholders exceeds \$0.255 per common unit in any quarter, entitles IDR LLC to 50% of such incremental distribution amounts.

General and administrative expenses. General and administrative expenses decreased from \$5.3 million for the six months ended June 30, 2017 to \$3.3 million for the six months ended June 30, 2018. The decrease was primarily due to costs incurred in the

first half of 2017 related to our IPO, partially offset by \$2.3 million of costs related to the special committee’s formation and ongoing evaluation of potential transactions, which are included in General and administrative expense for the six months ended June 30, 2018.

Equity-based compensation expenses. Equity-based compensation expenses remained relatively consistent at \$18.0 million and \$17.7 million for the six months ended June 30, 2017 and 2018.

Interest expense, net. Interest expense, net was \$14 thousand for the six months ended June 30, 2018, including \$20 thousand of interest expense and \$6 thousand of interest income. Interest expense in 2018 is primarily due to deferred financing costs incurred under the Credit Facility. See Note 3—Credit Facility to the condensed consolidated financial statements.

Income tax expense. Income tax expense increased from \$10.2 million for the six months ended June 30, 2017 to \$13.3 million for the six months ended June 30, 2018. The increase is primarily due to higher taxable income as a result of the increase in equity in earnings of Antero Midstream related to the IDRs, partially offset by the decrease in the U.S. corporate income tax rate from 35% to 21% beginning in 2018.

The difference between income tax expense and expected income tax expense for financial statement purposes computed by applying the federal statutory rate to pre-tax income is caused by nondeductible equity-based compensation and IPO expenses, and the effect of state income taxes.

Net income (loss) and comprehensive income (loss). Net income (loss) and comprehensive income (loss) increased from a net loss of \$6.6 million for the six months ended June 30, 2017 to net income of \$27.2 million for the six months ended June 30, 2018. The increase was primarily due to an increase in equity in earnings of Antero Midstream in the first half of 2018, partially offset by the increase in income tax expense.

Capital Resources and Liquidity

Sources and Uses of Cash

As a result of our interest in IDR LLC, we will receive at least 94% of the cash distributions paid by Antero Midstream on its IDRs. Our interest in the IDR distributions is our only cash-generating asset. We expect that income attributable to the IDR distributions from Antero Midstream and borrowings under the Credit Facility will be adequate to meet our working capital requirements and expected quarterly cash distributions for at least the next twelve months. At June 30, 2018, we had a working capital deficit due to our income taxes payable, which is based on equity in earnings from unconsolidated affiliates for the period ended June 30, 2018. The cash distribution attributable to our equity in earnings for the three months ended June 30, 2018 will be received in the third quarter of 2018 when Antero Midstream declares and pays the cash distribution for the second quarter, and will be received prior to the due date of our tax payment. Antero Midstream declared a cash distribution that included an IDR distribution of \$33.1 million payable to IDR LLC on August 17, 2018 to unitholders of record as of August 2, 2018.

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

(in thousands)	Six Months Ended June 30,		Increase (Decrease)
	2017	2018	
Net cash provided by operating activities	\$ 1,782	34,598	32,816
Cash flows from investing activities	—	—	—
Net cash used in financing activities	—	(35,285)	(35,285)
Net increase (decrease) in cash	\$ 1,782	(687)	(2,469)

Cash Flows Provided by Operating Activities

Net cash provided by operating activities was \$1.8 million and \$34.6 million for the six months ended June 30, 2017 and 2018, respectively. The increase in cash flow from operations for the six months ended June 30, 2018 compared to the six months ended June 30, 2017 was primarily due to an increase in distributions received from Antero Midstream from \$19.1 million in the six

months ended June 30, 2017 to \$52.2 million in the six months ended June 30, 2018. This increase was partially offset by an increase in income taxes paid and other working capital items.

Cash Flows Used in Investing Activities

We did not have any investing cash flow activities during the six months ended June 30, 2017 or 2018.

Cash Flows Used in Financing Activities

Net cash used in financing activities for the six months ended June 30, 2018 consisted of \$34.1 million in quarterly cash distributions to our shareholders, \$1.2 million in cash distributions to the Series B Unitholders and \$15 thousand in deferred financing costs. We did not have any financing cash flow activities during the six months ended June 30, 2017.

Credit Facility

On May 9, 2018, we entered into the Credit Facility with the Lender, which provides for a line of credit of up to \$12 million. The maturity date of the Credit Facility is May 6, 2019.

The Credit Facility is guaranteed by IDR LLC and secured by a pledge of the Series A capital interests in IDR LLC and the membership interests in AMP GP.

Interest is payable on borrowings at a variable rate based on the base rate plus a margin rate of interest equal to 1.00% per annum. The base rate is the highest of (i) the Federal Funds Rate plus ½ of 1%, (ii) the rate of interest in effect for such day as publicly announced from time to time by the Lender as its “prime rate” and (iii) the Eurodollar Rate plus 1.00%.

The Credit Facility contains customary events of default and various affirmative and negative covenants, including a requirement to completely repay amounts outstanding under the line of credit at least once each fiscal quarter. We were in compliance with all of the financial covenants under the Credit Facility as of June 30, 2018.

At June 30, 2018, we had no borrowings under the Credit Facility.

Critical Accounting Policies and Estimates

The discussion and analysis of our financial condition and results of operations are based upon our condensed consolidated financial statements, which have been prepared in accordance with GAAP. The preparation of our 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 condensed consolidated financial statements. We provide an expanded discussion of our more significant accounting policies, estimates and judgments in our 2017 Form 10-K. We believe these accounting policies reflect our more significant estimates and assumptions used in the preparation of our consolidated financial statements. Also, see Note 2 of the notes to our audited consolidated financial statements, included in our 2017 Form 10-K, for a discussion of additional accounting policies and estimates made by management.

Off-Balance Sheet Arrangements

As of June 30, 2018, we did not have any off-balance sheet arrangements.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

The nature of our business and operations is such that no activities or transactions are conducted or entered into by us that would require us to have a discussion under this item.

For a discussion of these matters as they pertain to Antero Midstream, please read Item 3. “Quantitative and Qualitative Disclosures About Market Risk” of Antero Midstream’s Quarterly Report on Form 10-Q for the quarter ended June 30, 2018, which has been included in this filing as Exhibit 99.1 and incorporated herein by reference, as the activities of Antero Midstream have a significant impact on our results of operations and financial position.

Item 4. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

As required by Rule 13a-15(b) under the Securities Exchange Act of 1934, as amended (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. Our disclosure controls and procedures are designed to provide reasonable assurance that information required to be disclosed in the reports that we file or submit 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 SEC’s rules and forms. Based upon that evaluation, our principal executive officer and principal financial officer concluded that our disclosure controls and procedures were effective as of June 30, 2018 at a reasonable assurance level.

Changes in Internal Control Over Financial Reporting

There has been no change in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the second quarter of 2018 that has materially affected, or is 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 annual report on Form 10-K for the year ended December 31, 2017, filed with the SEC on February 13, 2018 (the “2017 Form 10-K”). The risks described in our 2017 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 2017 Form 10-K and in Antero Midstream’s annual report on Form 10-K for the year ended December 31, 2017. 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.

None.

Item 6. Exhibits.

- 3.1 [Certificate of Conversion of Antero Resources Midstream Management LLC from a Delaware limited liability company to a Delaware limited partnership, dated as of May 4, 2017 \(incorporated by reference to Exhibit 3.1 to the Current Report on Form 8-K \(Commission File No. 001- 38075\) filed on May 9, 2017\).](#)
- 3.2 [Certificate of Limited Partnership of Antero Midstream GP LP, dated as of May 4, 2017 \(incorporated by reference to Exhibit 3.2 to the Current Report on Form 8-K \(Commission File No. 001- 38075\) filed on May 9, 2017\).](#)
- 3.3 [Agreement of Limited Partnership of Antero Midstream GP LP, dated as of May 9, 2017, by and between AMGP GP LLC, as the General Partner, and Antero Resources Investment LLC, as the Organizational Limited Partner \(incorporated by reference to Exhibit 3.3 to the Current Report on Form 8-K \(Commission File No. 001- 38075\) filed on May 9, 2017\).](#)
- 3.4 [Agreement of Limited Partnership of Antero Midstream Partners LP dated as of November 10, 2014 \(incorporated by reference to Exhibit 3.1 to Antero Midstream Partners LP's Current Report on Form 8-K filed November 17, 2014\).](#)
- 3.5 [Amendment No. 1 dated February 23, 2016 to the Agreement of Limited Partnership of Antero Midstream Partners LP \(incorporated by reference to Exhibit 3.4 to Antero Midstream Partners LP's Annual Report on Form 10-K filed February 24, 2016\).](#)
- 3.6 [Amendment No. 2 to Agreement of Limited Partnership of Antero Midstream Partners LP, dated as of December 20, 2017 \(incorporated by reference to Exhibit 3.1 to Antero Midstream Partners LP's Current Report on Form 8-K filed on December 26, 2017\).](#)
- 3.7 [Limited Liability Company Agreement of Antero IDR Holdings LLC dated December 31, 2016 \(incorporated by reference to Exhibit 3.9 to Antero Resources Midstream Management LLC's Registration Statement on Form S-1 \(Commission File No. 333- 216975\) filed on April 7, 2017\).](#)
- 3.8 [Amendment No. 1 to the Limited Liability Company Agreement of Antero IDR Holdings LLC, dated as of May 9, 2018 \(incorporated by reference to Current Report on Form 8-K \(Commission File No 001-38075\) filed on May 14, 2018\).](#)
- 10.1 [Form of Amended and Restated Indemnification Agreement \(incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K \(Commission File No. 001-38075\) filed on April 17, 2018\).](#)
- 10.2* [Credit Agreement between Antero Midstream GP LP and Wells Fargo Bank, National Association, dated as of May 9, 2018.](#)
- 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 \(18 U.S.C. Section 7241\).](#)

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- 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 \(18 U.S.C. Section 1350\).](#)
- 99.1* [Antero Midstream Partners LP's Quarterly Report on Form 10-Q for the quarter ended June 30, 2018.](#)
- 101* The following financial information from this Form 10-Q of ANTERO MIDSTREAM GP LP for the quarter ended June 30, 2018, formatted in XBRL (eXtensible Business Reporting Language): (i) Condensed Consolidated Balance Sheets, (ii) Condensed Consolidated Statements of Operations, (iii) Condensed Consolidated Statements of Partners' Capital, (iv) Condensed Consolidated Statements of Cash Flows, and (v) Notes to the Condensed 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.

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 GP LP

By: **AMGP GP LLC, its general partner**

By: /s/ Michael Kennedy
Michael Kennedy
Chief Financial Officer

Date: August 1, 2018

CREDIT AGREEMENT

THIS CREDIT AGREEMENT (this “Agreement”) is entered into as of May 9, 2018, by and between ANTERO MIDSTREAM GP LP, a Delaware limited partnership (“Borrower”), and WELLS FARGO BANK, NATIONAL ASSOCIATION (together with its successors and assigns permitted hereunder, “Bank”).

RECITALS

Borrower has requested that Bank extend credit to Borrower as described below, and Bank has agreed to provide such credit to Borrower on the terms and conditions contained herein.

NOW, THEREFORE, for valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Bank and Borrower hereby agree as follows:

ARTICLE IDEFINITIONS AND ACCOUNTING TERMS

SECTION 1.1 DEFINITIONS. As used in this Agreement, the following terms shall have the meanings set forth below:

“2024 Notes Indenture” means that certain Indenture, dated as of September 13, 2016, among Partners and Antero Midstream Finance Corporation, a Delaware corporation, as issuers, the guarantors party thereto and Wells Fargo Bank, National Association, as trustee, as amended and supplemented from time to time.

“Applicable Subsidiary” means any direct or indirect Subsidiary of Borrower, other than Partners and its direct or indirect Subsidiaries or Partners GP and its direct or indirect Subsidiaries.

“Base Rate” means for any day a fluctuating rate per annum equal to the highest of (a) the Federal Funds Rate plus 1/2 of 1%, (b) the rate of interest in effect for such day as publicly announced from time to time by Bank as its “prime rate” and (c) the Eurodollar Rate plus 1.00%. The “prime rate” is a rate set by Bank based upon various factors including Bank's costs and desired return, general economic conditions and other factors, and is used as a reference point for pricing some loans, which may be priced at, above, or below such announced rate. Any change in such rate announced by Bank shall take effect at the opening of business on the day specified in the public announcement of such change.

“Borrowing” means an extension of credit in the form of Loans made by Bank to Borrower pursuant to Section 2.1.

“Business Day” means any day other than a Saturday, Sunday or other day on which commercial banks are authorized to close under the laws of, or are in fact closed in, the state of New York.

“Change in Control” means an event or series of events by which:

- (a) Borrower shall fail to directly or indirectly own and control beneficially and of record (free and clear of all Liens other than Liens in favor of Bank under the Loan Documents provided that, this exception shall not apply to any foreclosure with respect to such Liens) 100% of the Equity Interests of Partners GP;
- (b) Borrower shall fail to directly or indirectly own and control beneficially and of record (free and clear of all Liens other than Liens in favor of Bank under the Loan Documents; provided that, this exception shall not apply to any foreclosure with respect to such Liens) 100% of all of the Equity Interests of each Applicable Subsidiary (other than Series B Units issued as of the Closing Date);
- (c) Partners GP shall cease to be the general partner of Partners;
- (d) the General Partner shall cease to be the general partner of Borrower;
- (e) the Sponsors shall cease to own greater than 50% of the voting or economic interest in the General Partner; or
- (f) during any period of 12 consecutive months, a majority of the members of the board of managers or other equivalent governing body of the General Partner cease to be composed of individuals (i) who were members of that board or equivalent governing body on the first day of such period, (ii) whose election or nomination to that board or equivalent governing body was approved by individuals referred to in clause (i) above constituting at the time of such election or nomination at least a majority of that board or equivalent governing body, (iii) whose election or nomination to that board or other equivalent governing body was approved by individuals referred to in clauses (i) and (ii) above constituting at the time of such election or nomination at least a majority of that board or equivalent governing body, or (iv) whose election or nomination to that board or other equivalent governing body was approved by the same Persons that had the power to designate, appoint or elect the individuals referred to in clauses (i) and (ii) above at the time such individuals were designated, appointed or elected.

“Credit Agreement Termination” shall occur upon termination of the Line of Credit and payment in full and performance of all Obligations (other than (A) contingent indemnification obligations and (B) obligations and liabilities under Secured Cash Management Agreements as to which arrangements satisfactory to Bank shall have been made).

“Closing Date” means the first date all the conditions precedent in Section 4.1 are satisfied or waived in accordance with Section 8.1.

“Collateral” has the meaning given such term in the Guaranty and Collateral Agreement.

“Debtor Relief Laws” means the Bankruptcy Code of the United States, and all other liquidation, conservatorship, bankruptcy, assignment for the benefit of creditors, moratorium,

rearrangement, receivership, insolvency, reorganization, or similar debtor relief Laws of the United States or other applicable jurisdictions from time to time in effect and affecting the rights of creditors generally.

“Equity Interests” means, with respect to any Person, all of the incentive distribution rights of such Person, all of the shares of capital stock of (or other ownership or profit interests in) such Person, all of the warrants, options or other rights for the purchase or acquisition from such Person of shares of capital stock of (or other ownership or profit interests in) such Person, all of the securities convertible into or exchangeable for shares of capital stock of (or other ownership or profit interests in) such Person or warrants, rights or options for the purchase or acquisition from such Person of such shares (or such other interests), and all of the other ownership or profit interests in such Person (including partnership, member or trust interests therein), whether voting or nonvoting, and whether or not such shares, warrants, options, rights or other interests are outstanding on any date of determination. For the avoidance of doubt, any reference to Equity Interests will exclude the Series B Units.

“ERISA” has the meaning given such term in Section 3.9.

“Eurodollar Rate” means the rate per annum equal to (i) LIBOR, at approximately 11:00 a.m., London time determined two London Banking Days prior to such date for dollar deposits being delivered in the London interbank market for a term of one month commencing that day or (ii) if such published rate is not available at such time for any reason, the rate per annum determined by Bank to be the rate at which deposits in dollars for delivery on the date of determination in same day funds in the approximate amount of the Loan being made or maintained and with a term equal to one month would be offered by Wells Fargo's London Branch to major banks in the London interbank Eurodollar market at their request at the date and time of determination; provided that at no time shall the Eurodollar Rate be less than 0.00%.

“Event of Default” has the meaning given such term in Section 7.1.

“Excluded Assets” has the meaning given such term in the Guaranty and Collateral Agreement.

“Federal Funds Rate” means, for any day, the rate per annum equal to the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers on such day, as published by the Federal Reserve Bank of New York on the Business Day next succeeding such day; provided that (a) if such day is not a Business Day, the Federal Funds Rate for such day shall be such rate on such transactions on the next preceding Business Day as so published on the next succeeding Business Day, and (b) if no such rate is so published on such next succeeding Business Day, the Federal Funds Rate for such day shall be the average rate (rounded upward, if necessary, to a whole multiple of 1/100 of 1%) charged to Bank on such day on such transactions as determined by Bank; *provided* that in no event shall the Federal Funds Rate be less than zero.

“Fee Letter” means that certain Fee Letter dated as of April 27, 2018, between Borrower and Bank.

“GAAP” means generally accepted accounting principles in the United States set forth in the opinions and pronouncements of the Accounting Principles Board and the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board or such other principles as may be approved by a significant segment of the accounting profession in the United States, that are applicable to the circumstances as of the date of determination, consistently applied.

“General Partner” means AMGP GP LLC, a Delaware limited liability company.

“Governing Body” means, for any entity, such entity’s board of directors, board of managers, manager or similar governing body.

“Guaranty and Collateral Agreement” means, collectively, the Guaranty and Collateral Agreement dated as of the Closing Date, made by the Loan Parties in favor of Bank, and any joinder thereto delivered pursuant to Section 5.10.

“Guarantor” means the Applicable Subsidiaries as of the Closing Date, and any Applicable Subsidiary required to execute and deliver the Guaranty and Collateral Agreement or any supplement to the Guaranty and Collateral Agreement pursuant to Section 5.10.

“Interest Payment Date” means the last Business Day of each March, June, September and December and the Maturity Date.

“IDR Holdings” means Antero IDR Holdings LLC, a Delaware limited liability company.

“Lien” means any mortgage, pledge, hypothecation, assignment, deposit arrangement, encumbrance, lien (statutory or other), charge, or preference, priority or other security interest or preferential arrangement in the nature of a security interest of any kind or nature whatsoever (including any conditional sale or other title retention agreement, any easement, right of way, other encumbrance on title to Real Property or Easements, or financing lease having substantially the same economic effect as any of the foregoing).

“Line of Credit” has the meaning given such term in Section 2.1(a).

“Line of Credit Note” has the meaning given such term in Section 2.1(b).

“Loan” means an extension of credit by Bank to Borrower under the Line of Credit.

“Loan Documents” has the meaning given such term in Section 3.2.

“Loan Party” means Borrower and any Guarantor.

“London Banking Day” means any day on which dealings in dollar deposits are conducted by and between banks in the London interbank eurodollar market.

“Material Adverse Effect” means (a) a material adverse change in, or a material adverse effect upon, the operations, business, assets or financial condition of the Borrower and its Applicable Subsidiaries, taken as a whole; (b) a material impairment of the rights and remedies of Bank under any Loan Document, or of the ability of any Loan Party to perform its obligations under any Loan Document to which it is a party; or (c) a material adverse effect upon the legality, validity, binding effect or enforceability against any Loan Party of any Loan Document to which it is a party.

“Maturity Date” means May 6, 2019.

“Moody's” means Moody's Investors Service, Inc. and any successor thereto.

“Obligations” means all advances to, and debts, liabilities, obligations, covenants and duties of, any Loan Party arising under any Loan Document or otherwise with respect to any Loan or Secured Cash Management Agreement, including, without limitation, any accrued and unpaid interest thereon, in each case whether direct or indirect (including those acquired by assumption), absolute or contingent, due or to become due, now existing or hereafter arising and including interest and fees that accrue after the commencement by or against any Loan Party of any proceeding under any Debtor Relief Laws naming such Loan Party as the debtor in such proceeding, regardless of whether such interest and fees are allowed claims in such proceeding.

“Partners” means Antero Midstream Partners LP, a Delaware limited partnership.

“Partners Credit Agreement” means that certain Amended and Restated Credit Agreement, dated as of October 26, 2017, among Partners, as borrower, the lenders party thereto from time to time and Wells Fargo Bank, National Association, as administrative agent, swingline lender and an L/C issuer, as amended, restated, amended and restated, replaced by another principal revolving credit facility, supplemented or otherwise modified from time to time.

“Partners GP” means Antero Midstream Partners GP LLC, a Delaware limited liability company.

“Partners Rating Downgrade” means a downgrade by either S&P or Moody's, of Partners' corporate family rating maintained by S&P or Moody's, as applicable, below the level of such corporate family rating on the Closing Date.

