

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2019

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

Commission File No. 001-38075



ANTERO MIDSTREAM CORPORATION

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)
1615 Wynkoop Street
Denver Colorado
(Address of principal executive offices)

61-1748605
(IRS Employer
Identification No.)

80202
(Zip Code)

(303) 357-7310

(Registrant's telephone number, including area code)

Securities registered pursuant to section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value \$0.01	AM	New York Stock Exchange

Securities Registered Pursuant to Section 12(g) of the Act: **None.**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

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 every Interactive Data File required to be submitted 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 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 Emerging growth company Accelerated filer Non-accelerated filer Smaller reporting company

If an emerging growth company, indicate by checkmark 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 Act). Yes No

The aggregate market value of the voting common stock held by non-affiliates of the registrant as of June 28, 2019, the last business day of the registrant's most recently completed second fiscal quarter, was approximately \$2.8 billion based on the \$11.46 per share closing price of Antero Midstream Corporation's common stock as reported on that day on the New York Stock Exchange.

The registrant had 484,084,523 shares of common stock outstanding as of February 7, 2020.

Documents incorporated by reference: Portions of the registrant's proxy statement for its annual meeting of stockholders to be filed pursuant to Regulation 14A within 120 days after the registrant's fiscal year end are incorporated by reference into Part III of this Annual Report on Form 10-K.

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CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

Some of the information in this Annual Report on Form 10-K 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, although not all forward-looking statements contain such identifying words. These forward-looking statements are based on our current expectations and assumptions about future events and are based on currently available information as to the outcome and timing of future events. When considering these forward-looking statements, investors should keep in mind the risk factors and other cautionary statements in this Annual Report on Form 10-K. These forward-looking statements are management’s belief, based on currently available information, as to the outcome and timing of future events. Factors that could cause our actual results to differ materially from the results contemplated by such forward-looking statements include:

- Antero Resources Corporation’s (“Antero Resources”) expected production and development plan;
- our ability to execute our business strategy;
- our ability to obtain debt or equity financing on satisfactory terms to fund additional acquisitions, expansion projects, working capital requirements and the repayment or refinancing of indebtedness;
- our ability to realize the anticipated benefits of our investments in unconsolidated affiliates;
- natural gas, natural gas liquids (“NGLs”) and oil prices;
- our ability to complete the construction of or purchase new gathering and compression, processing, water handling or other assets on schedule, at the budgeted cost or at all, and the ability of such assets to operate as designed or at expected levels;
- our ability to successfully complete our share repurchase program;
- 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
- our other plans, objectives, expectations and intentions contained in this Annual Report on Form 10-K.

We caution investors that these forward-looking statements are subject to all of the risks and uncertainties incidental to our business, most of which are difficult to predict and many of which are beyond our control. These risks include, but are not limited to, commodity price volatility, inflation, environmental risks, Antero Resources’ drilling and completion and other operating risks, regulatory changes, the uncertainty inherent in projecting Antero Resources’ future rates of production, cash flows and access to capital, the timing of development expenditures, and the other risks described under the heading “Risk Factors” in this Annual Report on Form 10-K.

Should one or more of the risks or uncertainties described in this Annual Report on Form 10-K 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 Annual Report on Form 10-K 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 to reflect events or circumstances after the date of this Annual Report on Form 10-K.

GLOSSARY OF COMMONLY USED TERMS

The following are abbreviations and definitions of certain terms used in this document, which are commonly used in our industry:

“Bbl.” One stock tank barrel, of 42 U.S. gallons liquid volume, used herein in reference to crude oil, condensate, NGLs, or water.

“Bbl/d.” Bbl per day.

“Bcf.” One billion cubic feet of natural gas.

“Bcfe.” One billion cubic feet of natural gas equivalent with one barrel of oil, condensate, or NGLs converted to six thousand cubic feet of natural gas.

“Bcfe/d.” Bcfe per day.

“DOT.” Department of Transportation.

“Dry gas.” A natural gas containing insufficient quantities of hydrocarbons heavier than methane to allow their commercial extraction or to require their removal in order to render the gas suitable for fuel use.