“Permitted Liens” means:

- (i) Liens pursuant to any Loan Document;
- (ii) Liens for taxes not yet delinquent or which are being contested in good faith and by appropriate proceedings diligently conducted, if adequate reserves with respect thereto are maintained on the books of the applicable Person to the extent required by GAAP;

- (iii) carriers', warehousemen's, mechanics', materialmen's, repairmen's, vendor's, landlords' and other like Liens arising in the ordinary course of business, securing obligations which are not past due for more than 90 days after the date on which such obligations became due, unless being contested in good faith by appropriate proceedings and for which any reserves required by GAAP are maintained;
- (iv) pledges or deposits in the ordinary course of business in connection with workers' compensation, unemployment insurance and other social security legislation, other than any Lien imposed by ERISA;
- (v) pledges or deposits to secure the performance of bids, trade contracts and leases (other than Indebtedness), statutory obligations, surety and appeal bonds, performance bonds and other obligations of a like nature incurred in the ordinary course of business;
- (vi) easements, rights-of-way, restrictions (including zoning restrictions), covenants, licenses, encroachments, protrusions and other similar encumbrances, and minor title deficiencies on or with respect to any real property, any easements or any pipeline systems which, in the aggregate, are not substantial in amount, and which do not in any case materially detract from the value of the property subject thereto or materially interfere with the ordinary conduct of the business of the applicable Person; and for purposes hereof, minor title deficiencies shall include, but not be limited to, minor defects in the chain of title, terms, conditions, exceptions, limitations, easements, servitudes, permits, surface leases and other similar rights in respect of surface operations, flood control, air rights, water rights, rights of others with respect to navigable waters, sewage and drainage rights and easements for pipelines, alleys, highways, telephone lines, power lines, railways and other easements and rights-of-way on, over or in respect of any of the properties of the Borrower or any of its Subsidiaries that are customarily granted in the midstream industry, provided, however, that such deficiencies do not have, individually or in the aggregate, a Material Adverse Effect;
- (vii) Liens securing judgments for the payment of money not constituting an Event of Default;
- (viii) Liens (and financing statements associated therewith) securing indebtedness permitted under Section 6.3; provided that (i) such Liens do not at any time encumber any property other than the property financed by such Indebtedness, improvements and accessions to such property, insurance for such property, and the proceeds of the foregoing, and (ii) the principal amount of the indebtedness secured thereby does not exceed the costs of acquiring such property;
- (ix) with respect to easements and leases of real property, Liens securing indebtedness of the owner(s) or master tenant(s) of the underlying real property, provided, that the foreclosure of any such Liens would not extinguish or terminate such easements and leases of real property;

- (x) rights reserved to or vested in any governmental authority by the terms of any right, power, franchise, grant, license or permit, or by any provision of law, to revoke or terminate any such right, power, franchise, grant, license or permit or to condemn or acquire by eminent domain or similar process;
- (xi) rights reserved to or vested by law in any governmental authority to in any manner, control or regulate in any manner any of the properties of the Borrower or any of its Applicable Subsidiaries or the use thereof or the rights and interest of the Borrower or any of its Applicable Subsidiaries therein, in any manner and under any and all Laws;
- (xii) Liens of a collecting bank arising in the ordinary course of business under Section 4-208 of the Uniform Commercial Code in effect in the relevant jurisdiction covering only the items being collected upon;
- (xiii) any interest or title of a lessor under any lease entered into by the Borrower or an Applicable Subsidiary, including without limitation under any sale leaseback transactions, and covering only the assets so leased;
- (xiv) the filing of UCC financing statements solely as a precautionary measure in connection with operating leases, consignment of goods or other similar transactions; and
- (xv) any Liens constituting earnest money deposits made by the Borrower or any Applicable Subsidiary in connection with any letter of intent or purchase agreement with respect to any investment or acquisition permitted hereunder which are customary in amount for transactions of the type.

“Person” means any natural person, corporation, limited liability company, trust, joint venture, association, company, partnership, governmental authority or other entity.

“Plan” has the meaning given such term in Section 3.9.

“Responsible Officer” means the chief executive officer, president, chief financial officer, chief accounting officer, treasurer, assistant treasurer of a Loan Party (or such Loan Party’s general partner, as applicable) and any other officer or employee of the applicable Loan Party (or such Loan Party’s general partner, as applicable) so designated by any of the foregoing officers in a notice to Bank. Any document delivered hereunder that is signed by a Responsible Officer of a Loan Party (or such Loan Party’s general partner, as applicable) shall be conclusively presumed to have been authorized by all necessary corporate, partnership and/or other action on the part of such Loan Party (or such Loan Party’s general partner, as applicable) and such Responsible Officer shall be conclusively presumed to have acted on behalf of such Loan Party.

“Restricted Payment” has the meaning given such term in Section 6.7.

"S&P" means Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc., and any successor thereto.

"Sanctions" has the meaning given such term in Section 3.1.

"Secured Cash Management Agreement" means any agreement to provide cash management services, including treasury, depository, overdraft, credit or debit card, electronic funds transfer and other cash management arrangements that is entered into by and between any Loan Party and Bank or any affiliate thereof.

"Series B Units" has the meaning given such term in the limited liability company agreement of IDR Holdings as amended, supplemented or restated from time to time as permitted hereunder.

"Series B Unitholders" means the holders of Series B Units.

"Solvent" and "Solvency" mean, with respect to any Person on any date of determination, that on such date (a) the fair value of the property of such Person is greater than the total amount of liabilities, including contingent liabilities, of such Person, (b) the present fair salable value of the assets of such Person is not less than the amount that will be required to pay the probable liability of such Person on its debts as they become absolute and matured, (c) such Person does not intend to, and does not believe that it will, incur debts or liabilities beyond such Person's ability to pay such debts and liabilities as they mature, (d) such Person is not engaged in business or a transaction, and is not about to engage in business or a transaction, for which such Person's property would constitute an unreasonably small capital, and (e) such Person is able to pay its debts and liabilities, contingent obligations and other commitments as they mature in the ordinary course of business. The amount of contingent liabilities at any time shall be computed as the amount that, in the light of all the facts and circumstances existing at such time, represents the amount that can reasonably be expected to become an actual or matured liability.

"Sponsors" means Warburg Pincus LLC, Yorktown Partners LLC, Antero Resources Corporation, Paul M. Rady and Glen C. Warren, Jr. and any of their respective affiliates.

"Specified Distributions" means a direct or indirect distribution to Borrower or the Applicable Subsidiaries from Partners in respect of incentive distribution rights.

"Subsidiary" of a Person means a corporation, partnership, joint venture, limited liability company or other business entity of which a majority of the securities or other ownership interests are at the time owned by such Person, or of which a majority of the shares of securities or other interests having ordinary voting power for the election of directors or other governing body (other than securities or interests having such power only by reason of the happening of a contingency) or (in the case of a partnership) a majority of the general partner interests are at the time beneficially owned, or the management of which is otherwise controlled, directly, or indirectly through one or more intermediaries, or both, by such Person. Unless otherwise specified, all references herein to a "Subsidiary" or to "Subsidiaries" shall refer to a Subsidiary

or Subsidiaries of Borrower.

“Suspension of Distributions” means (i) Partners failing to make distributions (including, without limitation, Specified Distributions and any distributions with respect to the common units of Partners) to Borrower or any Applicable Subsidiary in accordance with the limited partnership agreement of Partners, as amended, supplemented or restated from time to time as permitted hereunder or (ii) any Applicable Subsidiary failing to make distributions to Borrower in accordance with such Applicable Subsidiary’s organizational documents as amended, supplemented or restated from time to time as permitted hereunder.

“Termination Date” means the earlier to occur of (a) the date this Agreement is terminated in accordance with Section 2.1(f) or Section 7.2 and (b) the Maturity Date.

“Wells Fargo” means Wells Fargo Bank, National Association and its successors.

SECTION 1.2 TIMES OF DAY. Unless otherwise specified, all references herein to times of day shall be references to Mountain time (daylight or standard, as applicable).

ARTICLE II CREDIT TERMS

SECTION 2.1 LINE OF CREDIT.

(a) Line of Credit. Subject to the terms and conditions of this Agreement, Bank hereby agrees to make Loans to Borrower from time to time until the Termination Date, not to exceed at any time the aggregate principal amount of twelve million dollars (\$12,000,000.00) (“Line of Credit”), the proceeds of which shall be used solely for general partnership purposes, including for the purpose of making distributions as and when necessary for bona fide tax payments attributable to the income of the Borrower.

(b) Evidence of Debt. Borrower's obligation to repay Loans shall be evidenced by one or more accounts or records maintained by Bank in the ordinary course of business. Upon request of Bank, Borrower shall execute and deliver to Bank a promissory note substantially in the form of Exhibit A (“Line of Credit Note”), which shall evidence Borrowers obligations to repay Loans in addition to such accounts or records, and all terms of which are incorporated herein by this reference. Bank is hereby authorized to note the date, principal amount, maturity date and rate of interest agreed upon by Bank and Borrower for any advance hereunder, and all payments received by Bank in connection with any such advance, on Bank's books and records (either manually or by electronic entry) and/or on any schedule attached to the Line of Credit Note. The accounts or records maintained by Bank (to the extent not inconsistent with the provisions hereof) and/or amounts noted on the Line of Credit Note shall be conclusive absent manifest error of the amount of the Loans made by Bank to Borrower, and the interest and payments thereon. Any failure to so record or any error in doing so shall not, however, limit or otherwise affect the obligation of Borrower hereunder to pay any amount owing with respect to the Obligations.

(c) Borrowing and Repayment. Borrower may from time to time during the term of the Line of Credit borrow, partially or wholly repay its outstanding borrowings (without penalty), and reborrow; provided that the total outstanding Loans shall not at any time exceed the maximum principal amount available thereunder, as set forth in Section 2.1(a). Each Borrowing shall be made upon Borrower's irrevocable notice to Bank, which may be given by telephone, no later than 11:00 a.m. on the requested date of such Borrowing. Such notice shall specify the requested date of the Borrowing (which shall be a Business Day) and the requested principal amount of such Borrowing. Delivery of such notice by Borrower shall constitute a representation by Borrower that the conditions in Section 4.2 are met as of the requested borrowing date. Except as otherwise provided herein, each Borrowing shall be in a principal amount of \$250,000 or a whole multiple of \$50,000 in excess thereof. On the Maturity Date the aggregate unpaid principal amount of all Loans outstanding on such date and all accrued and unpaid interest hereunder shall be immediately due and payable.

(d) Clean-Down. No less frequently than one time during each fiscal quarter of Borrower, immediately after Borrower shall have received the Specified Distributions, Borrower shall use the proceeds of such Specified Distributions to repay Loans, and make any other payments necessary so that the outstanding amount of Loans at such time shall be \$0.

(e) Increased Costs. If any changes in law occur that increase the cost to Bank of making or maintaining (or maintaining its ability to make) any advances hereunder or reduce the amount of any sum received or receivable by Bank hereunder (including resulting from a change in law regarding capital requirements that has or would have the effect of reducing the rate of return on Bank's capital or the capital of Bank's holding company), then upon request by Bank, Borrower will pay to Bank such additional amount or will compensate Bank for such additional costs incurred or losses suffered.

(f) Termination. Notwithstanding anything else herein to the contrary, and without limiting Section 7.2, this Agreement and Bank's obligation, if any, to make Loans to Borrower shall terminate:

- (i) immediately upon Suspension of Distributions, or if Specified Distributions are paid in a form other than cash;
- (ii) immediately upon (A) Bank ceasing to be a "Lender" under the Partners Credit Agreement or (B) all loans and other obligations under the Partners Credit Agreement are paid in full and the commitments thereunder are terminated; or
- (iii) on 24-hours' written notice (a) to Borrower by Bank (including, without limitation, any such written notice to Borrower by Bank upon any Partners Rating Downgrade) or (b) to Bank by Borrower;

if this Agreement is terminated pursuant to this Section 2.1(f), then all outstanding Loans, accrued and unpaid interest thereon, and any other outstanding Obligations hereunder shall be due and payable (x) in the case of a termination under (i), (ii) or (iii)(b) above, immediately, and (y) in the case of a termination under (iii)(a) above, within 90 days of such termination.

SECTION 2.2 INTEREST/FEES.

(a) Interest. The outstanding principal balance of each Loan shall bear interest at the Base Rate plus a margin rate of interest equal to 1.00% per annum.

(b) Computation and Payment. Interest shall be computed on the basis of a year of 365 or 366 days, as the case may be, and actual days elapsed. Interest shall accrue on each Loan for the day on which the Loan is made, and shall not accrue on a Loan, or any portion thereof, for the day on which the Loan or such portion is paid; provided that any Loan that is repaid on the same day on which it is made shall bear interest for one day. Interest shall be payable in arrears on each Interest Payment Date applicable and at such other times as may be specified herein, including under Section 2.1(f) and Section 7.2. Accrued and unpaid interest on past due amounts (including interest on past due interest) shall be due and payable upon demand. For the avoidance of doubt, Borrower's obligations to pay accrued and unpaid interest under this Section 2.2(b) shall survive any event described in Section 2.1.

(c) Default Interest. At Bank's option upon the occurrence, and during the continuance of an Event of Default, the outstanding principal balance of Loans shall bear interest at an increased rate per annum (computed on the basis of a 360-day year, actual days elapsed) equal to two percent (2%) above the rate of interest from time to time applicable hereunder. Default interest shall be payable on demand.

SECTION 2.3 COLLECTION OF PAYMENTS. Except to the extent expressly specified otherwise in any Loan Document other than this Agreement, Borrower authorizes Bank to collect all amounts due to Bank from Borrower under this Agreement or any other Loan Document (whether for principal, interest or fees, or as reimbursement of drafts paid or other payments made by Bank under any credit subject to this Agreement) by debiting any deposit account maintained by Borrower with Bank for the full amount thereof. Should there be insufficient funds in Borrower's deposit accounts with Bank to pay all such sums when due, the full amount of such deficiency shall be immediately due and payable by Borrower.

SECTION 2.4 COLLATERAL.

As security for the Obligations, Borrower shall grant to Bank security interests of first priority in Borrower's Collateral.

As security for the Obligations, Borrower shall cause each Guarantor to grant to Bank security interests of first priority in all Collateral owned by such Guarantor.

All of the foregoing shall be evidenced by and subject to the terms of the Guaranty and Collateral Agreement, financing statements, and other documents as Bank shall reasonably require, all in form and substance satisfactory to Bank. Borrower shall pay to Bank immediately upon demand the full amount of all charges, costs and expenses (to include fees paid to third parties and all allocated costs of Bank personnel), expended or incurred by Bank in connection with any of the foregoing security, including without limitation, filing and recording fees and

costs of appraisals, audits and title insurance.

SECTION 2.5 GUARANTIES. The payment and performance of the Obligations shall be guaranteed jointly and severally by each Guarantor as evidenced by and subject to the terms of the Guaranty and Collateral Agreement.

ARTICLE III
REPRESENTATIONS AND WARRANTIES

Borrower makes the following representations and warranties to Bank.

SECTION 3.1. LEGAL STATUS. Each Loan Party is: (a) a limited partnership or limited liability company, as applicable, duly organized and existing and in good standing under the laws of its state of organization, and is qualified or licensed to do business (and is in good standing as a foreign corporation, if applicable) in all jurisdictions in which such qualification or licensing is required or in which the failure to so qualify or to be so licensed could reasonably be expected to have a Material Adverse Effect; and (b) not the target of any trade or economic sanctions promulgated by the United Nations or the governments of the United States, the United Kingdom, the European Union, or any other jurisdiction in which any Loan Party is located or operates (collectively, "Sanctions").

SECTION 3.2. AUTHORIZATION AND VALIDITY. This Agreement, any Line of Credit Note and any other promissory note issued in connection with this Agreement, the Guaranty and Collateral Agreement, the Fee Letter and any control agreements (collectively, the "Loan Documents") and each contract, instrument and other document required hereby or at any time hereafter delivered to Bank in connection herewith, or other similar agreements delivered to Bank pursuant to Section 4.1 or Section 5.10, have been duly authorized, and upon their execution and delivery in accordance with the provisions hereof will constitute legal, valid and binding agreements and obligations of the Loan Parties party thereto, enforceable in accordance with their respective terms.

SECTION 3.3. NO VIOLATION. The execution, delivery and performance of each of the Loan Documents by the Loan Parties party thereto do not violate any provision of any law or regulation, or contravene any provision of the organizational and governing documents of such Loan Party, or result in any breach of or default under any contract, obligation, indenture or other instrument to which such Loan Party is a party or by which such Loan Party may be bound.

SECTION 3.4. LITIGATION. There are no pending, or to the best of Borrower's knowledge threatened, actions, claims, investigations, suits or proceedings by or before any governmental authority, arbitrator, court or administrative agency which could reasonably be expected to have a Material Adverse Effect other than those disclosed by Borrower to Bank in writing prior to the date hereof.

SECTION 3.5. CORRECTNESS OF FINANCIAL STATEMENT. The annual financial statement of Borrower and its consolidated Subsidiaries dated December 31, 2017, and all interim financial statements delivered to Bank since said date, true copies of which have been

delivered by Borrower to Bank prior to the date hereof, (a) are complete and correct and present fairly the financial condition of Borrower and its consolidated Subsidiaries, (b) disclose any material liabilities of Borrower and its consolidated Subsidiaries that are required to be reflected or reserved against under GAAP, whether liquidated or unliquidated, fixed or contingent, and (c) have been prepared in accordance with GAAP. Since the dates of such financial statements there has been no Material Adverse Effect, nor has Borrower or any of its consolidated Subsidiaries mortgaged, pledged, granted a security interest in or otherwise encumbered any of its assets or properties except in favor of Bank or as otherwise permitted by Bank in writing.

SECTION 3.6. INCOME TAX RETURNS. Borrower has no knowledge of any material pending assessments or adjustments of any Loan Party's income tax payable by such Loan Party with respect to any year.

SECTION 3.7. NO SUBORDINATION. There is no agreement, indenture, contract or instrument to which any Loan Party is a party or by which any Loan Party may be bound that requires the subordination in right of payment of any of the Obligations or any other obligation of such Loan Party.

SECTION 3.8. PERMITS, FRANCHISES. Each Loan Party possesses all permits, consents, approvals, franchises and licenses required and rights to all trademarks, trade names, patents, and fictitious names, if any, necessary to enable it to conduct the business in which it is now engaged in compliance with applicable law or in which the failure to so possess could not reasonably be expected to have a Material Adverse Effect.

SECTION 3.9. ERISA. Each Loan Party is in compliance in all material respects with all applicable provisions of the Employee Retirement Income Security Act of 1974, as amended or recodified from time to time ("ERISA"). Except as could not reasonably be expected to have a Material Adverse Effect, no Loan Party has violated any provision of any defined employee pension benefit plan (as defined in ERISA) maintained or contributed to by Borrower (each, a "Plan"); no Reportable Event as defined in ERISA has occurred and is continuing with respect to any Plan initiated by any Loan Party; each Loan Party has met its minimum funding requirements under ERISA with respect to each Plan; and each Plan will be able to fulfill its benefit obligations as they come due in accordance with the Plan documents and under GAAP.

SECTION 3.10. OTHER OBLIGATIONS. No Loan Party is in default on any obligation for borrowed money, any purchase money obligation or any other material lease, commitment, contract, instrument or obligation that could reasonably be expected to have a Material Adverse Effect. No default exists under any organization document of any Loan Party or of Partners.

SECTION 3.11. ENVIRONMENTAL MATTERS. Except as disclosed by Borrower to Bank in writing prior to the date hereof or as could not reasonably be expected to have a Material Adverse Effect, each Loan Party is in compliance in all respects with all applicable federal or state environmental, hazardous waste, health and safety statutes, and any rules or regulations adopted pursuant thereto, which govern or affect any of such Loan Party's operations and/or properties, including without limitation, the Comprehensive Environmental Response, Compensation and Liability Act of 1980, the Superfund Amendments and Reauthorization Act

of 1986, the Federal Resource Conservation and Recovery Act of 1976, and the Federal Toxic Substances Control Act, as any of the same may be amended, modified or supplemented from time to time. Except as could not reasonably be expected to have a Material Adverse Effect, none of the operations of any Loan Party is the subject of any federal or state investigation evaluating whether any remedial action involving a material expenditure is needed to respond to a release of any toxic or hazardous waste or substance into the environment. No Loan Party has any contingent liability in connection with any release of any toxic or hazardous waste or substance into the environment that could reasonably be expected to have a Material Adverse Effect.

SECTION 3.12. SOLVENCY. The Borrower, together with the Applicable Subsidiaries, on a consolidated basis are Solvent.

ARTICLE IV CONDITIONS

SECTION 4.1. CONDITIONS OF INITIAL EXTENSION OF CREDIT. The obligation of Bank to extend any credit contemplated by this Agreement is subject to the fulfillment to Bank's satisfaction of all of the following conditions:

(a) Documentation. Bank shall have received, in form and substance satisfactory to Bank, each of the following, duly executed:

- (i) This Agreement.
- (ii) A Line of Credit Note (if requested by Bank).
- (iii) The Guaranty and Collateral Agreement, duly executed by each Loan Party, together with:
 - a. the certificates, if any, representing pledged Equity Interests referred to therein accompanied by undated stock powers executed in blank;
 - b. proper financing statements in form appropriate for filing under the Uniform Commercial Code in effect in the State of New York as of the Closing Date of all jurisdictions that Bank may deem necessary or desirable in order to perfect the Liens created under the Guaranty and Collateral Agreement, covering the Collateral described in the Guaranty and Collateral Agreement;
 - c. evidence that all other action that Bank may deem necessary or desirable in order to perfect the Liens created under the Guaranty and Collateral Agreement has been taken; and
 - d. within 30 days of the Closing Date (or such longer time as Bank may agree in its sole discretion) control agreements, as required pursuant to the terms of the Guaranty and Collateral Agreement and requested

by, and in form and substance satisfactory to, Bank, duly executed by the appropriate parties, covering Collateral consisting of Deposit Accounts (as defined in the Guaranty and Collateral Agreement) described in the Guaranty and Collateral Agreement.

(iv) Such certificates of resolutions or other action, incumbency certificates and/or other certificates of Responsible Officers of each Loan Party as Bank may require evidencing the identity, authority and capacity of each Responsible Officer thereof authorized to act as a Responsible Officer in connection with this Agreement and the other Loan Documents to which such Loan Party is a party or is to be a party.

(v) Such documents and certifications as Bank may reasonably require to evidence that each Loan Party is duly organized or formed, and that each Loan Party is validly existing, in good standing and qualified to engage in business in each jurisdiction where its ownership, lease or operation of properties or the conduct of its business requires such qualification, except to the extent that failure to do so could not reasonably be expected to have a Material Adverse Effect with respect to such Loan Party.

(vi) A favorable opinion of Vinson & Elkins L.L.P., counsel to the Loan Parties, addressed to Bank, covering such matters as may be reasonably requested by Bank in connection with herewith.

(vii) A certificate of a Responsible Officer of each Loan Party either (A) attaching copies of all material consents and approvals of third parties that may be required in connection with the execution, delivery and performance by such Loan Party and the validity against such Loan Party of the Loan Documents to which it is a party, and such consents, licenses and approvals shall be in full force and effect, or (B) stating that no such material consents or approvals are so required.

(viii) A certificate signed by a Responsible Officer of Borrower certifying as of the Closing Date (A) that the conditions specified in Section 4.2(a), have been satisfied, (B) that there has been no event or circumstance since December 31, 2017, that has had or could be reasonably expected to have, either individually or in the aggregate, a Material Adverse Effect, (C) that there has been no action, suit, investigation or proceeding pending or, to the knowledge of Borrower, threatened in any court before any arbitrator or governmental authority (1) in respect of the closing of this Agreement or (2) that could reasonably be expected to have a Material Adverse Effect, (D) that Borrower does not have any Subsidiaries, other than (1) IDR Holdings, (2) Partners GP and (3) Partners and its direct and indirect Subsidiaries (E) that, after giving pro forma effect to the closing of the transactions contemplated by this Agreement, Borrower and its Applicable Subsidiaries do not have any indebtedness for borrowed money, other than with respect to the indebtedness for borrowed money permitted hereunder and (F) that Partners is in pro forma compliance with the financial covenants set forth in Section 7.11 of the Partners Credit Agreement, both immediately prior to and after giving effect to this Agreement.