“EPA.” Environmental Protection Agency.

“Expansion capital.” Cash expenditures to construct new midstream infrastructure and those expenditures incurred in order to extend the useful lives of our assets, reduce costs, increase revenues or increase system throughput or capacity from current levels, including well connections that increase existing system throughput.

“FERC.” Federal Energy Regulatory Commission.

“Field.” An area consisting of a single reservoir or multiple reservoirs all grouped on, or related to, the same individual geological structural feature or stratigraphic condition. The field name refers to the surface area, although it may refer to both the surface and the underground productive formations.

“High pressure pipelines.” Pipelines gathering or transporting natural gas that has been dehydrated and compressed to the pressure of the downstream pipelines or processing plants.

“Hydrocarbon.” An organic compound containing only carbon and hydrogen.

“Joint Venture.” The joint venture entered into on February 6, 2017 between Antero Midstream Partners L.P. (“Antero Midstream Partners”), which is our wholly owned subsidiary, and MarkWest Energy Partners, L.P. (“MarkWest”), a wholly owned subsidiary of MPLX, LP (“MPLX”), to develop processing and fractionation assets in Appalachia.

“Low pressure pipelines.” Pipelines gathering natural gas at or near wellhead pressure that has yet to be compressed (other than by well pad gas lift compression or dedicated well pad compressors) and dehydrated.

“Maintenance capital.” Cash expenditures (including expenditures for the construction or development of new capital assets or the replacement, improvement or expansion of existing capital assets) made to maintain, over the long term, our operating capacity or revenue.

“MBbl.” One thousand Bbls.

"MBbl/d." One thousand Bbls per day.

"Mcf." One thousand cubic feet of natural gas.

"MMBtu." One million British thermal units.

"MMcf." One million cubic feet of natural gas.

"MMcf/d." One million cubic feet per day.

"Natural gas." Hydrocarbon gas found in the earth, composed of methane, ethane, butane, propane and other gases.

"NGLs." Natural gas liquids. Hydrocarbons found in natural gas that may be extracted as purity products such as ethane, propane, isobutene and normal butane, and natural gasoline.

"NYMEX." New York Mercantile Exchange.

"Oil." Crude oil and condensate.

"SEC." United States Securities and Exchange Commission.

"Tcfe." One trillion cubic feet of natural gas equivalent with one barrel of oil, condensate, or NGLs converted to six thousand cubic feet of natural gas.

"Throughput." The volume of product transported or passing through a pipeline, plant, terminal or other facility.

PART I

References in this Annual Report on Form 10-K to the “Company,” “ARMM,” “we,” “our,” “us” or like terms, when referring to periods prior to May 4, 2017, refer to our predecessor, Antero Resources Midstream Management LLC and its consolidated subsidiaries, which did not include Antero Midstream Partners LP (“Antero Midstream Partners”) or its consolidated subsidiaries. References to the “Company,” “AMGP,” “we,” “our,” “us” or like terms, when referring to periods beginning on May 4, 2017 and ending on March 12, 2019, refer to our predecessor, Antero Midstream GP LP and its consolidated subsidiaries, which did not include Antero Midstream Partners or its consolidated subsidiaries. References to the “Company,” “Antero Midstream,” “AMC,” “we,” “our,” “us” or like terms, when referring to periods beginning on March 13, 2019 and prospectively, refer to Antero Midstream Corporation and its consolidated subsidiaries, including Antero Midstream Partners and its subsidiaries. References in this Annual Report on Form 10-K to the Company’s, Antero Midstream’s, AMC’s or our (i) indebtedness refer to the indebtedness of Antero Midstream Partners and (ii) operational or capital spending information refer to the operational or capital spending information of (1) for all periods prior to March 12, 2019, Antero Midstream Partners and its consolidated subsidiaries, and (2) for all periods on or after March 13, 2019, Antero Midstream and its consolidated subsidiaries, including Antero Midstream Partners and its subsidiaries.