(ix) one or more certificates attesting to the Solvency of the Loan Parties on a

consolidated basis, from the General Partner's chief financial officer.

(x) Such other documents as Bank may require under any other Section of this Agreement.

(b) Financial Condition. There shall have been no material adverse change, as determined by Bank, in the financial condition or business of any Loan Party hereunder, nor any material decline, as determined by Bank, in the market value of any Collateral required hereunder or a substantial or material portion of the assets of any Loan Party.

(c) Insurance. Borrower shall have delivered to Bank evidence of insurance coverage, in form, substance, amounts, covering risks and issued by companies satisfactory to Bank, and where required by Bank, with lender loss payable or additional insured endorsements, as applicable, in favor of Bank.

(d) Fees and Expenses. All fees and expenses (to the extent such expenses have been invoiced) required to be paid to Bank on or before the Closing Date under the terms of any Loan Document shall have been paid.

(e) Know Your Customer. Bank shall have received, at least five (5) Business Days prior to the Closing Date, and be reasonably satisfied in form and substance with, all documentation and other information required by bank regulatory authorities under applicable "know-your-customer" and anti-money laundering rules and regulations, including but not restricted to the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 (Title III of Pub. L. 107-56) (as amended).

SECTION 4.2. CONDITIONS OF EACH EXTENSION OF CREDIT. The obligation of Bank to make each extension of credit requested by Borrower hereunder shall be subject to the fulfillment to Bank's satisfaction of each of the following conditions:

(a) Compliance. The representations and warranties contained herein and in each of the other Loan Documents shall be 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 of the date of the signing of this Agreement and on the date of each extension of credit by Bank pursuant hereto, with the same effect as though such representations and warranties had been made on and as of each such date (except to the extent any such representations and warranties are expressly limited to an earlier date, in which case, such representations and warranties shall be 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) as of such specified earlier date), and on each such date, no Event of Default, and no condition, event or act which with the giving of notice or the passage of time or both would constitute such an Event of Default, shall have occurred and be continuing or shall exist.

(b) Documentation. Bank shall have received all additional documents which may be reasonably required in connection with such extension of credit.

(c) Payment of Fees. Bank shall have received payment in full of any fee required by

any of the Loan Documents to be paid at the time such credit extension is made.

ARTICLE V
AFFIRMATIVE COVENANTS

Borrower covenants that, until the Credit Agreement Termination, Borrower shall, and shall cause each other Loan Party to, as applicable, unless Bank otherwise consents in writing:

SECTION 5.1. PUNCTUAL PAYMENTS. Punctually pay all principal, interest, fees or other liabilities due under any of the Loan Documents at the times and place and in the manner specified therein, and immediately upon demand by Bank, the amount by which the outstanding principal balance of any credit subject hereto at any time exceeds any limitation on borrowings applicable thereto.

SECTION 5.2. ACCOUNTING RECORDS. Maintain adequate books and records in accordance with GAAP, and permit any representative of Bank, at any reasonable time, to inspect, audit and examine such books and records, to make copies of the same, and to inspect the properties of the Loan Parties.

SECTION 5.3. FINANCIAL STATEMENTS AND OTHER DELIVERIES. Provide to Bank all of the following, in form and detail satisfactory to Bank:

(a) As soon as available, but in any event within 90 days after the end of each fiscal year of Borrower, a consolidated balance sheet of Borrower and its Subsidiaries and, if different, Borrower and the Applicable Subsidiaries, in each case as at the end of such fiscal year, and the related consolidated statements of income or operations, changes in stockholders' equity, and cash flows for such fiscal year, setting forth in each case in comparative form the figures for the previous fiscal year (or in lieu of such audited financial statements of Borrower and the Applicable Subsidiaries, a detailed reconciliation, reflecting such financial information for Borrower and the Applicable Subsidiaries, on the one hand, and Borrower and its Subsidiaries, on the other hand, reflecting adjustments necessary to eliminate the accounts of Subsidiaries that are not Applicable Subsidiaries (if any) from such consolidated financial statements), all (except with respect to such reconciliation) in reasonable detail and prepared in accordance with GAAP, audited and accompanied by a report and opinion of KPMG LLP or an independent certified public accountant of nationally recognized standing reasonably acceptable to Bank, which report and opinion shall be prepared in accordance with GAAP and shall not be subject to any "going concern" or like qualification or exception or any qualification or exception as to the scope of such audit.

(b) As soon as available, but in any event within 60 days after the end of each of the first three fiscal quarters of each fiscal year of Borrower, a consolidated balance sheet of Borrower and its Subsidiaries and, if different, Borrower and the Applicable Subsidiaries, in each case as at the end of such fiscal quarter, and the related consolidated statements of income or operations, changes in stockholders' equity, and cash flows for such fiscal quarter and for the portion of Borrower's fiscal year then ended, setting forth in each case

in comparative form the figures for the corresponding fiscal quarter of the previous fiscal year and the corresponding portion of the previous fiscal year (or in lieu of such financial statements of Borrower and the Applicable Subsidiaries, a detailed reconciliation, reflecting such financial information for Borrower and the Applicable Subsidiaries, on the one hand, and Borrower and its Subsidiaries, on the other hand, reflecting adjustments necessary to eliminate the accounts of Subsidiaries that are not Applicable Subsidiaries (if any) from such consolidated financial statements), all (except with respect to such reconciliation) in reasonable detail, certified by a Responsible Officer of Borrower as fairly presenting the financial condition, results of operations, stockholders' equity and cash flows of Borrower and its Applicable Subsidiaries in accordance with GAAP, subject only to normal year-end audit adjustments and the absence of footnotes.

(c) Concurrently with the delivery thereof to the administrative agent under the Partners Credit Agreement, a duly completed Compliance Certificate (as defined in the Partners Credit Agreement).

SECTION 5.4. COMPLIANCE; PRESERVATION OF EXISTENCE. Except as could not reasonably be expected to have a Material Adverse Effect, preserve and maintain all licenses, permits, governmental approvals, rights, privileges and franchises necessary for the conduct of its business. Comply in all material respects with the provisions of all documents pursuant to which the applicable Loan Party is organized and/or which govern such Loan Party's continued existence. Except as could not reasonably be expected to have a Material Adverse Effect, comply in all material respects with the requirements of all laws, rules, regulations and orders of any jurisdiction in which the Loan Parties are located or doing business, or otherwise is applicable to the Loan Parties. Comply with the requirements of all laws, rules, regulations and orders of any jurisdiction in which the is the Loan Parties are located or doing business, or otherwise is applicable to the Loan Parties relating to: (a) all Sanctions, (b) all laws and regulations that relate to money laundering, any predicate crime to money laundering, or any financial record keeping and reporting requirements related thereto, (c) the U.S. Foreign Corrupt Practices Act of 1977, as amended, (d) the U.K. Bribery Act of 2010, as amended, and (e) any other applicable anti-bribery or anti-corruption laws and regulations.

SECTION 5.5. INSURANCE. Maintain and keep in force, for each business in which is the Loan Parties are engaged, insurance of the types and in amounts customarily carried in similar lines of business, including but not limited to fire, extended coverage, commercial general liability, and, if required, workers' compensation, with all such insurance carried in amounts reasonably satisfactory to Bank, and deliver to Bank from time to time at Bank's request schedules setting forth all insurance then in effect, together with a lender's loss payee or additional insured (as applicable) endorsement for all such insurance naming Bank as a lender loss payee or additional insured (as applicable). Such insurance may be obtained from an insurer or through an insurance agent of Borrower's choice, provided that any insurer chosen by Borrower is acceptable to Bank on such reasonable grounds as may be permitted under applicable law.

SECTION 5.6. FACILITIES. Keep all properties useful or necessary to each Loan Party's business, if any, in good repair and condition, and from time to time make necessary

repairs, renewals and replacements thereto so that such properties shall be fully and efficiently preserved and maintained.

SECTION 5.7. TAXES AND OTHER LIABILITIES. Pay and discharge when due any and all material indebtedness, obligations, assessments and taxes, both real or personal, including without limitation material federal and state income taxes and state and local property taxes and assessments, except (a) such as the applicable Loan Party may in good faith contest or as to which a bona fide dispute may arise, and (b) for which the applicable Loan Party has made provision, to Bank's satisfaction, for eventual payment thereof in the event such Loan Party is obligated to make such payment.

SECTION 5.8. LITIGATION. Promptly give notice in writing to Bank of any litigation pending or threatened in writing against any Loan Party which could reasonably be expected to have a Material Adverse Effect.

SECTION 5.9. NOTICE TO BANK. (a) Promptly (but in no event more than five (5) days after the occurrence of each such event or matter) give written notice to Bank in reasonable detail of: (i) the occurrence of any Event of Default, or any condition, event or act which with the giving of notice or the passage of time or both would constitute an Event of Default; (ii) any change in the name or the organizational structure of Borrower or the Applicable Subsidiaries; (iii) the occurrence and nature of any Reportable Event or Prohibited Transaction, each as defined in ERISA, or any funding deficiency with respect to any Plan; or (iv) any termination or cancellation of any insurance policy which Borrower is required to maintain, or any uninsured or partially uninsured loss through liability or property damage, or through fire, theft or any other cause affecting Borrower's property and (b) promptly (but in no event more than one (1) Business Day after the occurrence of such event or matter) give written notice to Bank in reasonable detail of any event described in Sections 2.1(f)(i) or (f)(ii)(B); provided that nothing in this Section 5.9(b), including, but not limited to, Borrower's failure to provide timely notice as set forth herein, shall prevent, delay or in any other way affect the immediate termination of this Agreement or Bank's obligation, if any, to make Loans to Borrower, pursuant to Sections 2.1(f)(i) or (f)(ii)(B).

SECTION 5.10. ADDITIONAL SUBSIDIARIES. Upon the formation or acquisition by any Loan Party of any new direct or indirect Subsidiary (unless such new Subsidiary is a direct or indirect Subsidiary of Partners or Partners GP), then Borrower shall, at Borrower's expense:

(a) Within 30 days (or with respect to any Additional Subsidiary that either owns (i) any Equity Interests of IDR Holdings or (ii) any incentive distribution rights owned by IDR Holdings, two (2) Business Days) or such longer period as permitted by Bank in its sole discretion after such formation or acquisition of such Subsidiary, cause such Subsidiary to duly execute and deliver to Bank a joinder to the Guaranty and Collateral Agreement, as reasonably specified by and in form and substance reasonably satisfactory to Bank, guaranteeing Borrower's obligations under the Loan Documents and securing payment of all the Obligations of such Subsidiary under the Loan Documents, and financing statements and such other documents as are necessary and desirable in Bank's sole discretion to perfect the Liens created by the Guaranty and Collateral Agreement.

(b) Within 30 days (or with respect to any Additional Subsidiary that either owns (i) any Equity Interests of IDR Holdings or (ii) any incentive distribution rights owned by IDR Holdings, two (2) Business Days) or such longer period as permitted by Bank in its sole discretion after such formation or acquisition of such Subsidiary, take such actions, or cause the applicable Loan Party to take such actions, as may be necessary to ensure a valid first priority perfected Lien over 100% of the Equity Interests of such Subsidiary held by Borrower or the applicable Loan Party and over 100% of the Equity Interests held by such Subsidiary.

(c) Within 30 days (or with respect to any Additional Subsidiary that either owns (i) any Equity Interests of IDR Holdings or (ii) any incentive distribution rights owned by IDR Holdings, two (2) Business Days) or such longer period as permitted by Bank in its sole discretion after such formation or acquisition, deliver to Bank, upon the request of Bank in its reasonable discretion, a signed copy of a favorable opinion of counsel for the Loan Parties acceptable to Bank relating to such Guaranty and Collateral Agreement and other documents as Bank may reasonably request.

(d) Within 30 days (or with respect to any Additional Subsidiary that either owns (i) any Equity Interests of IDR Holdings or (ii) any incentive distribution rights owned by IDR Holdings, two (2) Business Days) or such longer period as permitted by Bank in its sole discretion after such formation or acquisition, deliver to Bank documents of the type described in Sections 4.1(b)(v), (vi), (viii) and (ix) in form and substance reasonably acceptable to Bank.

For the avoidance of doubt, in no event will the provisions of this Section 5.10 require the granting or perfection of a security interest in any Excluded Assets.

SECTION 5.11. FURTHER ASSURANCES. Promptly upon reasonable request by Bank, (a) correct any material defect or error that may be discovered in any Loan Document or in the execution, acknowledgment, filing or recordation thereof and (b) do, execute, acknowledge, deliver, record, re-record, file, re-file, register and re-register any and all such further acts, deeds, certificates, assurances and other instruments as Bank may reasonably require from time to time in order to (i) carry out the purposes of the Loan Documents, (ii) perfect and maintain the validity, effectiveness and priority of the Guaranty and Collateral Agreement and any Liens intended to be created thereunder and (iii) assure, convey, grant, assign, transfer, preserve, protect and confirm more effectively unto Bank the rights granted or now or hereafter intended to be granted thereto under any Loan Document or under any other instrument executed in connection with any Loan Document to which any Loan Party is or is to be a party.

ARTICLE VI NEGATIVE COVENANTS

Borrower further covenants that, until the Credit Agreement Termination, Borrower will not, and will not permit any Applicable Subsidiary to, without Bank's prior written consent:

SECTION 6.1. USE OF FUNDS. Use any of the proceeds of any credit extended hereunder except for the purposes stated in Article II hereof, or directly or indirectly use any such proceeds for the purpose of (a) providing financing to, or otherwise funding, any targets of Sanctions; or (b) providing financing for, or otherwise funding, any transaction which would be prohibited by Sanctions or would otherwise cause Bank or any of Bank's affiliates to be in breach of any Sanctions.

SECTION 6.2. DEPOSIT ACCOUNTS. Subject to the time period set forth in Section 4.1(a)(iii)(d), neither the Borrower nor any other Loan Party shall hereafter establish and maintain, or otherwise deposit, allow to be deposited or hold any funds in, any deposit account, securities account or commodity account, unless it complies with the provisions (including, without limitation, the notice provisions and the control agreement requirements) regarding such accounts set forth in the Guaranty and Collateral Agreement.

SECTION 6.3. OTHER INDEBTEDNESS. Create, incur, assume or permit to exist any indebtedness or liabilities resulting from borrowings, swap agreements, loans or advances, whether secured or unsecured, matured or unmatured, liquidated or unliquidated, joint or several, except (a) the liabilities of the Loan Parties to Bank hereunder, and (b) any other liabilities of existing as of, and disclosed to Bank prior to, the Closing Date.

SECTION 6.4. MERGER, CONSOLIDATION, TRANSFER OF ASSETS. Merge into or consolidate with any other entity; make any substantial change in the nature of an Applicable Subsidiary's business as conducted as of the Closing Date; acquire all or substantially all of the assets of any other entity; sell lease, transfer or otherwise dispose of any Equity Interests (including, for the avoidance of doubt, any incentive distribution rights) owned by such Loan Party, or sell, lease, transfer or otherwise dispose of all or a substantial or material portion of any Loan Party's assets, except for (i) any sale, lease, disposition or transfer from one Loan Party to another Loan Party or any Applicable Subsidiary that contemporaneously becomes a Loan Party, (ii) a merger of any Applicable Subsidiary into any other Applicable Subsidiary, (iii) a merger of any Applicable Subsidiary into the Borrower so long as the Borrower remains the surviving entity, (iv) any sale, lease, disposition or transfer of any Excluded Assets, and (v) the making of any Restricted Payment permitted by Section 6.7.

SECTION 6.5. GUARANTIES. Guarantee or become liable in any way as surety, endorser (other than as endorser of negotiable instruments for deposit or collection in the ordinary course of business), accommodation endorser or otherwise for, nor pledge or hypothecate any assets of any Loan Party as security for, any liabilities or obligations of any other person or entity, except any of the foregoing in favor of Bank.

SECTION 6.6. LOANS, ADVANCES, INVESTMENTS. Make any loans or advances to or investments in any Person or entity, except any of the foregoing (a) existing as of, and disclosed to Bank prior to, the Closing Date, (b) made with the net cash proceeds of a substantially contemporaneous issuance of the Equity Interests of Borrower after the Closing Date, (c) any investments in or into any Applicable Subsidiary, and (d) any transaction permitted pursuant by Section 6.4.

SECTION 6.7. RESTRICTED PAYMENTS. Declare or pay any dividend or distribution either in cash, stock or any other property on the Borrower's or any Applicable Subsidiary's Equity Interests or the Series B Units, now or hereafter outstanding, nor redeem, retire, repurchase or otherwise acquire any shares of any class of the Borrower's or such Applicable Subsidiary's Equity Interests or any Series B Units, as applicable, now or hereafter outstanding (the foregoing, collectively, "Restricted Payments"); provided that (a) Borrower may make any Restricted Payments as permitted by its organizational documents, (b) Applicable Subsidiaries may make Restricted Payments to Borrower at any time, (c) IDR Holdings may make Restricted Payments to Series B Unitholders if such Restricted Payment is otherwise permitted to be made to the Series B Units under the limited liability company agreement of IDR Holdings as in effect on the Closing Date and (d) to the extent any transaction permitted by Section 6.4 clauses (i) through (iv) constitutes a Restricted Payment, the Borrower or any Applicable Subsidiary may make such Restricted Payment.

SECTION 6.8. PLEDGE OF ASSETS. Mortgage, pledge, grant or permit to exist a security interest in, or Lien upon, all or any portion of any Applicable Subsidiary's assets now owned or hereafter acquired, except for Permitted Liens and any of the foregoing in favor of Bank or which is existing as of, and disclosed to Bank in writing prior to, the Closing Date. Notwithstanding anything herein to the contrary, nothing in this Agreement shall permit any security interest in or Lien on any Equity Interest, cash, Deposit Account (as defined in the Guaranty and Collateral Agreement) or Securities Account (as defined in the Guaranty and Collateral Agreement) of Borrower or any Applicable Subsidiary, other than security interests or Liens pursuant to the Loan Documents. For the avoidance of doubt, neither Partners nor any of its Subsidiaries or Partners GP nor any of its Subsidiaries will be restricted by this Section 6.8, except that Partners GP will not mortgage, pledge, grant or permit to exist a security interest in, or Lien upon, the general partner interest in Partners, other than Liens arising by operation of law.

SECTION 6.9. AMENDMENT OF ORGANIZATIONAL DOCUMENTS. (a) Amend, terminate or otherwise modify, or permit to be amended, terminated or otherwise modified, as applicable, Borrower's, any Applicable Subsidiary's, Partners GP's or Partners' organizational documents or (b) enter into, permit to be entered into or otherwise suffer to exist any organizational document of any Applicable Subsidiary, in each case to the extent any such amendment, termination or modification, or any such organizational document, would be materially adverse to Bank, other than any such amendment, termination or modification necessary to permit or effect a transaction permitted under Section 6.4 or Section 6.6; provided that, without limitation, any such amendment, termination or modification, or any such organizational document, that (i) affects the amount of, or the ability to make, distributions to the Borrower or from or to IDR Holdings, (ii) affects what events would constitute a "Suspension of Distributions" hereunder, (iii) has an adverse effect on the validity or perfection of any Liens (or rights and remedies with respect thereto) in favor of Bank under the Loan Documents or (iv) amends the definitions of "ARMM", "ARMM Credit Agreement", "ARMM Credit Agreement Default Transfer" or "ARMM Credit Agreement Pledge Transfer" or adversely affects the Bank's rights under Sections 3.6(a), 3.6(b) 3.6(d) or 7.2(a) of the limited liability company agreement of IDR Holdings will, in each case of (i) through (iv) above, be deemed to be materially adverse to Bank.

SECTION 6.10. BURDENSOME AGREEMENTS. Enter into or permit to exist any contract, understanding or other binding agreement that limits the ability of any Subsidiary of the Borrower to make any dividend or distribution either in cash, stock or any other property on such Subsidiary's Equity Interests to the Borrower or any Applicable Subsidiary, other than (i) the Partners Credit Agreement as in existence on the Closing Date (or modifications thereto that are no more restrictive with respect to distributions or dividends than the Partners Credit Agreement as in existence of the Closing Date), (ii) the 2024 Notes Indenture as in existence on the Closing Date (or modifications thereto that are no more restrictive with respect to distributions or dividends than the 2024 Notes Indenture as in existence on the Closing Date) or (iii) similar provisions in other agreements that are no more restrictive with respect to distributions or dividends than the Partners Credit Agreement and the 2024 Notes Indenture as in existence of the Closing Date.

ARTICLE VII
EVENTS OF DEFAULT

SECTION 7.1. The occurrence of any of the following shall constitute an “Event of Default” under this Agreement:

(a) Borrower (i) shall fail to pay when due any principal payable under any of the Loan Documents and (ii) shall fail to pay any interest, fees or other amounts payable under any of the Loan Documents within three (3) days after any such amounts are due.

(b) Any financial statement or certificate furnished to Bank in connection with, or any representation or warranty made by Borrower or any other Loan Party under this Agreement or any other Loan Document shall prove to be incorrect, false or misleading in any material respect when furnished or made.

(c) (i) Borrower or any Applicable Subsidiary fails to perform or observe any term, covenant or agreement contained in any of Sections 5.1, 5.3, 5.4, 5.9, 5.10 or Article VI or (ii) any Loan Party fails to perform or observe any term, covenant or agreement (not otherwise specified herein as an “Event of Default”) contained herein or in any other Loan Document, and such failure continues for 30 days.

(d) (i) any “Event of Default” under the Partners Credit Agreement (whether or not waived or otherwise consented to by the Lenders or the Agents, as appropriate thereunder) or (ii) any default in the payment or performance of any obligation, or any defined event of default, under the terms of any contract, instrument or document (other than any of the Loan Documents) pursuant to which Borrower, any other Loan Party hereunder has incurred any debt or other liability to any person or entity, including Bank, in each case, that results in or allows for the acceleration, demand, becoming due, repurchase, prepayment, defeasance or redemption of (automatically or otherwise), or an offer to repurchase, prepay, defease or redeem, any such debt to be made, in each case prior to its stated maturity.

(e) Borrower, an Applicable Subsidiary or Partners GP shall become insolvent, or shall

suffer or consent to or apply for the appointment of a receiver, trustee, custodian or liquidator of itself or any of its property, or shall generally fail to pay its debts as they become due, or shall make a general assignment for the benefit of creditors; Borrower or an Applicable Subsidiary shall file a voluntary petition in bankruptcy, or seeking reorganization, in order to effect a plan or other arrangement with creditors or any other relief under any Debtor Relief Law, whether now or hereafter in effect; or Borrower or an Applicable Subsidiary shall file an answer admitting the jurisdiction of the court and the material allegations of any involuntary petition; or Borrower or an Applicable Subsidiary shall be adjudicated a bankrupt, or an order for relief shall be entered against Borrower or an Applicable Subsidiary by any court of competent jurisdiction under any Debtor Relief Law.

(f) The filing of a notice of judgment lien against Borrower or an Applicable Subsidiary; or the recording of any abstract or transcript of judgment against Borrower or an Applicable Subsidiary in any county or recording district in which Borrower or an Applicable Subsidiary has an interest in real property; or the service of a notice of levy and/or of a writ of attachment or execution, or other like process, against the assets of Borrower or an Applicable Subsidiary; or the entry of a judgment against Borrower or an Applicable Subsidiary; or any involuntary petition or proceeding pursuant to the any Debtor Relief Law is filed or commenced against Borrower or an Applicable Subsidiary, in each case, to the extent the same and continues undismissed or unstayed for 60 calendar days.

(g) Any Change in Control shall occur.

SECTION 7.2. REMEDIES. Upon the occurrence of any Event of Default: (a) all Obligations and any other principal, unpaid interest outstanding and other indebtedness of Borrower under each of the Loan Documents, any term thereof to the contrary notwithstanding, shall at Bank's option and without notice become immediately due and payable without presentment, demand, protest or any notices of any kind, including without limitation, notice of nonperformance, notice of protest, notice of dishonor, notice of intention to accelerate or notice of acceleration, all of which are hereby expressly waived by Borrower; (b) the obligation, if any, of Bank to extend any further credit under any of the Loan Documents shall immediately cease and terminate; and (c) Bank shall have all rights, powers and remedies available under each of the Loan Documents, or accorded by law, including without limitation the right to resort to any or all security for any credit subject hereto and to exercise any or all of the rights of a beneficiary or secured party pursuant to applicable law. All rights, powers and remedies of Bank may be exercised at any time by Bank and from time to time after the occurrence of an Event of Default, are cumulative and not exclusive, and shall be in addition to any other rights, powers or remedies provided by law or equity. Notwithstanding the foregoing or anything else herein to the contrary, upon the occurrence of an actual or deemed entry of an order for relief, or similar order, with respect to the Borrower under any Debtor Relief Law, this Agreement and the obligation, if any, of Bank to extend any further credit under any of the Loan Documents shall immediately and automatically cease and terminate, and the unpaid principal amount of all outstanding Loans, all accrued and unpaid interest thereon and other Obligations shall become immediately due and payable, in each case, without any further action of Bank.

ARTICLE VIII

MISCELLANEOUS

SECTION 8.1. NO WAIVER. No delay, failure or discontinuance of Bank in exercising any right, power or remedy under any of the Loan Documents shall affect or operate as a waiver of such right, power or remedy; nor shall any single or partial exercise of any such right, power or remedy preclude, waive or otherwise affect any other or further exercise thereof or the exercise of any other right, power or remedy. Any waiver, permit, consent or approval of any kind by Bank of any breach of or default under any of the Loan Documents must be in writing and shall be effective only to the extent set forth in such writing.

SECTION 8.2. NOTICES. All notices, requests and demands which any party is required or may desire to give to any other party under any provision of this Agreement must be in writing delivered to each party at the following address:

BORROWER: Antero Midstream GP LP
1615 Wynkoop Street
Denver, Colorado 80202
Attention: Mike Kennedy, Chief Financial Officer

BANK: WELLS FARGO BANK, NATIONAL ASSOCIATION
1700 Lincoln St.
6th Floor
Denver, CO 80203

or to such other address as any party may designate by written notice to all other parties. Each such notice, request and demand shall be deemed given or made as follows: (a) if sent by hand delivery, upon delivery; (b) if sent by mail, upon the earlier of the date of receipt or three (3) days after deposit in the U.S. mail, first class and postage prepaid; and (c) if sent by telecopy, upon receipt.

SECTION 8.3. EXPENSES; INDEMNITY AND DAMAGE WAIVER.

(a) Costs and Expenses. Borrower shall pay to Bank immediately upon demand the full amount of all reasonable and documented out-of-pocket payments, advances, charges, costs and expenses, including, to the extent permitted by applicable law (including the reasonable and documented fees, charges and expenses of counsel, which shall be limited to the reasonable and documented fees, charges and expenses of one outside counsel and one local counsel in each applicable jurisdiction, as necessary) expended or incurred by Bank in connection with (a) the negotiation and preparation of this Agreement and the other Loan Documents, Bank's continued administration hereof and thereof, and the preparation of any amendments and waivers hereto and thereto, (b) the enforcement of Bank's rights and/or the collection of any amounts which become due to Bank under any of the Loan Documents, whether or not suit is brought, and (c) the prosecution or defense of any action in any way related to any of the Loan Documents, including without limitation, any action for declaratory relief, whether incurred at the trial or appellate level, in an arbitration proceeding or otherwise, and including any of the foregoing incurred in connection with

any bankruptcy proceeding (including without limitation, any adversary proceeding, contested matter or motion brought by Bank or any other person) relating to any Loan Party or any other person or entity. Notwithstanding anything in this Agreement to the contrary, reasonable attorneys' fees shall not exceed the amount permitted by law.

(b) Indemnification by Borrower. Borrower shall indemnify Bank, Bank's affiliates and its and their partners, directors, officers, employees, representatives, agents, trustees and advisors (each such Person being called an "Indemnitee") against, and hold each Indemnitee harmless from, any and all losses, claims, damages, liabilities, penalties and related expenses (including the reasonable and documented fees, charges and expenses of counsel, which shall be limited to the reasonable and documented fees, charges and expenses of one outside counsel and one local counsel in each applicable jurisdiction, as necessary, and, in the case of an actual or perceived conflict of interest, additional conflicts counsel for any Indemnitee), incurred by any Indemnitee or asserted against any Indemnitee by any third party or by Borrower or any other Loan Party arising out of, in connection with, or as a result of (i) the execution or delivery of this Agreement, any other Loan Document or any agreement or instrument contemplated hereby or thereby, the performance by the parties hereto of their respective obligations hereunder or thereunder or the consummation of the transactions contemplated hereby or thereby, (ii) any Loan or the use or proposed use of the proceeds therefrom, (iii) any actual or alleged presence or release any toxic substance or hazardous waste on or from any property owned or operated by Borrower or any of its Subsidiaries, or any environmental liability related in any way to Borrower or any of its Subsidiaries, or (iv) any actual or prospective claim, litigation, investigation or proceeding relating to any of the foregoing, whether based on contract, tort or any other theory, whether brought by a third party or by Borrower or any other Loan Party or any of Borrower's or such Loan Party's directors, shareholders or creditors, and regardless of whether any Indemnitee is a party thereto, **IN ALL CASES, WHETHER OR NOT CAUSED BY OR ARISING, IN WHOLE OR IN PART, OUT OF THE COMPARATIVE, CONTRIBUTORY OR SOLE NEGLIGENCE OF THE INDEMNITEE** ; provided that such indemnity shall not, as to any Indemnitee, be available to the extent that such losses, claims, damages, liabilities or related expenses (x) are determined by a court of competent jurisdiction by final and nonappealable judgment to have resulted from the gross negligence or willful misconduct of such Indemnitee, or (y) are determined by a court of competent jurisdiction by final and nonappealable judgment to have resulted from a dispute among or between Indemnitees and not involving any act or omission of Borrower or any other Loan Party; provided further that payments of expenses with respect to the negotiation, preparation, due diligence, administration, syndication, closing and enforcement of any of the Loan Documents will be limited to those provided for under Section 8.3(a).

(c) Waiver of Consequential Damages, Etc. No Indemnitee shall be liable to Borrower, its affiliates or any other Person, and Borrower and its affiliates will not be liable to any Indemnitee, its affiliates or any other Person, for any claim on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) arising out of, in connection with, or as a result of, this Agreement, any other Loan Document or any agreement or instrument contemplated hereby, the transactions

contemplated hereby or thereby, any Loan or the use of the proceeds thereof; provided, that, nothing contained in this Section 8.3(c) shall limit Borrower's indemnification obligations with respect to indirect, consequential or punitive damage claims, to the extent of the indemnification provided in Section 8.3(b). No Indemnitee referred to in Section 8.3(b) above shall be liable for any damages arising from the use by unintended recipients of any information or other materials distributed to such unintended recipients by such Indemnitee through telecommunications, electronic or other information transmission systems in connection with this Agreement or the other Loan Documents or the transactions contemplated hereby or thereby other than for direct or actual damages resulting from the gross negligence or willful misconduct of such Indemnitee as determined by a final and nonappealable judgment of a court of competent jurisdiction.

(d) Payments. All amounts due under this Section 8.3 shall be payable not later than ten (10) Business Days after demand therefor.

(e) Survival. The agreements in this Section 8.3 shall survive the replacement of Bank, the termination of this Agreement and the repayment, satisfaction or discharge of all the other Obligations.

SECTION 8.4. SUCCESSORS, ASSIGNMENT. This Agreement shall be binding upon and inure to the benefit of the heirs, executors, administrators, legal representatives, successors and assigns of the parties; provided however, that (i) Borrower may not assign or transfer its interests or rights hereunder or under the other Loan Documents without the prior written consent of Bank and (ii) unless an Event of Default has occurred and is continuing, Bank may not assign or transfer its interests or rights hereunder and under the other Loan Documents without the prior written consent of Borrower. In connection with any assignment or transfer of its rights by Bank permitted hereunder, Bank may disclose all documents and information which Bank now has or may hereafter acquire relating to any credit subject hereto, Borrower or its business, any Bank Subsidiary or its business, any Guarantor hereunder or the business of such Guarantor, if any, or any Collateral required hereunder so long as any recipient of such documents or information executes an agreement agreeing to comply with the confidentiality provisions set forth in Section 8.14.

SECTION 8.5. ENTIRE AGREEMENT; AMENDMENT. To the full extent permitted by law, this Agreement and the other Loan Documents constitute the entire agreement between Borrower and Bank with respect to the subject matter hereof and thereof, and supersede all prior negotiations, communications, discussions and correspondence concerning the subject matter hereof and thereof. **THIS DOCUMENT AND ALL OTHER DOCUMENTS RELATING TO THE INDEBTEDNESS CONSTITUTE A WRITTEN LOAN AGREEMENT WHICH REPRESENTS THE ENTIRE AND FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES RELATING TO THE INDEBTEDNESS.** This Agreement may be amended or modified only in writing signed by each party hereto.

SECTION 8.6. NO THIRD PARTY BENEFICIARIES. This Agreement is made and entered into for the sole protection and benefit of the parties hereto and their respective permitted successors and assigns, and no other person or entity shall be a third party beneficiary of, or have any direct or indirect cause of action or claim in connection with, this Agreement or any other of the Loan Documents to which it is not a party.

SECTION 8.7. TIME. Time is of the essence of each and every provision of this Agreement and each other of the Loan Documents.

SECTION 8.8. SEVERABILITY OF PROVISIONS. If any provision of this Agreement shall be prohibited by or invalid under applicable law, such provision shall be ineffective only to the extent of such prohibition or invalidity without invalidating the remainder of such provision or any remaining provisions of this Agreement.

SECTION 8.9. COUNTERPARTS. This Agreement may be executed in any number of counterparts, each of which when executed and delivered shall be deemed to be an original, and all of which when taken together shall constitute one and the same Agreement. Delivery of an executed counterpart of a signature page of this Agreement by telecopy or other electronic imaging means shall be effective as delivery of a manually executed counterpart of this Agreement

SECTION 8.10. GOVERNING LAW; JURISDICTION; ETC.

(a) GOVERNING LAW. THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK.

(b) SUBMISSION TO JURISDICTION. EACH OF THE PARTIES TO THIS AGREEMENT IRREVOCABLY AND UNCONDITIONALLY SUBMITS, FOR ITSELF AND ITS PROPERTY, TO THE NONEXCLUSIVE JURISDICTION OF THE COURTS OF THE STATE OF NEW YORK SITTING IN NEW YORK COUNTY AND OF THE UNITED STATES DISTRICT COURT OF THE SOUTHERN DISTRICT OF NEW YORK, AND ANY APPELLATE COURT FROM ANY THEREOF, IN ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT, OR FOR RECOGNITION OR ENFORCEMENT OF ANY JUDGMENT, AND EACH OF THE PARTIES HERETO IRREVOCABLY AND UNCONDITIONALLY AGREES THAT ALL CLAIMS IN RESPECT OF ANY SUCH ACTION OR PROCEEDING MAY BE HEARD AND DETERMINED IN SUCH NEW YORK STATE COURT OR, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, IN SUCH FEDERAL COURT. EACH OF THE PARTIES HERETO AGREES THAT A FINAL JUDGMENT IN ANY SUCH ACTION OR PROCEEDING SHALL BE CONCLUSIVE AND MAY BE ENFORCED IN OTHER JURISDICTIONS BY SUIT ON THE JUDGMENT OR IN ANY OTHER MANNER PROVIDED BY LAW. NOTHING IN THIS AGREEMENT OR IN ANY OTHER LOAN DOCUMENT SHALL AFFECT ANY RIGHT THAT ANY PARTY HERETO MAY OTHERWISE HAVE TO BRING ANY ACTION OR

PROCEEDING RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT IN THE COURTS OF ANY JURISDICTION.

(c) WAIVER OF VENUE. EACH OF THE PARTIES TO THIS AGREEMENT IRREVOCABLY AND UNCONDITIONALLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY OBJECTION THAT IT MAY NOW OR HEREAFTER HAVE TO THE LAYING OF VENUE OF ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT IN ANY COURT REFERRED TO IN PARAGRAPH (B) OF THIS SECTION. EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, THE DEFENSE OF AN INCONVENIENT FORUM TO THE MAINTENANCE OF SUCH ACTION OR PROCEEDING IN ANY SUCH COURT.

(d) SERVICE OF PROCESS. TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, EACH PARTY HERETO IRREVOCABLY CONSENTS TO SERVICE OF PROCESS IN THE MANNER PROVIDED FOR NOTICES IN SECTION 8.2. NOTHING IN THIS AGREEMENT WILL AFFECT THE RIGHT OF ANY PARTY HERETO TO SERVE PROCESS IN ANY OTHER MANNER PERMITTED BY APPLICABLE LAW.

SECTION 8.11. WAIVER OF JURY TRIAL. EACH PARTY HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PERSON HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PERSON WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.

SECTION 8.12. BUSINESS PURPOSE. Borrower represents and warrants that each Borrowing hereunder shall be made for (a) a business, commercial, investment, agricultural or other similar purpose, (b) the purpose of acquiring or carrying on a business, professional or commercial activity, or (c) the purpose of acquiring any real or personal property as an investment and not primarily for a personal, family or household use.

SECTION 8.13. RIGHT OF SETOFF; DEPOSIT ACCOUNTS. Upon and after the occurrence of an Event of Default, (a) Borrower hereby authorizes Bank, at any time and from time to time, without notice, which is hereby expressly waived by Borrower, and whether or not Bank shall have declared any credit subject hereto to be due and payable in accordance with the

terms hereof, to set off against, and to appropriate and apply to the payment of, Borrower's obligations and liabilities under the Loan Documents (whether matured or unmatured, fixed or contingent, liquidated or unliquidated), any and all amounts owing by Bank to Borrower (whether payable in U.S. dollars or any other currency, whether matured or unmatured, and in the case of deposits, whether general or special (except trust and escrow accounts), time or demand and however evidenced), and (b) pending any such action, to the extent necessary, to hold such amounts as collateral to secure such obligations and liabilities and to return as unpaid for insufficient funds any and all checks and other items drawn against any deposits so held as Bank, in its sole discretion, may elect. Bank may exercise this remedy regardless of the adequacy of any collateral for the obligations of Borrower to Bank and whether or not Bank is otherwise fully secured. Borrower hereby grants to Bank a security interest in all deposits and accounts maintained with Bank to secure the payment of all obligations and liabilities of Borrower to Bank under the Loan Documents.

A. SECTION 8.14. TREATMENT OF CERTAIN INFORMATION; CONFIDENTIALITY. Bank agrees to maintain the confidentiality of the Information (as defined below), except that Information may be disclosed (a) to its affiliates and to its affiliates' respective partners, directors, officers, employees, agents, trustees, advisors and representatives (it being understood that the Persons to whom such disclosure is made will be informed of the confidential nature of such Information and instructed to keep such Information confidential), (b) to the extent requested by any regulatory authority purporting to have jurisdiction over it (including any self-regulatory authority, such as the National Association of Insurance Commissioners), (c) to the extent required by applicable laws or regulations or by any subpoena or by any order of any court or administrative agency or in any pending legal or administrative proceeding or similar legal process, (d) to any other party hereto, (e) in connection with the exercise of any remedies hereunder or under any other Loan Document or any action or proceeding relating to this Agreement or any other Loan Document or the enforcement of rights hereunder or thereunder, (f) with the consent of the Borrower, (g) to the extent requested by any Person providing insurance to Bank relating to the Borrower and its obligations hereunder (it being understood that the Persons to whom such disclosure is made will be informed of the confidential nature of such Information and instructed to keep such Information confidential), (h) to the extent such Information (i) becomes publicly available other than as a result of a breach of this Section 8.14 or (ii) becomes available to Bank or any of its respective affiliates on a nonconfidential basis from a source other than the Borrower or any of its affiliates, which source is not to the knowledge of Bank or any of its respective affiliates in breach of any confidentiality obligations owing to the Borrower or any of its affiliates with respect to such Information, or (iii) to the extent needed to obtain a Committee on Uniform Securities Identification Procedures (CUSIP) number.

For purposes of this Section, "Information" means all information received from the Borrower or any Subsidiary or affiliate thereof relating to the Borrower or any Subsidiary thereof or their respective businesses, other than any such information that is available to Bank on a nonconfidential basis prior to disclosure by the Borrower or any Subsidiary or affiliate thereof from a source that is not to the knowledge of Bank or any of its affiliates in breach of any confidentiality obligations owing to the Borrower or any Subsidiary or affiliate thereof with respect to such Information, provided that, in the case of information received from the Borrower

or any Subsidiary or affiliate thereof after the date hereof, such information is clearly identified at the time of delivery as confidential. Any Person required to maintain the confidentiality of Information as provided in this Section 8.14 shall be considered to have complied with its obligation to do so if such Person has exercised the same degree of care to maintain the confidentiality of such Information as such Person would accord to its own confidential information.

Bank acknowledges that (a) the Information may include material non-public information concerning the Borrower or a Subsidiary, as the case may be, (b) it has developed compliance procedures regarding the use of material non-public information and (c) it will handle such material non-public information in accordance with applicable law, including United States federal and state securities laws.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the date first above written.

ANTERO MIDSTREAM GP LP

By: AMGP GP LLC, its general partner

By: /s/ Alvyn A. Schopp

Name: Alvyn A. Schopp

Title: Chief Administrative Officer, Regional
Senior Vice President and Treasurer

Signature Page to Credit Agreement

WELLS FARGO BANK, NATIONAL
ASSOCIATION,
as Bank

By: /s/ Oleg Kogan

Name: Oleg Kogan

Title: Director

Signature Page to Credit Agreement

FORM OF LINE OF CREDIT NOTE
(this "Note")

\$12,000,000.00

May 9, 2018

FOR VALUE RECEIVED, the undersigned (the "Borrower"), hereby promises to pay to Wells Fargo Bank, National Association (the "Lender"), on the Maturity Date (as defined in the Agreement referred to below) the principal amount of Twelve Million and No/100 Dollars] (\$12,000,000.00), or such lesser principal amount of Loans (as defined in such Agreement) due and payable by the Borrower to the Lender on the Maturity Date under that certain Credit Agreement, dated as of May 9, 2018 (as amended, amended and restated, extended, supplemented or otherwise modified in writing from time to time, the "Agreement," the terms defined therein being used herein as therein defined), among the Borrower and Wells Fargo Bank, National Association, as Bank.

The Borrower promises to pay interest on the unpaid principal amount of each Loan from the date of such Loan until such principal amount is paid in full, at such interest rates, and at such times as are specified in the Agreement. All payments of principal of and interest on this Note shall be made to the Lender in Dollars in immediately available funds. If any amount is not paid in full when due hereunder, such unpaid amount shall bear interest, to be paid upon demand, from the due date thereof until the date of actual payment (and before as well as after judgment) computed at the per annum rate set forth in the Agreement.

This Note is one of the Line of Credit Notes referred to in the Agreement, is entitled to the benefits thereof and is subject to optional and mandatory prepayment in whole or in part as provided therein. This Note is also entitled to the benefits of the Guaranty (as defined in the Guaranty and Collateral Agreement) and is secured by the Collateral. Upon the occurrence and continuance of one or more of the Events of Default specified in the Agreement, all amounts then remaining unpaid on this Note shall become, or may be declared to be, immediately due and payable all as provided in the Agreement. The Loans made by the Lender shall be evidenced by one or more loan accounts or records maintained by the Lender in the ordinary course of business. The Lender may also attach schedules to this Note with respect to the date, amount and maturity of its Loans and payments with respect thereto.

The Borrower, for itself, its successors and assigns, hereby waives diligence, presentment, protest and demand and, except for notices for which provision is expressly made in the Loan Documents, notice of protest, demand, intent to accelerate, acceleration, dishonor and non-payment of this Note.

Exhibit A
Form of Note

THIS NOTE SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK.

ANTERO MIDSTREAM GP LP

By: AMGP GP LLC, its general partner

By: _____

Name: _____

Title: _____

Exhibit A
Form of Note

LOANS AND PAYMENTS WITH RESPECT THERETO

Date	Type of Loan Made	Amount of Loan Made	End of Interest Period	Amount of Principal or Interest Paid This Date	Outstanding Principal Balance This Date	Notation Made By

Exhibit A
Form of Note

**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 GP LP, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2018 of Antero Midstream GP 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)) 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. 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
 - c. 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: August 1, 2018

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

**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 GP LP, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2018 of Antero Midstream GP 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)) 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. 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
 - c. 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: August 1, 2018

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

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

In connection with this Quarterly Report on Form 10-Q of Antero Midstream GP LP for the quarter ended June 30, 2018, I, Paul M. Rady, Chief Executive Officer of Antero Midstream GP 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 June 30, 2018 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 June 30, 2018 fairly presents, in all material respects, the financial condition and results of operations of Antero Midstream GP LP for the periods presented therein.

Date: August 1, 2018

/s/ Paul M. Rady

Paul M. Rady

Chief Executive Officer

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

In connection with this Quarterly Report on Form 10-Q of Antero Midstream GP LP for the quarter ended June 30, 2018, I, Michael N. Kennedy, Chief Financial Officer of Antero Midstream GP 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 June 30, 2018 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 June 30, 2018 fairly presents, in all material respects, the financial condition and results of operations of Antero Midstream GP LP for the periods presented therein.

Date: August 1, 2018

/s/ Michael N. Kennedy

Michael N. Kennedy
Chief Financial Officer

**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 **June 30, 2018**

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, smaller reporting company, or emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

(Do not check if a smaller reporting company)

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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

The registrant had 187,045,499 common units outstanding as of July 27, 2018.

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CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

Some of the information in this Quarterly Report on Form 10-Q 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 Quarterly Report on Form 10-Q. 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 expected production and ability to meet its drilling and development plan;
- our ability to execute our business strategy;
- costs and outcomes associated with the ongoing review of potential transactions by the special committee of the board of directors of our general partner as described herein;
- our ability to realize the anticipated benefits of our investments in unconsolidated affiliates;
- 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 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 contained in this Quarterly Report on 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, incidental to our 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 flows and access to capital, the timing of development expenditures, conflicts of interest among holders of our common units, and the other risks described under the heading “Item 1A. Risk Factors” in our Annual Report on Form 10-K for the year ended December 31, 2017 (the “2017 Form 10-K”) on file with the Securities and Exchange Commission (“SEC”).

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 Quarterly Report on Form 10-Q.

PART I—FINANCIAL INFORMATION
ANTERO MIDSTREAM PARTNERS LP
 Condensed Consolidated Balance Sheets
 December 31, 2017 and June 30, 2018
 (Unaudited)
 (In thousands)

	<u>December 31,</u> <u>2017</u>	<u>June 30,</u> <u>2018</u>
Assets		
Current assets:		
Cash and cash equivalents	\$ 8,363	19,525
Accounts receivable—Antero Resources	110,182	114,072
Accounts receivable—third party	1,170	12,222
Prepaid expenses	670	539
Total current assets	<u>120,385</u>	<u>146,358</u>
Property and equipment, net	2,605,602	2,770,311
Investments in unconsolidated affiliates	303,302	358,830
Other assets, net	12,920	20,730
Total assets	<u>\$ 3,042,209</u>	<u>3,296,229</u>
Liabilities and Partners' Capital		
Current liabilities:		
Accounts payable—Antero Resources	\$ 6,459	3,856
Accounts payable—third party	8,642	18,754
Accrued liabilities	106,006	89,182
Other current liabilities	209	213
Total current liabilities	<u>121,316</u>	<u>112,005</u>
Long-term liabilities:		
Long-term debt	1,196,000	1,411,566
Contingent acquisition consideration	208,014	215,835
Asset retirement obligations	—	3,114
Other	410	2,576
Total liabilities	<u>1,525,740</u>	<u>1,745,096</u>
Partners' capital:		
Common unitholders - public (88,059 and 88,164 units issued and outstanding at December 31, 2017 and June 30, 2018, respectively)	1,708,379	1,722,315
Common unitholder - Antero Resources (98,870 units issued and outstanding at December 31, 2017 and June 30, 2018)	(215,682)	(204,319)
General partner	23,772	33,137
Total partners' capital	<u>1,516,469</u>	<u>1,551,133</u>
Total liabilities and partners' capital	<u>\$ 3,042,209</u>	<u>3,296,229</u>

See accompanying notes to condensed consolidated financial statements.

ANTERO MIDSTREAM PARTNERS LP

Condensed Consolidated Statements of Operations and Comprehensive Income

Three Months Ended June 30, 2017 and 2018

(Unaudited)

(In thousands, except per unit amounts)

	Three Months Ended June 30,	
	2017	2018
Revenue:		
Gathering and compression—Antero Resources	\$ 98,633	118,136
Water handling and treatment—Antero Resources	95,004	132,231
Gathering and compression—third party	129	—
Water handling and treatment—third party	—	25
Gain on sale of assets—Antero Resources	—	583
Total revenue	<u>193,766</u>	<u>250,975</u>
Operating expenses:		
Direct operating	52,308	75,623
General and administrative (including \$6,951 and \$5,867 of equity-based compensation in 2017 and 2018, respectively)	14,789	15,494
Impairment of property and equipment	—	4,614
Depreciation	30,512	36,433
Accretion of contingent acquisition consideration	3,590	3,947
Accretion of asset retirement obligations	—	34
Total operating expenses	<u>101,199</u>	<u>136,145</u>
Operating income	<u>92,567</u>	<u>114,830</u>
Interest expense, net	(9,015)	(14,628)
Equity in earnings of unconsolidated affiliates	3,623	9,264
Net income and comprehensive income	87,175	109,466
Net income attributable to incentive distribution rights	(15,328)	(33,145)
Limited partners' interest in net income	<u>\$ 71,847</u>	<u>76,321</u>
Net income per limited partner unit - basic and diluted	\$ 0.39	0.41
Weighted average limited partner units outstanding - basic	186,065	187,018
Weighted average limited partner units outstanding - diluted	186,533	187,318

See accompanying notes to condensed consolidated financial statements.

ANTERO MIDSTREAM PARTNERS LP

Condensed Consolidated Statements of Operations and Comprehensive Income

Six Months Ended June 30, 2017 and 2018

(Unaudited)

(In thousands, except per unit amounts)

	Six Months Ended June 30,	
	2017	2018
Revenue:		
Gathering and compression—Antero Resources	\$ 190,157	226,313
Water handling and treatment—Antero Resources	178,115	253,120
Gathering and compression—third party	264	—
Water handling and treatment—third party	—	550
Gain on sale of assets—Antero Resources	—	583
Total revenue	<u>368,536</u>	<u>480,566</u>
Operating expenses:		
Direct operating	99,862	142,879
General and administrative (including \$13,237 and \$12,078 of equity-based compensation in 2017 and 2018, respectively)	29,246	29,949
Impairment of property and equipment	—	4,614
Depreciation	58,048	68,865
Accretion of contingent acquisition consideration	7,116	7,821
Accretion of asset retirement obligations	—	68
Total operating expenses	<u>194,272</u>	<u>254,196</u>
Operating income	<u>174,264</u>	<u>226,370</u>
Interest expense, net	(17,851)	(25,925)
Equity in earnings of unconsolidated affiliates	5,854	17,126
Net income and comprehensive income	<u>162,267</u>	<u>217,571</u>
Net income attributable to incentive distribution rights	(26,881)	(61,598)
Limited partners' interest in net income	<u>\$ 135,386</u>	<u>155,973</u>
Net income per limited partner unit - basic and diluted	\$ 0.73	0.83
Weighted average limited partner units outstanding - basic	184,558	186,976
Weighted average limited partner units outstanding - diluted	185,002	187,242

See accompanying notes to condensed consolidated financial statements.

ANTERO MIDSTREAM PARTNERS LP

Condensed Consolidated Statements of Partners' Capital

Six Months Ended June 30, 2018

(Unaudited)

(In thousands)

	Limited Partners			
	Common Unitholders Public	Common Unitholder Antero Resources	General Partner	Total Partners' Capital
Balance at December 31, 2017	\$ 1,708,379	(215,682)	23,772	1,516,469
Net income and comprehensive income	73,489	82,484	61,598	217,571
Distributions to unitholders	(66,790)	(74,647)	(52,233)	(193,670)
Equity-based compensation	4,495	7,583	—	12,078
Issuance of common units upon vesting of equity-based compensation awards, net of units withheld for income taxes	2,739	(4,057)	—	(1,318)
Other	3	—	—	3
Balance at June 30, 2018	<u>\$ 1,722,315</u>	<u>(204,319)</u>	<u>33,137</u>	<u>1,551,133</u>

See accompanying notes to condensed consolidated financial statements.

ANTERO MIDSTREAM PARTNERS LP
Condensed Consolidated Statements of Cash Flows
Six Months Ended June 30, 2017 and 2018
(Unaudited)
(In thousands)

	Six Months Ended June 30,	
	2017	2018
Cash flows provided by (used in) operating activities:		
Net income	\$ 162,267	217,571
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	58,048	68,865
Accretion of contingent acquisition consideration	7,116	7,821
Accretion of asset retirement obligations	—	68
Impairment of property and equipment	—	4,614
Equity-based compensation	13,237	12,078
Equity in earnings of unconsolidated affiliates	(5,854)	(17,126)
Distributions from unconsolidated affiliates	5,820	17,895
Amortization of deferred financing costs	1,267	1,385
Gain on sale of assets—Antero Resources	—	(583)
Changes in assets and liabilities:		
Accounts receivable—Antero Resources	(14,923)	(2,147)
Accounts receivable—third party	3	(36)
Prepaid expenses	235	131
Accounts payable—Antero Resources	(204)	(1,912)
Accounts payable—third party	(523)	1,856
Accrued liabilities	8,449	1,951
Net cash provided by operating activities	<u>234,938</u>	<u>312,431</u>
Cash flows used in investing activities:		
Additions to gathering systems and facilities	(155,365)	(206,753)
Additions to water handling and treatment systems	(95,451)	(49,054)
Investments in unconsolidated affiliates	(191,364)	(56,297)
Change in other assets	(4,804)	(9,077)
Net cash used in investing activities	<u>(446,984)</u>	<u>(321,181)</u>
Cash flows provided by (used in) financing activities:		
Distributions to unitholders	(125,014)	(193,670)
Borrowings on bank credit facilities, net	95,000	215,000
Issuance of common units, net of offering costs	246,585	—
Employee tax withholding for settlement of equity compensation awards	(932)	(1,318)
Other	(102)	(100)
Net cash provided by financing activities	<u>215,537</u>	<u>19,912</u>
Net increase in cash and cash equivalents	3,491	11,162
Cash and cash equivalents, beginning of period	14,042	8,363
Cash and cash equivalents, end of period	<u>\$ 17,533</u>	<u>19,525</u>
Supplemental disclosure of cash flow information:		
Cash paid during the period for interest	\$ 21,976	28,618
Increase (decrease) in accrued capital expenditures and accounts payable for property and equipment	\$ 5,627	(11,209)

See accompanying notes to condensed consolidated financial statements.

ANTERO MIDSTREAM PARTNERS LP

Notes to Condensed Consolidated Financial Statements

December 31, 2017 and June 30, 2018

(1) Business and Organization

Antero Midstream Partners LP (the “Partnership”) is a growth-oriented master limited partnership formed by Antero Resources Corporation (“Antero Resources”) to own, operate and develop midstream energy infrastructure primarily to service Antero Resources’ increasing production and completion activity in the Appalachian Basin’s Marcellus Shale and Utica Shale located in West Virginia and Ohio. The Partnership’s assets consist of gathering pipelines, compressor stations, interests in processing and fractionation plants, and water handling and treatment assets, through which the Partnership and its affiliates provide midstream services to Antero Resources under long-term, fixed-fee contracts. The Partnership’s condensed consolidated financial statements as of June 30, 2018 include the accounts of the Partnership and its 100% owned operating subsidiaries: Antero Midstream LLC, 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.

The Partnership also has a 15% equity interest in the gathering system of Stonewall Gas Gathering LLC (“Stonewall”) and a 50% equity interest in a joint venture to develop processing and fractionation assets (the “Joint Venture”) with MarkWest Energy Partners, L.P. (“MarkWest”). See Note 13—Equity Method Investments.

The Partnership’s financial statements are consolidated with the financial statements of Antero Resources (NYSE: AR), our primary beneficiary, for financial reporting purposes.

(2) Summary of Significant Accounting Policies

(a) Basis of Presentation

These condensed consolidated financial statements have been prepared pursuant to the rules and regulations of the U.S. Securities and Exchange Commission (the “SEC”) applicable to interim financial information and should be read in the context of the December 31, 2017 consolidated financial statements and notes thereto for a more complete understanding of the Partnership’s operations, financial position, and accounting policies. The December 31, 2017 consolidated financial statements have been filed with the SEC in the Partnership’s 2017 Form 10-K.

These unaudited condensed 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 unaudited condensed consolidated financial 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, 2017 and June 30, 2018, and the results of our operations for three and six months ended June 30, 2017 and 2018, and its cash flows for the six months ended June 30, 2017 and 2018. The Partnership has no items of other comprehensive income; therefore, its net income is equal to its comprehensive income.

Certain costs of doing business incurred by Antero Resources on our behalf have been reflected in the accompanying condensed consolidated financial statements. These costs include general and administrative expenses attributed to us by Antero Resources 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 Resources have been identified in the condensed consolidated financial statements (see Note 3—Transactions with Affiliates).

As of the date these condensed consolidated financial statements were filed with the SEC, we completed our 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 9—Partnership Equity and Distributions.

ANTERO MIDSTREAM PARTNERS LP

Notes to Condensed Consolidated Financial Statements

December 31, 2017 and June 30, 2018

(b) Revenue Recognition

We provide gathering and compression and water handling and treatment services under fee-based contracts primarily based on throughput or at 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 gathering, the volumes of metered oil that we gather and deliver to other transmission delivery points, (3) in the case of fresh water services, the quantities of fresh water delivered to our customers for use in their well completion operations, (4) in the case of wastewater treatment services performed by us, the quantities of wastewater treated for our customers, or (5) in the case of flowback and produced water services provided by third parties, the third party costs we incur plus 3%. We recognize revenue when we satisfy a performance obligation by delivering a service to a customer.

(c) Use of Estimates

The preparation of the condensed 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

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, fresh water delivery pipelines and facilities, and our wastewater treatment facility and related landfill used for the disposal of waste therefrom, stated at historical cost less accumulated depreciation and amortization. We capitalize construction-related direct labor and material costs. We also capitalized interest on capital costs during the construction phase of the water treatment facility, which was placed in service in May 2018. We capitalized interest of \$3 million and \$1 million for the three months ended June 30, 2017 and 2018, respectively, and \$6 million and \$4 million for the six months ended June 30, 2017 and 2018, respectively. Net operating expenses incurred during commissioning were capitalized. Maintenance and repair costs are expensed as incurred.

Depreciation of property and equipment 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.

Amortization of landfill airspace consists of the amortization of landfill capital costs, including those that have been incurred and capitalized and estimated future costs for landfill development and construction, as well as the amortization of asset retirement costs arising from landfill final capping, closure, and post-closure obligations. Amortization expense is recorded on a units-of-consumption basis, applying cost as a rate per-cubic yard. The rate per-cubic yard is calculated by dividing each component of the amortizable basis of the landfill by the number of cubic yards needed to fill the corresponding asset's airspace. Landfill capital costs and closure and post-closure asset retirement costs are generally incurred to support the operation of the landfill over its entire operating life and are, therefore, amortized on a per-cubic yard basis using a landfill's total airspace capacity. Estimates of disposal capacity and future development costs are created using input from independent engineers and internal technical teams and are reviewed at least annually. However, subsequent events could cause a change in estimates, thereby impacting future amortization amounts.

ANTERO MIDSTREAM PARTNERS LP

Notes to Condensed Consolidated Financial Statements

December 31, 2017 and June 30, 2018

Our investment in property and equipment as of the dates presented was as follows (in thousands):

	Estimated useful lives	December 31, 2017	June 30, 2018
Land	n/a	\$ 15,382	17,060
Fresh water surface pipelines and equipment	5 years	46,139	60,866
Above ground storage tanks	10 years	4,301	4,824
Fresh water permanent buried pipelines and equipment	20 years	472,810	505,900
Gathering systems and facilities	20 years	1,781,386	1,949,928
Wastewater treatment facility	30 years	—	302,902
Landfill	n/a ⁽¹⁾	—	52,560
Heavy trucks and equipment	5 years	—	4,831
Construction-in-progress ⁽²⁾	n/a	654,904	309,625
Total property and equipment		2,974,922	3,208,496
Less accumulated depreciation		(369,320)	(438,185)
Property and equipment, net		<u>\$ 2,605,602</u>	<u>2,770,311</u>

(1) Amortization of landfill costs is recorded over the life of the landfill on a units-of-consumption basis.

(2) As of December 31, 2017, construction-in-progress included \$355 million for the construction of the wastewater treatment facility and landfill, which was placed in service in May 2018.

(f) Asset Retirement Obligations

In December 2017, we completed the construction of a landfill site to be used for the disposal of waste from our wastewater treatment facility. The landfill began accepting waste in January 2018. Our asset retirement obligations relate to our obligation to close, maintain, and monitor landfill cells and support facilities. After an entire landfill has reached capacity and is certified closed, we must continue to maintain and monitor the landfill for a post-closure period, which generally extends 30 years. We record the fair value of our landfill retirement obligations as a liability in the period in which the regulatory obligation to retire a specific asset is triggered. For our individual landfill cells, the required closure and post-closure obligations under the terms of our permits and our intended operation of the landfill cell are triggered and recorded when the cell is placed into service and waste is initially disposed in the landfill cell. The fair value is based on the total estimated costs to close the landfill cell and perform post-closure activities once the landfill cell has reached capacity and is no longer accepting waste. Retirement obligations are increased each year to reflect the passage of time by accreting the balance at the weighted average credit-adjusted risk-free rate that is used to calculate the recorded liability, with accretion charged to direct costs. Actual cash expenditures to perform closure and post-closure activities reduce the retirement obligation liabilities as incurred. After initial measurement, asset retirement obligations are adjusted at the end of each period to reflect changes, if any, in the estimated future cash flows underlying the obligation. Landfill retirement assets are capitalized as the related retirement obligations are incurred, and are amortized on a units-of-consumption basis as the disposal capacity is consumed.

We are under no legal obligations, neither contractually nor under the doctrine of promissory estoppel, to restore or dismantle our gathering pipelines, compressor stations, water delivery pipelines and facilities and water treatment facility upon abandonment. Our gathering pipelines, compressor stations, fresh water delivery pipelines and facilities and water treatment facility have an indeterminate life, if properly maintained. Accordingly, 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. It has been determined by our operational management team that abandoning all other ancillary equipment, outside of the assets stated above, would require minimal costs.

(g) Equity-Based Compensation

Our condensed consolidated financial statements reflect various equity-based compensation awards granted by Antero Resources, 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. In each period, we recognize expense in an amount allocated from Antero

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Resources, with the offset included in partners' capital. See Note 3—Transactions with Affiliates for additional information regarding Antero Resources' allocation of expenses to us.

Under the Antero Midstream Partners LP Long-Term Incentive Plan ("Midstream LTIP"), 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 Resources. Antero Resources recognizes compensation expense for the units awarded to its employees and a portion of that expense is allocated to us. See Note 8—Equity-Based Compensation.

(h) Income Taxes

Our condensed 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 distributive share of our items of income, gain, loss, or deduction.

(i) Fair Value Measures

The Financial Accounting Standards Board (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 Resources, accounts receivable—third party, prepaid expenses, other assets, accounts payable, accounts payable—Antero Resources, accrued liabilities, other current liabilities, other liabilities and the revolving credit facility approximate fair values due to their short-term maturities.

(j) Investments in Unconsolidated Affiliates

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 13—Equity Method Investments.

(k) Adoption of New Accounting Principle

On May 28, 2014, the FASB issued Accounting Standards Update ("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 replaces most existing revenue recognition guidance in GAAP when it became effective and was incorporated into GAAP as Accounting Standards Codification ("ASC") Topic 606. The new standard became effective for us on January 1, 2018. The standard permits the use of either the full retrospective or modified restrospective transition method. The

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Partnership elected the modified retrospective transition method. The adoption of ASU 2014-09 did not have a material impact on our financial results. See Note 4—Revenue for the Partnership's required disclosures under ASC 606.

(1) Recently Issued Accounting Standard

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 us on January 1, 2019. Although early application is permitted, we do not plan to early adopt the ASU. The standard requires the use of the modified retrospective transition method. We are evaluating the effect that ASU 2016-02 will have on our consolidated financial statements and related disclosures. We are evaluating the standard's applicability to our various contractual arrangements with Antero Resources, and we believe that the application of the ASU to our contractual arrangements with Antero Resources could be subject to differing interpretations. The accounting treatment for these arrangements under the ASU could include (i) the recognition of our Antero contracts as leases under the ASU, (ii) characterization of our servicing revenues from gathering, compression, and water handling and treatment as revenues from leasing or financing, and (iii) derecognition of assets on our balance sheet that are used to provide services under contracts containing variable payment terms. Other interpretations and applications of the standard may be possible, including no material changes to the accounting for these contractual arrangements. We continue to monitor relevant industry guidance regarding implementation of ASU 2016-02 and will adjust our implementation of the standard as necessary. We believe that adoption of the standard will not impact our operational strategies, growth prospects, or cash flow.

(3) Transactions with Affiliates

(a) Revenues

All revenues earned in the three and six months ended June 30, 2017 and 2018, except revenues earned from third parties, were earned from Antero Resources, under various agreements for gathering and compression and water handling and treatment services.

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

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

(c) Allocation of Costs

The employees supporting our operations are employees of Antero Resources. Direct operating expense includes allocated costs of \$1.2 million and \$1.9 million during the three months ended June 30, 2017 and 2018, and \$2.4 million and \$3.6 million during the six months ended June 30, 2017 and 2018 respectively, related to labor charges for Antero Resources 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 \$13.8 million and \$14.0 million during the three months ended June 30, 2017 and 2018, respectively, and \$26.8 million and \$27.2 million during the six months ended June 30, 2017 and 2018, 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 8—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 gross property and equipment, capital expenditures and labor costs, as applicable. We reimburse Antero Resources directly for all general and administrative costs allocated to us, with the exception of noncash equity compensation allocated to the Partnership for awards issued under the Antero Resources long-term incentive plan or the Midstream LTIP.

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(4) Revenue

(a) Revenue from Contracts with Customers

All of our revenues are derived from service contracts with customers, and are recognized when we satisfy a performance obligation by delivering a service to a customer. Antero Resources is our most significant customer, and we expect to derive substantially all of our revenues from Antero Resources for the foreseeable future. The following sets forth the nature, timing of satisfaction of performance obligations, and significant payment terms of our contracts with Antero Resources.

Gathering and Compression Agreement

Antero Resources has dedicated all of its current and future acreage in West Virginia, Ohio and Pennsylvania to us for gathering and compression services except for acreage attributable to existing third-party commitments. We also have an option to gather and compress natural gas produced by Antero Resources on any acreage it acquires in the future outside of West Virginia, Ohio and Pennsylvania on the same terms and conditions. Under the gathering and compression agreement, we receive a low pressure gathering fee of \$0.30 per Mcf, a high pressure gathering fee of \$0.18 per Mcf, and a compression fee of \$0.18 per Mcf, in each case subject to CPI-based adjustments since 2014. In addition, the agreement stipulates that we receive a reimbursement for the actual cost of electricity used at our compressor stations.

We satisfy our performance obligations and recognize revenue when low pressure volumes are delivered to a compressor station, high pressure volumes are delivered to a processing plant or transmission pipeline, and compression volumes are delivered to a high pressure line. We invoice the customer the month after each service is performed, and payment is due in the same month.

Water Handling and Treatment Agreement

In connection with Antero Resources' contribution of Antero Water and certain wastewater treatment assets to us in September 2015 (the "Water Acquisition"), we entered into a water services agreement with Antero Resources whereby we agreed to provide certain water handling and treatment services to Antero Resources within an area of dedication in defined service areas in Ohio and West Virginia. Antero Resources agreed to pay us for all water handling and treatment services provided by us in accordance with the terms of the water services agreement. The initial term of the water services agreement is 20 years from September 23, 2015 and from year to year thereafter until terminated by either party. Under the agreement, we receive a fixed fee of \$3.685 per barrel in West Virginia and \$3.635 per barrel in Ohio and all other locations for fresh water deliveries by pipeline directly to the well site, as well as \$3.116 per barrel for fresh water delivered by truck to high-rate transfer facilities. All of these fees have been subject to annual CPI adjustments since the inception of the agreement in 2015. Antero Resources also agreed to pay us a fixed fee of \$4.00 per barrel for wastewater treatment at the advanced wastewater treatment complex, in each case subject to annual CPI-based adjustments and additional fees based on certain costs.

Under the water services agreement, we may also contract with third parties to provide Antero Resources flow back and produced water services. Antero Resources reimburses us for third party out-of-pocket costs plus a 3% markup.

We satisfy our performance obligations and recognize revenue when the fresh water volumes have been delivered to the hydration unit of a specified well pad and the wastewater volumes have been delivered to our wastewater treatment facility. We invoice the customer the month after water services are performed, and payment is due in the same month. For services contracted through third party providers, our performance obligation is satisfied when the service to be performed by the third party provider has been completed. We invoice the customer after the third party provider billing is received, and payment is due in the same month.

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Minimum Volume Commitments

Both the gathering and compression and water handling and treatment agreements include certain minimum volume commitment provisions, which are intended to support the stability of our cash flows. If and to the extent Antero Resources requests that we construct new high pressure lines and compressor stations, the gathering and compression agreement contains minimum volume commitments that require Antero Resources to utilize or pay for 75% and 70%, respectively, of the capacity of such new construction for 10 years. Antero Resources also committed to pay a fee on a minimum volume of fresh water deliveries in calendar years 2016 through 2019. Antero Resources is obligated to pay a minimum volume fee to us in the event the aggregate volume of fresh water delivered to Antero Resources under the water services agreement is less than 120,000 barrels per day in 2018 and 2019. We recognize revenue related to these minimum volume commitments at the time it is determined that the volumes will not be consumed by Antero Resources, and the amount of the shortfall is known.

Minimum revenue amounts under the minimum volume commitments are as follows (in thousands):

	Remainder of 2018	Year Ended December 31,					Thereafter	Total
		2019	2020	2021	2022	2023		
Minimum revenue under the Gathering and Compression Agreement	\$ 67,281	150,758	151,171	150,758	150,758	150,758	462,378	1,283,862
Minimum revenue under the Water Handling and Treatment Agreement	—	165,564	—	—	—	—	—	165,564
Total	\$ 67,281	316,322	151,171	150,758	150,758	150,758	462,378	1,449,426

(b) Disaggregation of Revenue

In the following table, revenue is disaggregated by type of service and type of fee (in thousands). The table also identifies the reportable segment to which the disaggregated revenues relate. For more information on reportable segments, see Note 14—Reportable Segments.

	Three Months Ended June 30,		Six Months Ended June 30,		Segment to which revenues relate
	2017	2018	2017	2018	
Revenue from contracts with customers					
Type of service					
Gathering—low pressure	\$ 48,428	57,393	\$ 95,630	110,655	Gathering and Processing
Gathering—high pressure	29,830	33,782	56,730	64,305	Gathering and Processing
Compression	20,504	26,961	37,997	51,353	Gathering and Processing
Condensate gathering	—	—	64	—	Gathering and Processing
Fresh water delivery	58,579	78,430	108,283	154,223	Water Handling and Treatment
Wastewater treatment	—	3,171	—	3,171	Water Handling and Treatment
Other fluid handling	36,425	50,655	69,832	96,276	Water Handling and Treatment
Total	\$ 193,766	250,392	\$ 368,536	479,983	
Type of contract					
Fixed Fee	\$ 98,762	118,136	\$ 190,421	226,313	Gathering and Processing; Water Handling and Treatment
Fixed Fee	58,579	81,601	108,283	157,394	Water Handling and Treatment
Cost plus 3%	36,425	50,655	69,832	96,276	Treatment
Total	\$ 193,766	250,392	\$ 368,536	479,983	
Gain on sale of assets	—	583	—	583	
Total revenue	\$ 193,766	250,975	368,536	480,566	

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(c) Transaction Price Allocated to Remaining Performance Obligations

The majority of our service contracts have a term greater than one year, and as such we have utilized the practical expedient in ASC 606, which states that a company is not required to disclose the transaction price allocated to remaining performance obligations if the variable consideration is allocated entirely to a wholly unsatisfied performance obligation. Under our service contracts, each unit of product delivered to the customer represents a separate performance obligation; therefore, future volumes are wholly unsatisfied and thus disclosure of the transaction price allocated to remaining performance obligations is not required.

The remainder of our service contracts, which relate to contracts with third parties, are short-term in nature with a contract term of one year or less. We have utilized an additional practical expedient in ASC 606 which exempts us from disclosure of the transaction price allocated to remaining performance obligations if the performance obligation is part of a contract that has an original expected duration of one year or less.

(d) Contract Balances

Under our service contracts, we invoice customers after our performance obligations have been satisfied, at which point payment is unconditional. Accordingly, our service contracts do not give rise to contract assets or liabilities under ASC 606. At December 31, 2017 and June 30, 2018, our receivables from contracts with customers were \$110 million and \$114 million, respectively.

(5) Long-Term Debt

Long-term debt was as follows at December 31, 2017 and June 30, 2018 (in thousands):

	December 31, 2017	June 30, 2018
Credit Facility (a)	\$ 555,000	770,000
5.375% senior notes due 2024 (b)	650,000	650,000
Net unamortized debt issuance costs	(9,000)	(8,434)
Total long-term debt	<u>\$ 1,196,000</u>	<u>1,411,566</u>

(a) Revolving Credit Facility

On October 26, 2017, we entered into an amended and restated senior revolving credit facility (our “Credit Facility” or “revolving credit facility”). The Credit Facility provides for fall away covenants and lower interest rates that are triggered if and when elect to enter into an Investment Grade Period, as described below.

Lender commitments under the Credit Facility are \$1.5 billion and the maturity date of the Credit Facility is October 26, 2022. Under the Credit Facility, “Investment Grade Period” is a period that, as long as no event of default has occurred and the Partnership is in pro forma compliance with the financial covenants under the Credit Facility, commences when the Partnership elects to give notice to the Administrative Agent that the Partnership has received at least one of either (i) a BBB- or better rating from Standard and Poor’s or (ii) a Baa3 or better from Moody’s (provided that the non-investment grade rating from the other rating agency is at least either Ba1 if Moody’s or BB+ if Standard and Poor’s (an “Investment Grade Rating”). An Investment Grade Period can end at the Partnership’s election.

During a period that is not an Investment Grade Period, the Credit Facility is ratably secured by mortgages on substantially all of our properties, including the properties of our subsidiaries, and guarantees from our subsidiaries. During an Investment Grade Period, the liens securing the obligations thereunder shall be automatically released (subject to the provisions of the Credit Facility).

The revolving credit facility contains certain covenants including restrictions on indebtedness, and requirements with respect to leverage and interest coverage ratios; provided, however, that during an Investment Grade Period, such covenants become less restrictive on the Partnership. The revolving credit facility permits distributions to the holders of our equity interests in accordance with the cash distribution policy adopted by the board of directors of our general partner in connection with the

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Partnership's initial public offering, provided that no event of default exists or would be caused thereby, and only to the extent permitted by our organizational documents. The Partnership was in compliance with all of the financial covenants under the Credit Facility as of December 31, 2017 and June 30, 2018.

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, plus an applicable margin rate. Interest at the time of borrowing is determined with reference to (i) during any period that is not an Investment Grade Period, the Partnership's then-current leverage ratio and (ii) during an Investment Grade Period, with reference to the rating given to the Partnership by Moody's or Standard and Poor's. During any period that is not an Investment Grade Period, the applicable margin rates range from 25 basis points to 225 basis points. During an Investment Grade Period, the applicable margin rates range from 12.5 basis points to 200 basis points. Commitment fees on the unused portion of the revolving credit facility are due quarterly at rates ranging from 0.25% to 0.375% based on the leverage ratio, during a period that is not an Investment Grade Period, and 0.175% to 0.375% based on the Partnership's rating during an Investment Grade Period.

At December 31, 2017 and June 30, 2018, we had borrowings under the Credit Facility of \$555 million and \$770 million, respectively, with a weighted average interest rate of 2.81% and 3.34%, respectively. No letters of credit were outstanding at December 31, 2017 or June 30, 2018 under the Credit Facility.

(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.

(6) Accrued Liabilities

Accrued liabilities as of December 31, 2017 and June 30, 2018 consisted of the following items (in thousands):

	December 31, 2017	June 30, 2018
Capital expenditures	\$ 63,286	44,511
Operating expenses	29,905	29,709
Interest expense	10,508	10,636
Other	2,307	4,326
Total accrued liabilities	<u>\$ 106,006</u>	<u>89,182</u>

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(7) Asset Retirement Obligations

The following is a reconciliation of our asset retirement obligations for the period shown below (in thousands):

Asset retirement obligations—December 31, 2017	\$	—
Obligations incurred		3,046
Accretion expense		68
Asset retirement obligations—June 30, 2018	\$	<u>3,114</u>

(8) Equity-Based Compensation

Our general and administrative expenses include equity-based compensation costs allocated to us by Antero Resources for grants made pursuant to Antero Resources' long-term incentive plan and the Midstream LTIP. Equity-based compensation expense allocated to us was \$7.0 million and \$5.9 million for the three months ended June 30, 2017 and 2018, respectively, and \$13.2 million and \$12.1 million for the six months ended June 30, 2017 and 2018, respectively. These expenses were allocated to us based on our proportionate share of Antero Resources' labor costs. Antero Resources has unamortized expense totaling approximately \$100 million as of June 30, 2018 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. The Partnership does not reimburse Antero Resources for noncash equity compensation allocated to it for awards issued under the Antero Resources long-term incentive plan or the Midstream LTIP.

Midstream LTIP

Our general partner manages our operations and activities, and Antero Resources employs the personnel who provide support to our operations. Our general partner has 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 limited partner 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 7,729,437 common units are available for future grant under the Midstream LTIP as of June 30, 2018. 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 are delivered to the holder of the restricted units or phantom units. Phantom units also contain distribution equivalent rights which entitle the holder of vested common units to receive a "catch up" payment equal to common unit distributions paid during the vesting period of the phantom unit award. 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 Resources. Antero Resources recognizes compensation expense for the units awarded and a portion of that expense is allocated to the Partnership. Antero Resources allocates equity-based compensation expense to the Partnership based on our proportionate share of Antero Resources' 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 six months ended June 30, 2018 is as follows:

	Number of units	Weighted average grant date fair value	Aggregate intrinsic value (in thousands)
Total awarded and unvested—December 31, 2017	1,042,963	\$ 28.69	\$ 29,926
Granted	233,189	\$ 25.35	
Vested	(148,554)	\$ 27.33	
Forfeited	(54,669)	\$ 28.87	
Total awarded and unvested—June 30, 2018	<u>1,072,929</u>	\$ 28.15	\$ 30,199

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Intrinsic values are based on the closing price of the Partnership's common units on the referenced dates. Midstream LTIP unamortized expense of \$20.8 million at June 30, 2018, is expected to be recognized over a weighted average period of approximately 2.4 years and our proportionate share will be allocated to us as it is recognized.

(9) 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.

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

Total Quarterly Distribution Target Amount	Marginal Percentage Interest in Distributions	
	Unitholders	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 owns a non-economic general partner interest in us, which does not entitle it to receive cash distributions. However, our general partner is under common control with the holder of the IDRs and may in the future own common units or other equity interests in us and will be entitled to receive distributions on any such interests.

Cash Distributions

The board of directors of our general partner has declared a cash distribution of \$0.415 per unit for the quarter ended June 30, 2018. The distribution will be payable on August 17, 2018 to unitholders of record as of August 2, 2018.

Quarter and Year	Record Date	Distribution Date	Distributions			Distributions per unit
			Common unitholders	Holder of IDRs	Total	
Q4 2016	February 1, 2017	February 8, 2017	\$ 50,090	7,543	57,633	\$ 0.2800
*	April 21, 2017	April 30, 2017	75	—	75	*
Q1 2017	May 3, 2017	May 10, 2017	55,753	11,553	67,306	0.3000
Q2 2017	August 3, 2017	August 16, 2017	59,695	15,328	75,023	0.3200
Q3 2017	November 1, 2017	November 16, 2017	63,454	19,067	82,521	0.3400
*	November 12, 2017	November 17, 2017	1,392	—	1,392	*
	Total 2017		\$ 230,459	53,491	283,950	
Q4 2017	February 1, 2018	February 13, 2018	\$ 68,231	23,772	92,003	\$ 0.3650
*	April 15, 2018	April 20, 2018	263	—	263	*
Q1 2018	May 3, 2018	May 18, 2018	72,943	28,461	101,404	0.3900
	Total 2018		\$ 141,437	52,233	193,670	

* Distribution equivalent rights on limited partner interests that vested under the Midstream LTIP.

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(10) Net Income Per Limited Partner Unit

The Partnership's net income is attributed to the general partners and limited partners, in accordance with their respective ownership percentages, and when applicable, giving effect to incentive distributions paid to the holder of the incentive distribution rights. Basic and diluted net income per limited partner unit is calculated by dividing limited partners' interest in net income, less 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 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 June 30, 2018 was calculated based on the diluted weighted average number of units outstanding of 187,318,269 including 300,243 dilutive units attributable to non-vested restricted unit and phantom unit awards. Earnings per common unit assuming dilution for the six months ended June 30, 2018 was calculated based on the diluted weighted average number of units outstanding of 187,242,417, including 266,300 dilutive units attributable to non-vested restricted unit and phantom unit awards. For the three and six months ended June 30, 2018 there were no non-vested phantom unit and restricted unit awards that were anti-dilutive and therefore excluded from the calculation of diluted earnings per unit.

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

	<u>Three Months Ended June 30,</u>		<u>Six Months Ended June 30,</u>	
	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>
Net income	\$ 87,175	109,466	\$ 162,267	217,571
Less:				
Net income attributable to incentive distribution rights	(15,328)	(33,145)	(26,881)	(61,598)
Limited partner interest in net income	\$ 71,847	76,321	\$ 135,386	155,973
Net income per limited partner unit - basic and diluted	\$ 0.39	0.41	\$ 0.73	0.83
Weighted average limited partner units outstanding - basic	186,065	187,018	184,558	186,976
Weighted average limited partner units outstanding - diluted	186,533	187,318	185,002	187,242

ANTERO MIDSTREAM PARTNERS LP

Notes to Condensed Consolidated Financial Statements

December 31, 2017 and June 30, 2018

(11) 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 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.

The Partnership did not issue or sell any common units under the Distribution Agreement during the six months ended June 30, 2018. As of June 30, 2018, additional common units under the Distribution Agreement up to an aggregate sales price of \$157.3 million were available for issuance.

(12) Fair Value Measurement

In connection with the Water Acquisition, we have agreed to pay Antero Resources (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 related to expected average volumes and weighted average cost of capital.

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

Contingent acquisition consideration—December 31, 2017	\$	208,014
Accretion and change in fair value		7,821
Contingent acquisition consideration—June 30, 2018	\$	<u>215,835</u>

The Partnership accounts for contingent consideration in accordance with applicable accounting guidance pertaining to business combinations. We are contractually obligated to pay Antero Resources 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 June 30, 2018, 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, 2017 and June 30, 2018 approximated fair value because of their short-term nature. The carrying value of the amounts under the revolving credit facility at December 31, 2017 and June 30, 2018 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 \$654.9 million at June 30, 2018.

(13) Equity Method Investments

In the second quarter of 2016, the Partnership purchased a 15% equity interest in Stonewall, which operates the 67-mile Stonewall pipeline on which Antero Resources is an anchor shipper.

ANTERO MIDSTREAM PARTNERS LP

Notes to Condensed Consolidated Financial Statements

December 31, 2017 and June 30, 2018

On February 6, 2017, we formed the Joint Venture to develop processing and fractionation assets in Appalachia with MarkWest, a wholly owned subsidiary of MPLX, LP. We and MarkWest each own a 50% equity interest in the Joint Venture and MarkWest operates the Joint Venture assets, which consist of processing plants in West Virginia, and a one-third interest in a MarkWest fractionator in Ohio.

Our net income includes our proportionate share of the net income of the Joint Venture and Stonewall. When we record our proportionate share of net income, it increases equity income in the condensed consolidated statements of operations and comprehensive income and the carrying value of that investment on its balance sheet. When distributions on our proportionate share of net income are received, they are recorded as reductions to the carrying value of the investment on the balance sheet and are classified as cash inflows from operating activities in accordance with the nature of the distribution approach under ASU No. 2016-15. We use the equity method of accounting to account for our investments in Stonewall and the Joint Venture because we exercise significant influence, but not control, over the entities. Our judgment regarding the level of influence over our equity investments includes considering key factors such as our ownership interest, representation on the board of directors and participation in policy-making decisions of Stonewall and the Joint Venture.

The following table is a reconciliation of our investments in these unconsolidated affiliates (in thousands):

	Stonewall	MarkWest Joint Venture	Total Investment in Unconsolidated Affiliates
Balance at December 31, 2017	\$ 67,128	236,174	303,302
Additional investments	—	56,297	56,297
Equity in net income of unconsolidated affiliates	5,542	11,584	17,126
Distributions from unconsolidated affiliates	(4,590)	(13,305)	(17,895)
Balance at June 30, 2018	\$ 68,080	290,750	358,830

(14) Reporting Segments

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

Gathering and Processing

The gathering and processing segment includes a network of gathering pipelines and compressor stations, that collect and process production from Antero Resources' wells in West Virginia and Ohio. The gathering and processing segment also includes equity in earnings from our investments in the Joint Venture with MarkWest and in Stonewall.

Water Handling and Treatment

The Partnership's water handling and treatment segment includes two independent systems that deliver fresh water from sources including the Ohio River, local reservoirs as well as several regional waterways. The water handling and treatment segment also includes a wastewater treatment facility that was placed in service in May 2018, as well as other fluid handling services which includes high rate transfer, wastewater transportation, disposal and treatment. See Note 2—Summary of Significant Accounting Policies, Property and Equipment.

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 Consolidated Financial Statements

December 31, 2017 and June 30, 2018

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

	Gathering and Processing	Water Handling and Treatment	Consolidated Total
Three Months Ended June 30, 2017			
Revenues:			
Revenue - Antero Resources	\$ 98,633	95,004	193,637
Revenue - third-party	129	—	129
Total revenues	<u>98,762</u>	<u>95,004</u>	<u>193,766</u>
Operating expenses:			
Direct operating	9,922	42,386	52,308
General and administrative (before equity-based compensation)	5,468	2,370	7,838
Equity-based compensation	5,237	1,714	6,951
Depreciation	22,271	8,241	30,512
Accretion of contingent acquisition consideration	—	3,590	3,590
Total expenses	<u>42,898</u>	<u>58,301</u>	<u>101,199</u>
Operating income	<u>\$ 55,864</u>	<u>36,703</u>	<u>92,567</u>
Equity in earnings of unconsolidated affiliates	\$ 3,623	—	3,623
Total assets	\$ 2,050,202	711,735	2,761,937
Additions to property and equipment	\$ 88,806	58,497	147,303
Three Months Ended June 30, 2018			
Revenues:			
Revenue - Antero Resources	\$ 118,136	132,231	250,367
Revenue - third-party	—	25	25
Gain on sale of assets - Antero Resources	583	—	583
Total revenues	<u>118,719</u>	<u>132,256</u>	<u>250,975</u>
Operating expenses:			
Direct operating	12,405	63,218	75,623
General and administrative (before equity-based compensation)	7,240	2,387	9,627
Equity-based compensation	4,754	1,113	5,867
Impairment of property and equipment	4,614	—	4,614
Depreciation	24,258	12,175	36,433
Accretion of contingent acquisition consideration	—	3,947	3,947
Accretion of asset retirement obligations	—	34	34
Total expenses	<u>53,271</u>	<u>82,874</u>	<u>136,145</u>
Operating income	<u>\$ 65,448</u>	<u>49,382</u>	<u>114,830</u>
Equity in earnings of unconsolidated affiliates	\$ 9,264	—	9,264
Total assets	\$ 2,302,885	993,344	3,296,229
Additions to property and equipment	\$ 112,979	14,857	127,836

ANTERO MIDSTREAM PARTNERS LP

Notes to Condensed Consolidated Financial Statements

December 31, 2017 and June 30, 2018

	Gathering and Processing	Water Handling and Treatment	Consolidated Total
Six months ended June 30, 2017			
Revenues:			
Revenue - Antero Resources	\$ 190,157	178,115	368,272
Revenue - third-party	264	—	264
Total revenues	<u>190,421</u>	<u>178,115</u>	<u>368,536</u>
Operating expenses:			
Direct operating	18,036	81,826	99,862
General and administrative (before equity-based compensation)	11,017	4,992	16,009
Equity-based compensation	9,826	3,411	13,237
Depreciation	41,970	16,078	58,048
Accretion of contingent acquisition consideration	—	7,116	7,116
Total expenses	<u>80,849</u>	<u>113,423</u>	<u>194,272</u>
Operating income	<u>\$ 109,572</u>	<u>64,692</u>	<u>174,264</u>
Equity in earnings of unconsolidated affiliates	\$ 5,854	—	5,854
Total assets	\$ 2,050,202	711,735	2,761,937
Additions to property and equipment	\$ 155,365	95,451	250,816
Six months ended June 30, 2018			
Revenues:			
Revenue - Antero Resources	\$ 226,313	253,120	479,433
Revenue - third-party	—	550	550
Gain on sale of assets - Antero Resources	583	—	583
Total revenues	<u>226,896</u>	<u>253,670</u>	<u>480,566</u>
Operating expenses:			
Direct operating	23,786	119,093	142,879
General and administrative (before equity-based compensation)	12,945	4,926	17,871
Equity-based compensation	9,412	2,666	12,078
Impairment of property and equipment	4,614	—	4,614
Depreciation	47,672	21,193	68,865
Accretion of contingent acquisition consideration	—	7,821	7,821
Accretion of asset retirement obligations	—	68	68
Total expenses	<u>98,429</u>	<u>155,767</u>	<u>254,196</u>
Operating income	<u>\$ 128,467</u>	<u>97,903</u>	<u>226,370</u>
Equity in earnings of unconsolidated affiliates	\$ 17,126	—	17,126
Total assets	\$ 2,302,885	993,344	3,296,229
Additions to property and equipment	\$ 206,753	49,054	255,807

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 consolidated financial statements and related notes included elsewhere in this report. The information provided below supplements, but does not form part of, our condensed 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, 2017, filed with the SEC on February 13, 2018.

In this section, references to “the Partnership,” “we,” “us,” and “our” refer to Antero Midstream Partners LP and its subsidiaries, unless otherwise indicated or the context otherwise requires.

Overview

We are a growth-oriented master limited partnership formed by Antero Resources to own, operate and develop midstream energy assets to service Antero Resources’ increasing production. Our assets consist of gathering pipelines, compressor stations, and interests in processing and fractionation plants that collect and process production from Antero Resources’ wells in the Marcellus and Utica Shales in West Virginia and Ohio. Our assets also include two independent fresh water delivery systems that deliver fresh water from the Ohio River and several regional waterways, and we also provide other fluid handling services for well completion and production operations in Antero Resources’ operating areas. These fresh water delivery 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. The other fluid handling services consist of wastewater transportation, disposal, and treatment, including through a water treatment facility, which was placed in service in May 2018. The treatment facility was temporarily taken offline in June 2018 for maintenance and to install additional pretreatment facilities to improve operations. The facility was placed back into commercial service at the end of July 2018. We believe that our strategically located assets and our relationship with Antero Resources has allowed us to become a leading midstream energy company serving the Marcellus and Utica shale plays.

Address, 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 on our website 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.

Second Quarter 2018 Developments and Highlights

Financial Results

For the three months ended June 30, 2018, we generated cash flows from operations of \$178 million, net income of \$109 million, and Adjusted EBITDA of \$176 million. This compares to cash flows from operations of \$135 million, net income of \$87 million, and Adjusted EBITDA of \$139 million for the three months ended June 30, 2017.

For the six months ended June 30, 2018, we generated cash flows from operations of \$312 million, net income of \$218 million, and Adjusted EBITDA of \$337 million. This compares to cash flows from operations of \$235 million, net income of \$162 million, and Adjusted EBITDA of \$258 million for the six months ended June 30, 2017. 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 three and six months ended June 30, 2017 and 2018.

Cash Distributions

The board of directors of our general partner has declared a cash distribution of \$0.415 per unit for the quarter ended June 30, 2018. The distribution will be payable on August 17, 2018 to unitholders of record as of August 2, 2018.

2018 Capital Budget and Capital Spending

Our 2018 capital budget is approximately \$650 million, which includes \$585 million of expansion capital and \$65 million of maintenance capital. The capital budget includes \$385 million of capital for 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 is expected to fund construction of over 51 miles of gathering pipelines in the Marcellus and Utica Shales combined. We also expect to invest \$35 million for water infrastructure capital to construct 25 miles of additional buried fresh water pipelines and surface pipelines to support Antero Resources' completion activities. Approximately 85% of the water infrastructure budget will be allocated to the Marcellus Shale and the remaining 15% will be allocated to the Utica Shale. Our 2018 budget also includes \$15 million of capital for the final completion of our advanced wastewater treatment facility, which was placed in service in May 2018, and \$215 million for our investment in the joint venture to develop processing and fractionation assets (the "Joint Venture") with MarkWest Energy Partners, L.P. ("MarkWest").

For the six months ended June 30, 2018, our capital expenditures were approximately \$312 million, including \$223 million of expansion capital, \$33 million of maintenance capital, and \$56 million of capital investment in the Joint Venture.

Credit Facility

As of June 30, 2018, lender commitments under our revolving credit facility were \$1.5 billion, with a letter of credit sublimit of \$150 million. At June 30, 2018, we had borrowings of \$770 million and no letters of credit outstanding under the revolving credit facility. See "[Debt Agreements—Revolving Credit Facility](#)" for a description of our revolving credit facility.

Special Committee Formation

On February 26, 2018, we announced that the board of directors of our general partner formed a special committee composed solely of independent directors in conjunction with the formation of special committees at both Antero Resources and at Antero Midstream GP LP, the sole member of our general partner. Antero Resources' ongoing efforts to explore, review and evaluate potential measures related to its valuation may include transactions involving us, and the special committee was established to consider any such transactions. The special committee has hired legal advisors and financial advisors to assist in its evaluation of potential measures that could involve us. However, as of the date of filing this Quarterly Report on Form 10-Q, no decision on any particular strategic alternative or transaction has been reached, and there is no assurance that any future agreement will be reached, or that any future strategic alternative transaction or transactions will occur.

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 four years. Accordingly, our revenues and expenses over that time reflect the significant ramp up in our operations. Additionally, our wastewater treatment facility ran at reduced operating rates below the stated capacity during the quarter. The facility was placed in service in May 2018, but has not yet had a significant impact on our financial results. The facility was temporarily taken offline in June 2018 for maintenance and to install additional pretreatment facilities to improve operations. The facility was placed back into commercial service at the end of July 2018. Similarly, Antero Resources 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.

Results of Operations

Three Months Ended June 30, 2017 Compared to Three Months Ended June 30, 2018

We have two operating segments: (1) gathering and processing and (2) water handling and treatment. The operating results and assets of our reportable segments were as follows for the three months ended June 30, 2017 and 2018 (in thousands):

	Gathering and Processing	Water Handling and Treatment	Consolidated Total
Three months ended June 30, 2017			
Revenues:			
Revenue - Antero Resources	\$ 98,633	95,004	193,637
Revenue - third-party	129	—	129
Total revenues	<u>98,762</u>	<u>95,004</u>	<u>193,766</u>
Operating expenses:			
Direct operating	9,922	42,386	52,308
General and administrative (before equity-based compensation)	5,468	2,370	7,838
Equity-based compensation	5,237	1,714	6,951
Depreciation	22,271	8,241	30,512
Accretion of contingent acquisition consideration	—	3,590	3,590
Total expenses	<u>42,898</u>	<u>58,301</u>	<u>101,199</u>
Operating income	<u>\$ 55,864</u>	<u>36,703</u>	<u>92,567</u>
Segment and consolidated Adjusted EBITDA ⁽¹⁾	\$ 89,192	50,248	139,440
Three months ended June 30, 2018			
Revenues:			
Revenue - Antero Resources	\$ 118,136	132,231	250,367
Revenue - third-party	—	25	25
Gain on sale of assets – Antero Resources	583	—	583
Total revenues	<u>118,719</u>	<u>132,256</u>	<u>250,975</u>
Operating expenses:			
Direct operating	12,405	63,218	75,623
General and administrative (before equity-based compensation)	7,240	2,387	9,627
Equity-based compensation	4,754	1,113	5,867
Impairment of property and equipment	4,614	—	4,614
Depreciation	24,258	12,175	36,433
Accretion of contingent acquisition consideration	—	3,947	3,947
Accretion of asset retirement obligations	—	34	34
Total expenses	<u>53,271</u>	<u>82,874</u>	<u>136,145</u>
Operating income	<u>\$ 65,448</u>	<u>49,382</u>	<u>114,830</u>
Segment and consolidated Adjusted EBITDA ⁽¹⁾	\$ 109,301	66,651	175,952

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

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The following table sets forth selected operating data for the three months ended June 30, 2017 compared to the three months ended June 30, 2018 (in thousands, except average realized fees):

	Three Months Ended June 30,		Amount of Increase (Decrease)	Percentage Change
	2017	2018		
Revenue:				
Revenue - Antero Resources	\$ 193,637	250,367	56,730	29 %
Revenue - third-party	129	25	(104)	(81)%
Gain on sale of assets – Antero Resources	—	583	583	* %
Total revenue	193,766	250,975	57,209	30 %
Operating expenses:				
Direct operating	52,308	75,623	23,315	45 %
General and administrative (before equity-based compensation)	7,838	9,627	1,789	23 %
Equity-based compensation	6,951	5,867	(1,084)	(16)%
Impairment of property and equipment	—	4,614	4,614	*
Depreciation	30,512	36,433	5,921	19 %
Accretion of contingent acquisition consideration	3,590	3,947	357	10 %
Accretion of asset retirement obligations	—	34	34	*
Total operating expenses	101,199	136,145	34,946	35 %
Operating income	92,567	114,830	22,263	24 %
Interest expense	(9,015)	(14,628)	5,613	62 %
Equity in earnings of unconsolidated affiliates	3,623	9,264	5,641	156 %
Net income	\$ 87,175	109,466	22,291	26 %
Adjusted EBITDA ⁽¹⁾	\$ 139,440	175,952	36,512	26 %
Operating Data:				
Gathering—low pressure (MMcf)	153,180	180,268	27,088	18 %
Gathering—high pressure (MMcf)	157,806	175,818	18,012	11 %
Compression (MMcf)	108,451	141,819	33,368	31 %
Fresh water delivery (MBbl)	15,761	20,766	5,005	32 %
Treated water (MBbl)	—	700	700	*
Other fluid handling (MBbl)	3,400	4,382	982	29 %
Wells serviced by fresh water delivery	44	48	4	9 %
Gathering—low pressure (MMcf/d)	1,683	1,981	298	18 %
Gathering—high pressure (MMcf/d)	1,734	1,932	198	11 %
Compression (MMcf/d)	1,192	1,558	366	31 %
Fresh water delivery (MBbl/d)	173	228	55	32 %
Treated water (MBbl/d)	—	8	8	*
Other fluid handling (MBbl/d)	37	48	11	29 %
Average realized fees:				
Average gathering—low pressure fee (\$/Mcf)	\$ 0.32	0.32	—	—%
Average gathering—high pressure fee (\$/Mcf)	\$ 0.19	0.19	—	—%
Average compression fee (\$/Mcf)	\$ 0.19	0.19	—	—%
Average fresh water delivery fee (\$/Bbl)	\$ 3.72	3.78	0.06	2 %
Average treated water fee (\$/Bbl)	\$ —	4.11	4.11	*
Joint Venture Operating Data:				
Processing - Joint Venture (MMcf)	19,662	51,921	32,259	164 %
Fractionation - Joint Venture (MBbl)	368	914	546	148 %
Processing - Joint Venture (MMcf/d)	216	571	355	164 %
Fractionation - Joint Venture (MBbl/d)	4	10	6	148 %

* 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 and treatment fees at our wastewater treatment facility are billed at a fixed fee per barrel. Other fluid handling services, including the disposal and treatment of wastewater and high rate transfer of fresh water and services provided by third parties are billed at our cost plus 3%.

Revenue - Antero Resources. Revenues from Antero Resources increased by 29%, from \$194 million for the three months ended June 30, 2017 to \$250 million for the three months ended June 30, 2018. Gathering and compression revenues increased by 19%, from \$99 million for the three months ended June 30, 2017 to \$118 million for the three months ended June 30, 2018. Water handling and treatment revenues increased by 39%, from \$95 million for the three months ended June 30, 2017 to \$132 million for the three months ended June 30, 2018. These fluctuations primarily resulted from the following:

- compression revenue increased \$6 million period over period due to an increase of throughput volumes of 33 Bcf, or 366 MMcf/d, primarily due to the addition of five new compressor stations that were placed in service since June 30, 2017, and additional wells serviced by our system;
- low pressure gathering revenue increased \$9 million period over period due to an increase of throughput volumes of 27 Bcf, or 298 MMcf/d, which was due to 117 additional wells serviced by our system since June 30, 2017;
- high pressure gathering revenue increased \$4 million period over period due to an increase of throughput volumes of 18 Bcf, or 198 MMcf/d, primarily as a result of the addition of four new high pressure gathering lines placed in service since June 30, 2017;
- fresh water delivery revenue increased \$20 million period over period due to an increase in fresh water delivery of 5,005 MBbl, or 55 MBbl/d, primarily due to an increase in the amount of water used in well completions by Antero Resources;
- we began recognizing revenues for water treatment services provided at our wastewater treatment facility when the facility was placed in service in May 2018, which increased revenue by \$3 million with throughput volumes of 700 MBbl, or 8 MBbl/d; and
- other fluid handling services revenue increased \$14 million period over period due to an increase in other fluid handling volumes of 982 MBbl.

Direct operating expenses. Total direct operating expenses increased by 45%, from \$52 million for the three months ended June 30, 2017 to \$76 million for the three months ended June 30, 2018. Gathering and compression direct operating expenses increased from \$10 million for the three months ended June 30, 2017 to \$13 million for the three months ended June 30, 2018. The increase was primarily due to an increase in the number of gathering pipelines and compressor stations. Water handling and treatment direct operating expenses increased from \$42 million for the three months ended June 30, 2017 to \$63 million for the three months ended June 30, 2018. The increase was primarily due to an increase in other fluid handling volumes, as well as an increase in the number of wells serviced by freshwater delivery services.

General and administrative expenses. General and administrative expenses (before equity-based compensation expense) increased by 23% from \$8 million for the three months ended June 30, 2017 to \$10 million for the three months ended June 30, 2018. The increase was primarily due to an increased allocation of general and administrative expenses from Antero Resources, as well as other general corporate expenses to support our growth.

Equity-based compensation expenses. Equity-based compensation expenses decreased by 16% from \$7 million for the three months ended June 30, 2017 to \$6 million for the three months ended June 30, 2018. The decrease was primarily a result of equity award forfeitures. When an equity award is forfeited, expense previously recognized for the award is reversed.

Impairment of property and equipment expense. Impairment expense of \$5 million during the three months ended June 30, 2018 is due to the impairment of gathering assets acquired from Antero Resources at the time of our IPO related to well pads Antero Resources no longer has plans to drill and complete. Our gathering and compression agreement with Antero Resources provides that for certain gathering assets we construct after receiving notice from Antero Resources, and are subsequently delayed or cancelled, Antero Resources is required to repurchase the assets at 115% of the cost, which resulted in a gain of \$583 thousand during the three months ended June 30, 2018.

Depreciation expense. Total depreciation expense increased by 19%, from \$31 million for the three months ended June 30, 2017 to \$36 million for the three months ended June 30, 2018. The increase was primarily due to additional gathering, compression,

and water handling and treatment assets placed into service, including our wastewater treatment facility which was placed in service in May 2018.

Accretion of contingent acquisition consideration. Accretion of contingent acquisition consideration remained relatively consistent at \$4 million for each of the three months ended June 30, 2017 and 2018. In connection with Antero Resources' contribution of Antero Water LLC and certain wastewater treatment assets to us in September 2015 (the "Water Acquisition"), we have agreed to pay Antero Resources (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. As of June 30, 2018, we expect to pay the entire amount of the contingent consideration amounts in 2019 and 2020.

Accretion of asset retirement obligations. In the first quarter of 2018, the treatment facility landfill began accepting waste while the treatment facility was undergoing testing and commissioning, creating an asset retirement obligation to close and monitor the landfill in the future according to environmental standards. The accretion of this obligation began in January 2018.

Interest expense. Interest expense increased by 62%, from \$9 million, net of \$3 million in capitalized interest, for the three months ended June 30, 2017 to \$15 million, net of \$1 million in capitalized interest, for the three months ended June 30, 2018. The increase was primarily due to an increase in interest expense incurred on increased borrowings outstanding under the revolving credit facility.

Operating income. Total operating income increased by 24%, from \$93 million for the three months ended June 30, 2017 to \$115 million for the three months ended June 30, 2018. Gathering and compression operating income increased by 16%, from \$56 million for the three months ended June 30, 2017 to \$65 million for the three months ended June 30, 2018. The increase was primarily due to an increase in gathering and compression throughput volumes in 2018. Water handling and treatment operating income increased by 32%, from \$37 million for the three months ended June 30, 2017 to \$49 million for the three months ended June 30, 2018. The increase was primarily due to an increase in the number of wells serviced by freshwater delivery services.

Equity in earnings of unconsolidated affiliates. Equity in earnings in unconsolidated affiliates increased by 156%, from \$4 million for the three months ended June 30, 2017 to \$9 million for the three months ended June 30, 2018. Equity in earnings of unconsolidated affiliates represents the portion of the net income from our investments in Stonewall and the Joint Venture, which is allocated to us based on our equity interests. The increase is primarily attributable to an increase in the level of operations at the Joint Venture in 2018.

Adjusted EBITDA. Adjusted EBITDA increased by 26%, from \$139 million for the three months ended June 30, 2017 to \$176 million for the three months ended June 30, 2018. The increase was primarily due to an increase in revenue resulting from an increase in gathering, compression, and water volumes. 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, read "—Non-GAAP Financial Measures" below.

Six Months Ended June 30, 2018 Compared to Six Months Ended June 30, 2017

We have two operating segments: (1) gathering and processing and (2) water handling and treatment. The operating results and assets of our reportable segments were as follows for the six months ended June 30, 2017 and 2018 (in thousands):

	Gathering and Processing	Water Handling and Treatment	Consolidated Total
Six months ended June 30, 2017			
Revenues:			
Revenue - Antero Resources	\$ 190,157	178,115	368,272
Revenue - third-party	264	—	264
Total revenues	<u>190,421</u>	<u>178,115</u>	<u>368,536</u>
Operating expenses:			
Direct operating	18,036	81,826	99,862
General and administrative (before equity-based compensation)	11,017	4,992	16,009
Equity-based compensation	9,826	3,411	13,237
Depreciation	41,970	16,078	58,048
Accretion of contingent acquisition consideration	—	7,116	7,116
Total expenses	<u>80,849</u>	<u>113,423</u>	<u>194,272</u>
Operating income	<u>\$ 109,572</u>	<u>64,692</u>	<u>174,264</u>
Segment and consolidated Adjusted EBITDA ⁽¹⁾	\$ 167,188	91,297	258,485
Six months ended June 30, 2018			
Revenues:			
Revenue - Antero Resources	\$ 226,313	253,120	479,433
Revenue - third-party	-	550	550
Gain on sale of assets-Antero Resources	583	—	583
Total revenues	<u>226,896</u>	<u>253,670</u>	<u>480,566</u>
Operating expenses:			
Direct operating	23,786	119,093	142,879
General and administrative (before equity-based compensation)	12,945	4,926	17,871
Equity-based compensation	9,412	2,666	12,078
Impairment of property and equipment	4,614	—	4,614
Depreciation	47,672	21,193	68,865
Accretion of contingent acquisition consideration	—	7,821	7,821
Accretion of asset retirement obligations	—	68	68
Total expenses	<u>98,429</u>	<u>155,767</u>	<u>254,196</u>
Operating income	<u>\$ 128,467</u>	<u>97,903</u>	<u>226,370</u>
Segment and consolidated Adjusted EBITDA ⁽¹⁾	\$ 207,477	129,651	337,128

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

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The following table sets forth selected operating data for the six months ended June 30, 2017 compared to the six months ended June 30, 2018 (in thousands, except average realized fees):

	Six Months Ended June 30,		Amount of Increase (Decrease)	Percentage Change
	2017	2018		
Revenue:				
Revenue - Antero Resources	\$ 368,272	479,433	111,161	30 %
Revenue - third-party	264	550	286	108 %
Gain on sale of assets – Antero Resources	—	583	583	*
Total revenue	368,536	480,566	112,030	30 %
Operating expenses:				
Direct operating	99,862	142,879	43,017	43 %
General and administrative (before equity-based compensation)	16,009	17,871	1,862	12 %
Equity-based compensation	13,237	12,078	(1,159)	(9)%
Impairment of property and equipment	—	4,614	4,614	*
Depreciation	58,048	68,865	10,817	19 %
Accretion of contingent acquisition consideration	7,116	7,821	705	10 %
Accretion of asset retirement obligations	—	68	68	*
Total operating expenses	194,272	254,196	59,924	31 %
Operating income	174,264	226,370	52,106	30 %
Interest expense	(17,851)	(25,925)	8,074	45 %
Equity in earnings of unconsolidated affiliates	5,854	17,126	11,272	193 %
Net income	\$ 162,267	217,571	55,304	34 %
Adjusted EBITDA⁽¹⁾	\$ 258,485	337,128	78,643	30 %
Operating Data:				
Gathering—low pressure (MMcf)	302,448	345,460	43,012	14 %
Gathering—high pressure (MMcf)	300,119	334,680	34,561	12 %
Compression (MMcf)	200,971	269,013	68,042	34 %
Fresh water delivery (MBbl)	29,125	40,682	11,557	40 %
Treated water (MBbl)	—	700	700	*
Other fluid handling (MBbl)	6,599	8,362	1,763	27 %
Wells serviced by fresh water delivery	78	94	16	21 %
Gathering—low pressure (MMcf/d)	1,671	1,909	238	14 %
Gathering—high pressure (MMcf/d)	1,658	1,849	191	12 %
Compression (MMcf/d)	1,110	1,486	376	34 %
Fresh water delivery (MBbl/d)	161	225	64	40 %
Treated water (MBbl/d)	—	4	4	*
Other fluid handling (MBbl/d)	36	46	10	27 %
Average realized fees:				
Average gathering—low pressure fee (\$/Mcf)	\$ 0.32	0.32	—	— %
Average gathering—high pressure fee (\$/Mcf)	\$ 0.19	0.19	—	— %
Average compression fee (\$/Mcf)	\$ 0.19	0.19	—	— %
Average fresh water delivery fee (\$/Bbl)	\$ 3.72	3.78	0.06	2 %
Average treated water fee (\$/Bbl)	\$ —	4.11	4.11	*
Joint Venture Operating Data:				
Processing - Joint Venture (MMcf)	24,311	98,646	74,335	306 %
Fractionation - Joint Venture (MBbl)	433	1,469	1,036	239 %
Processing - Joint Venture (MMcf/d)	134	545	411	307 %
Fractionation - Joint Venture (MBbl/d)	2	8	6	300 %

* 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 and treatment fees at our wastewater treatment facility are billed at a fixed fee per barrel. Other fluid handling services include the disposal and treatment of wastewater and high rate transfer of fresh water and services provided by third parties are billed at our cost plus 3%.

Revenue - Antero Resources. Revenues from Antero Resources increased by 30%, from \$368 million for the six months ended June 30, 2017 to \$479 million for the six months ended June 30, 2018. Gathering and compression revenues increased by 19%, from \$190 million for the six months ended June 30, 2017 to \$226 million for the six months ended June 30, 2018. Water handling and treatment revenues increased by 42%, from \$178 million for the six months ended June 30, 2017 to \$253 million for the six months ended June 30, 2018. These fluctuations primarily resulted from the following:

- compression revenue increased \$13 million period over period due to an increase of throughput volumes of 68 Bcf, or 376 MMcf/d, primarily due to the addition of five new compressor stations that were placed in service since June 30, 2017, and additional wells serviced by our system;
- low pressure gathering revenue increased \$15 million period over period due to an increase of throughput volumes of 43 Bcf, or 238 MMcf/d, which was due to 117 additional wells serviced by our system since June 30, 2017;
- high pressure gathering revenue increased \$8 million period over period due to an increase of throughput volumes of 35 Bcf, or 191 MMcf/d, primarily as a result of the addition of four new high pressure gathering lines placed in service since June 30, 2017;
- fresh water delivery revenue increased \$45 million period over period due to an increase in fresh water delivery of 11,557 MBbl, or 64 MBbl/d, primarily due to an increase in the amount of water used in well completions by Antero Resources;
- we began recognizing revenues for water treatment services provided at our wastewater treatment facility when the facility was placed in service in May 2018, which increased revenue by \$3 million with throughput volumes of 700 MBbl or 4 MBbl/d; and
- other fluid handling services revenue increased \$26 million period over period due to an increase in other fluid handling volumes of 1,763 MBbl, or 10 MBbl/d.

Direct operating expenses. Total direct operating expenses increased by 43%, from \$100 million for the six months ended June 30, 2017 to \$143 million for the six months ended June 30, 2018. Gathering and compression direct operating expenses increased from \$18 million for the six months ended June 30, 2017 to \$24 million for the six months ended June 30, 2018. The increase was primarily due to an increase in the number of gathering pipelines and compressor stations. Water handling and treatment direct operating expenses increased from \$82 million for the six months ended June 30, 2017 to \$119 million for the six months ended June 30, 2018. The increase was primarily due to an increase in other fluid handling volumes, as well as an increase in the number of wells serviced by freshwater delivery services.

General and administrative expenses. General and administrative expenses (before equity-based compensation expense) increased by 12% from \$16 million for the six months ended June 30, 2017 to \$18 million for the six months ended June 30, 2018. The increase was primarily due to an increased allocation of general and administrative expenses from Antero Resources, as well as other general corporate expenses to support our growth.

Equity-based compensation expenses. Equity-based compensation expenses decreased from \$13 million for the six months ended June 30, 2017 to \$12 million for the six months ended June 30, 2018. The decrease was primarily a result of equity award forfeitures. When an equity award is forfeited, expense previously recognized for the award is reversed.

Impairment of property and equipment expense. Impairment expense of \$5 million during the six months ended June 30, 2018 is due to the impairment of gathering assets acquired from Antero Resources at the time of our IPO related to well pads Antero Resources no longer has plans to drill and complete. Our gathering and compression agreement with Antero Resources provides that for certain gathering assets we construct after receiving notice from Antero Resources, and are subsequently delayed or cancelled, Antero Resources is required to repurchase the assets at 115% of the cost, which resulted in a gain of \$583 thousand during the six months ended June 30, 2018.

Depreciation expense. Total depreciation expense increased by 19%, from \$58 million for the six months ended June 30, 2017 to \$69 million for the six months ended June 30, 2018. The increase was primarily due to additional gathering, compression, and

water handling and treatment assets placed into service, including our wastewater treatment facility which was placed in service in May 2018.

Accretion of contingent acquisition consideration. Accretion of contingent acquisition consideration increased from \$7 million for the six months ended June 30, 2017 to \$8 million for the six months ended June 30, 2018. In connection with Antero Resources' contribution of Antero Water LLC and certain wastewater treatment assets to us in September 2015 (the "Water Acquisition"), we have agreed to pay Antero Resources (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. As of June 30, 2018, we expect to pay the entire amount of the contingent consideration amounts in 2019 and 2020.

Accretion of asset retirement obligations. In the first quarter of 2018, the treatment facility landfill began accepting waste while the treatment facility was undergoing testing and commissioning, creating an asset retirement obligation to close and monitor the landfill in the future according to environmental standards. The accretion of this obligation began in January 2018.

Interest expense. Interest expense increased by 45%, from \$18 million, net of \$6 million in capitalized interest, for the six months ended June 30, 2017 to \$26 million, net of \$4 million in capitalized interest, for the six months ended June 30, 2018. The increase was primarily due to an increase in interest expense incurred on increased borrowings outstanding under the revolving credit facility.

Operating income. Total operating income increased by 30%, from \$174 million for the six months ended June 30, 2017 to \$226 million for the six months ended June 30, 2018. Gathering and compression operating income increased by 16%, from \$110 million for the six months ended June 30, 2017 to \$128 million for the six months ended June 30, 2018. The increase was primarily due to an increase in gathering and compression throughput volumes in 2018. Water handling and treatment operating income increased by 51%, from \$65 million for the six months ended June 30, 2017 to \$98 million for the six months ended June 30, 2018. The increase was primarily due to an increase in the number of wells serviced by freshwater delivery services.

Equity in earnings of unconsolidated affiliates. Equity in earnings in unconsolidated affiliates increased by 193%, from \$6 million for the six months ended June 30, 2017 to \$17 million for six months ended June 30, 2018. Equity in earnings of unconsolidated affiliates represents the portion of the net income from our investments in Stonewall and the Joint Venture, which is allocated to us based on our equity interests. The increase is primarily attributable to an increase in the level of operations at the Joint Venture in 2018.

Adjusted EBITDA. Adjusted EBITDA increased by 30%, from \$258 million for the six months ended June 30, 2017 to \$337 million for the six months ended June 30, 2018. The increase was primarily due to an increase in revenue resulting from an increase in gathering, compression, and water volumes. 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, read "—Non-GAAP Financial Measures" below.

Capital Resources and Liquidity

Sources and Uses of Cash

Capital resources and liquidity are provided by operating cash flow, cash on our balance sheet, borrowings under our revolving credit facility and capital market transactions. We expect that 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 twelve 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 \$0.415 per unit for the quarter ended June 30, 2018. The distribution will be payable on August 17, 2018 to unitholders of record as of August 2, 2018.

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.

The following table summarizes our cash flows for the six months ended June 30, 2017 and 2018:

(in thousands)	Six Months Ended June 30,		Increase/ (Decrease)
	2017	2018	
Net cash provided by operating activities	\$ 234,938	312,431	77,493
Net cash used in investing activities	(446,984)	(321,181)	(125,803)
Net cash provided by financing activities	215,537	19,912	(195,625)
Net increase in cash and cash equivalents	\$ 3,491	11,162	

Cash Flows Provided by Operating Activities

Net cash provided by operating activities was \$235 million and \$312 million for the six months ended June 30, 2017 and 2018, respectively. The increase in cash flows from operations for the six months ended June 30, 2018 compared to the six months ended June 30, 2017 was the result of increased throughput volumes and revenues as a result of new gathering, compression and water handling and treatment systems placed in service since June 30, 2017.

Cash Flows Used in Investing Activities

During the six months ended June 30, 2017 and 2018, we used cash flows in investing activities of \$447 million and \$321 million, respectively. The period over period decrease was primarily due to the decrease in the amount invested in the Joint Venture, which was \$56 million for the six months ended June 30, 2018, compared to \$191 million during the six months ended June 30, 2017. This decrease was partially offset by an increase in our capital expenditures for gathering systems and facilities and water handling and treatment systems.

The board of directors of our general partner has approved a capital budget of \$650 million for 2018, which includes \$585 million of expansion capital and \$65 million of maintenance capital. 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 Resources 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 flows. We routinely monitor and adjust our capital expenditures in response to changes in Antero Resources' development plans, changes in prices, availability of financing, acquisition costs, industry conditions, the timing of regulatory approvals, success or lack of success in Antero Resources' drilling activities, contractual obligations, internally generated cash flows and other factors both within and outside our control.

Cash Flows Provided by Financing Activities

Net cash provided by financing activities for the six months ended June 30, 2018 months of \$20 million consisted of \$215 million in net borrowings under the Credit Facility, partially offset by \$194 million in cash distributions to our unitholders.

Net cash provided by financing activities for the six months ended June 30, 2017 of \$216 million is the result of (i) \$23 million of net proceeds from the issuance of units under our at-the-market program, partially offset by \$125 million in cash distributions to our unitholders, (ii) \$95 million in net borrowings under the revolving credit facility, and (iii) \$224 million in net proceeds from the issuance of 6,900,000 common units in February 2017.

Debt Agreements

Revolving Credit Facility

On October 26, 2017, we entered into an amended and restated senior revolving credit facility. The Credit Facility includes fall away covenants and lower interest rates that are triggered if and when we elect to enter an Investment Grade Period, as described below.

Lender commitments under the facility are \$1.5 billion and the maturity date of the facility is October 26, 2022. At June 30, 2018, we had \$770 million of borrowings and no letters of credit outstanding under the Credit Facility. Borrowings under the Credit Facility are limited by certain financial ratio covenants which may increase the interest rate we owe under the Credit Facility.

Under the Credit Facility, “Investment Grade Period” is a period that, as long as no event of default has occurred and the Partnership is in pro forma compliance with the financial covenants under the Credit Facility, commences when the Partnership elects to give notice to the Administrative Agent that the Partnership has received at least one of either (i) a BBB- or better rating from Standard and Poor’s or (ii) a Baa3 or better from Moody’s (provided that the non-investment grade rating from the other rating agency is at least either Ba1 if Moody’s or BB+ if Standard and Poor’s (an “Investment Grade Rating”). An Investment Grade Period can end at the Partnership’s election.

We have a choice of borrowing in Eurodollars or at the base rate. Principal amounts borrowed are payable on the maturity date with such borrowings bearing interest that is payable (i) with respect to base rate loans, quarterly and (ii) with respect to Eurodollar loans, the last day of each Interest Period (as defined below); provided that if any Interest Period for a Eurodollar loan exceeds three months, interest will be payable on the respective dates that fall every three months after the beginning of such Interest Period. 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, if available to the lenders, twelve months (the “Interest Period”) plus an applicable margin ranging from (i) 125 to 225 basis points during any period that is not an Investment Grade Period, depending on the leverage ratio then in effect and (ii) 112.5 to 200 basis points during an Investment Grade Period, depending on the Partnership’s credit rating 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 (i) 25 to 125 basis points during any period that is not an Investment Grade Period, depending on the leverage ratio then in effect and (ii) 12.5 to 100 basis points during an Investment Grade Period, depending on the Partnership’s credit rating then in effect.

During any period that is not an Investment Grade Period, the revolving credit facility is guaranteed by our subsidiaries and is secured by mortgages on substantially all of our and our subsidiaries’ properties; provided that the liens securing the revolving credit facility shall be automatically released during an Investment Grade Period. 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.

The revolving credit facility also requires us to maintain the following financial ratios:

- a consolidated 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 during an Investment Grade Period, the Partnership will not be subject to such ratio;
- a consolidated total leverage ratio, which is the ratio of consolidated debt to consolidated EBITDA, of not more than 5.00 to 1.00 at the end of each fiscal quarter; provided that during an Investment Grade Period or at our election (the “Financial Covenant Election”), the consolidated total leverage ratio shall be no more than 5.25 to 1.0; and
- after a Financial Covenant Election (and up to the commencement of an Investment Grade Period), a consolidated senior secured leverage ratio covenant rather than the consolidated total leverage ratio covenant, 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 the applicable covenants as of December, 31 2017 and June 30, 2018. 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 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 or 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

A summary of our contractual obligations by maturity date as of June 30, 2018 is provided in the following table.

(in millions)	Remainder of 2018	Year Ended December 31,						Total
		2019	2020	2021	2022	2023	Thereafter	
Credit Facility ⁽¹⁾	\$ —	—	—	—	770	—	—	770
5.375% senior notes due 2024— principal	—	—	—	—	—	—	650	650
5.375% senior notes due 2024— interest	18	35	35	35	35	35	35	228
Water treatment ⁽²⁾	18	—	—	—	—	—	—	18
Contingent acquisition consideration ⁽³⁾	—	125	125	—	—	—	—	250
Asset retirement obligations	—	—	—	1	—	—	2	3
Total⁽⁴⁾	\$ 36	160	160	36	805	35	687	1,919

- (1) Includes outstanding principal amounts on the revolving credit facility at June 30, 2018. This table does not include future commitment fees, interest expense or other fees on our revolving 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 wastewater treatment facility.
- (3) In connection with the Water Acquisition, we have agreed to pay Antero Resources (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.
- (4) Future capital contributions to unconsolidated affiliates are excluded from the table as neither the amounts nor the timing of the obligations can be determined in advance.

Non-GAAP Financial Measures

We use Adjusted EBITDA as an important indicator of our performance. We define Adjusted EBITDA as net income before interest expense, impairment of property and equipment, depreciation expense, accretion, equity-based compensation expense, excluding equity in earnings of unconsolidated affiliates, and including cash distributions from unconsolidated affiliates, and gain on sale of assets.

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 interest paid, income tax withholding payments and cash reserved for payments of income tax withholding upon vesting of equity-based compensation awards, cash reserved/paid for bond interest and ongoing maintenance capital expenditures paid. 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. 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.

“Segment Adjusted EBITDA” is also used by our management team for various purposes, including as a measure of operating performance and as a basis for strategic planning and forecasting. Segment Adjusted EBITDA is a non-GAAP financial measure that we define as operating income before equity-based compensation expense, interest expense, depreciation expense, accretion, excluding equity in earnings of unconsolidated affiliates, and including cash distributions from unconsolidated affiliates. Operating income represents net income before interest expense and equity in earnings of unconsolidated affiliates, and is the most directly comparable GAAP financial measure to Segment Adjusted EBITDA because we do not account for interest expense on a segment basis. The following tables represent a reconciliation of our operating income to Segment Adjusted EBITDA for the periods presented (in thousands):

	Gathering and Processing	Water Handling and Treatment	Consolidated Total
Three Months Ended June 30, 2017			
Operating income	\$ 55,864	36,703	92,567
Depreciation expense	22,271	8,241	30,512
Accretion of contingent acquisition consideration	—	3,590	3,590
Equity-based compensation	5,237	1,714	6,951
Distributions from unconsolidated affiliates	5,820	—	5,820
Segment and consolidated Adjusted EBITDA	<u>\$ 89,192</u>	<u>50,248</u>	<u>139,440</u>
Three Months Ended June 30, 2018			
Operating income	\$ 65,448	49,382	114,830
Impairment of property and equipment expense	4,614	—	4,614
Depreciation expense	24,258	12,175	36,433
Accretion of contingent acquisition consideration	—	3,947	3,947
Accretion of asset retirement obligations	—	34	34
Equity-based compensation	4,754	1,113	5,867
Distributions from unconsolidated affiliates	10,810	—	10,810
Gain on sale of assets-Antero Assets	(583)	—	(583)
Segment and consolidated Adjusted EBITDA	<u>\$ 109,301</u>	<u>66,651</u>	<u>175,952</u>
Six Months Ended June 30, 2017			
Operating income	\$ 109,572	64,692	174,264
Depreciation expense	41,970	16,078	58,048
Accretion of contingent acquisition consideration	—	7,116	7,116
Equity-based compensation	9,826	3,411	13,237
Distributions from unconsolidated affiliates	5,820	—	5,820
Segment and consolidated Adjusted EBITDA	<u>\$ 167,188</u>	<u>91,297</u>	<u>258,485</u>
Six Months Ended June 30, 2018			
Operating income	\$ 128,467	97,903	226,370
Impairment of property and equipment expense	4,614	—	4,614
Depreciation expense	47,672	21,193	68,865
Accretion of contingent acquisition consideration	—	7,821	7,821
Accretion of asset retirement obligations	—	68	68
Equity-based compensation	9,412	2,666	12,078
Distributions from unconsolidated affiliates	17,895	—	17,895
Gain on sale of assets-Antero Resources	(583)	—	(583)
Segment and consolidated Adjusted EBITDA	<u>\$ 207,477</u>	<u>129,651</u>	<u>337,128</u>

The following table represents a reconciliation of our Segment and consolidated Adjusted EBITDA and Distributable Cash Flow to the most directly comparable GAAP financial measures for the periods presented (in thousands):

(in thousands)	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2017	2018	2017	2018
Reconciliation of Net Income to Segment and Consolidated Adjusted EBITDA and Distributable Cash Flow:				
Net income	\$ 87,175	109,466	162,267	217,571
Interest expense	9,015	14,628	17,851	25,925
Impairment of property and equipment expense	—	4,614	—	4,614
Depreciation expense	30,512	36,433	58,048	68,865
Accretion of contingent acquisition consideration	3,590	3,947	7,116	7,821
Accretion of asset retirement obligations	—	34	—	68
Equity-based compensation	6,951	5,867	13,237	12,078
Equity in earnings of unconsolidated affiliates	(3,623)	(9,264)	(5,854)	(17,126)
Distributions from unconsolidated affiliates	5,820	10,810	5,820	17,895
Gain on sale of assets-Antero Resources	—	(583)	—	(583)
Segment and consolidated Adjusted EBITDA	139,440	175,952	258,485	337,128
Interest paid	(2,308)	(6,270)	(21,976)	(28,618)
Decrease in cash reserved for bond interest ⁽¹⁾	(8,734)	(8,734)	194	—
Income tax withholding upon vesting of Antero Midstream Partners LP equity-based compensation awards ⁽²⁾	(2,431)	(1,500)	(3,931)	(3,000)
Maintenance capital expenditures ⁽³⁾	(16,422)	(17,289)	(32,325)	(33,777)
Distributable cash flow	\$ 109,545	142,159	200,447	271,733

- (1) Cash reserved for bond interest expense on Antero Midstream's 5.375% senior notes outstanding during the period that is paid on a semi-annual basis on March 15th and September 15th of each year.
- (2) Estimate of current period portion of expected cash payment for income tax withholding attributable to vesting of Midstream LTIP equity-based compensation awards paid in the second quarter 2018 and to be paid in the fourth quarter.
- (3) Maintenance capital expenditures represent that portion of our estimated capital expenditures associated with (i) the connection of new wells to our gathering and processing systems that we believe will be necessary to offset the natural production declines Antero Resources will experience on its wells over time, and (ii) water delivery to new wells necessary to maintain the average throughput volume on our systems.

Critical Accounting Policies and Estimates

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 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 2017 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 consolidated financial statements, included in our 2017 Form 10-K, for a discussion of additional accounting policies and estimates made by management.

New Accounting Pronouncements

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 us on January 1, 2019. Although early application is permitted, we do not plan to early adopt the ASU. The standard requires the use of the modified retrospective transition method. We are evaluating the effect that ASU 2016-02 will have on our consolidated financial statements and related disclosures. We are evaluating

the standard's applicability to our various contractual arrangements with Antero Resources and we believe that the application of the ASU to our contractual arrangements with Antero Resources could be subject to differing interpretations. The accounting treatment for these arrangements under the ASU could include (i) the recognition of our Antero contracts as leases under the ASU, (ii) characterization of our servicing revenues from gathering, compression, and water handling and treatment as revenues from leasing or financing, and (iii) derecognition of assets on our balance sheet that are used to provide services under contracts containing variable payment terms. Other interpretations and applications of the standard may be possible. We continue to monitor relevant industry guidance regarding implementation of ASU 2016-02 and will adjust our implementation of the standard as necessary. We believe that adoption of the standard will not impact our operational strategies, growth prospects, or cash flows.

Off-Balance Sheet Arrangements

As of June 30, 2018, 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 Resources provide for fixed-fee structures, and we intend to continue to pursue additional fixed-fee opportunities with Antero Resources and third parties in order to avoid direct commodity price exposure. However, to the extent that our future contractual arrangements with Antero Resources 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 Resources' development program and production and therefore our gathering, compression, and water handling and treatment volumes. We cannot predict to what extent our business would be impacted by lower commodity prices and any resulting impact on Antero Resources' operations.

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 June 30, 2018, we had \$770 million of borrowings and no letters of credit outstanding under the Credit Facility. A 1.0% increase in our Credit Facility interest rate would have resulted in an estimated \$3.4 million increase in interest expense for the six months ended June 30, 2018.

Credit Risk

We are dependent on Antero Resources as our primary customer, and we expect to derive substantially all of our revenues from Antero Resources for the foreseeable future. As a result, any event, whether in our area of operations or otherwise, that adversely affects Antero Resources' 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 Resources, including with respect to our gathering and compression and water handling and treatment services agreements. We cannot predict the extent to which Antero Resources' 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 Resources' ability to execute its drilling and development program or to perform under our agreement. Any material non-payment or non-performance by Antero Resources 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 June 30, 2018 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 June 30, 2018 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.

We maintain insurance policies with insurers in amounts and with coverage and deductibles that we, with the advice of our insurance advisors and brokers, believe are reasonable and prudent. We cannot, however, assure you that this insurance will be adequate to protect us from all material expenses related to potential future claims for personal and property damage or that these levels of insurance will be available in the future at economical prices.

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 2017 Form 10-K. The risks described in our 2017 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 2017 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 2. Unregistered Sales of Equity Securities and Use of Proceeds.***Issuer Purchases of Equity Securities***

The following table sets forth our common unit purchase activity for each period presented:

Period	Number of Common Units Purchased	Average Price Paid per Common Unit	Total Number of Common Units Purchased as Part of Publicly Announced Plans	Maximum Number of Common Units that May Yet be Purchased Under the Plan
April 1, 2018 - April 30, 2018	51,815	\$ 25.09	—	N/A
May 1, 2018 - May 31, 2018	—	\$ —	—	N/A
June 1, 2018 - June 30, 2018	—	\$ —	—	N/A

Common units purchased represent common units transferred to us in order to satisfy tax withholding obligations incurred upon the vesting of Antero Midstream equity awards held by our employees

Item 5. Other Information.

None.

Item 6. Exhibits.

- 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 Amended and Restated Certificate of Limited Partnership of Antero Midstream Partners LP, dated April 11, 2017 (incorporated by reference to Exhibit 3.1 to the Current Report on Form 8-K (Commission File No. 001-36719) filed on April 11, 2017).
- 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).
- 3.5 Amendment No. 2 to Agreement of Limited Partnership of Antero Midstream Partners LP, dated as of December 20, 2017 (incorporated by reference to Exhibit 3.1 to the Current Report on Form 8-K (Commission File No. 001-36719) filed on December 26, 2017).
- 10.1 Form of Amended and Restated Indemnification Agreement (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K (Commission File No. 001-36719) filed on April 17, 2018)
- 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 June 30, 2018, formatted in XBRL (eXtensible Business Reporting Language):
 - (i) Condensed Consolidated Balance Sheets, (ii) Condensed Consolidated Statements of Operations,
 - (iii) Condensed Consolidated Statements of Partners' Capital, (iv) Condensed Consolidated Statements of Cash Flows, and (v) Notes to the Condensed 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.

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 MIDSTREAM PARTNERS GP LLC,
its general partner**

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

Date: August 1, 2018