Items 1 and 2. Business and Properties

Our Company and Organization Structure

Antero Midstream Corporation was originally formed as Antero Resources Midstream Management LLC in 2013 to become the general partner of Antero Midstream Partners. On May 4, 2017, ARMM converted from a limited liability company to a limited partnership under the laws of the State of Delaware and changed its name to Antero Midstream GP LP (“AMGP”) in connection with its initial public offering. On March 12, 2019, pursuant to the Simplification Agreement, dated as of October 9, 2018, by and among AMGP, Antero Midstream Partners and certain of their affiliates (the “Simplification Agreement”), (i) AMGP was converted from a limited partnership to a corporation under the laws of the State of Delaware and changed its name to Antero Midstream Corporation (the “Conversion”), (ii) an indirect, wholly owned subsidiary of Antero Midstream was merged with and into Antero Midstream Partners, with Antero Midstream Partners surviving the merger as an indirect, wholly owned subsidiary of Antero Midstream (the “Merger”), and (iii) Antero Midstream exchanged (the “Series B Exchange” and, together with the Conversion, the Merger and the other transactions pursuant to the Simplification Agreement, the “Transactions”) each issued and outstanding Series B Unit (the “Series B Units”) representing a membership interest in Antero IDR Holdings LLC (“IDR Holdings”) for 176.0041 shares of its common stock, par value \$0.01 per share.

We are a growth-oriented midstream energy company formed to own, operate and develop midstream energy assets to service Antero Resources’ production and completion activity. We believe that our strategically located assets and our relationship with Antero Resources have allowed us to become a leading midstream energy company serving the Marcellus and Utica Shale plays. 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. 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. In addition, we also provide fluid handling services for flowback and produced water, including blending, storage, and transportation operations. These operations, along with our fresh water delivery systems, support well completion and production operations for Antero Resources. These services are provided by us directly or through third-parties with which we contract.

We utilize our midstream infrastructure assets to provide gathering, compression, processing, fractionation and integrated water services, including fresh water delivery services and other fluid handling services to Antero Resources under long-term, fixed-fee contracts, limiting our direct exposure to commodity price risk. As of December 31, 2019, all of Antero Resources’ approximate 594,000 gross acres (541,000 net acres) are dedicated to us for gathering, compression and water services, except for approximately 140,000 gross acres subject to third-party gathering and compression commitments. We also own a 15% equity interest in the gathering system of Stonewall Gas Gathering LLC (“Stonewall”) and a 50% equity interest in the Joint Venture to develop processing and fractionation assets in Appalachia with MarkWest. In connection with our entry into the Joint Venture with MarkWest, we released to the Joint Venture our right to provide certain processing and fractionation services on 195,000 gross acres held by Antero Resources in Ritchie, Tyler and Wetzel Counties in West Virginia. Under its agreements with us, and subject to any pre-existing dedications or other third-party commitments, Antero Resources has dedicated to us all of its current and future acreage in West Virginia, Ohio and Pennsylvania for gathering and compression services and all of its acreage within defined service areas in West Virginia and Ohio for water services. We also have certain rights of first offer with respect to gathering, compression, processing, and

fractionation services, and water services for acreage located outside of the existing dedicated areas. The gathering and compression agreement expires in 2038, and the water services agreement expires in 2035. Both agreements are subject to automatic annual renewal with rights by either party to terminate on or before the 180th day prior to the anniversary of such effective date.

Under a secondment agreement and a services agreement, Antero Resources seconded employees to us to provide operational services with respect to our assets and certain corporate, general and administrative services.

In connection with our entrance into the water services agreement, we agreed to pay Antero Resources (a) \$125 million in cash if we delivered 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. As of December 31, 2019, we had delivered 176 million barrels of fresh water, which entitled Antero Resources to \$125 million pursuant to clause (a) above. As a result, in January 2020, we paid Antero Resources \$125 million. In the two-year period ended December 31, 2019, we delivered 123 million of the 219 million barrels of fresh water, and we do not expect to deliver at least 219 million barrels by December 31, 2020 based on Antero Resources' 2020 budget.

Our gathering and compression assets consist of high and low pressure gathering pipelines, compressor stations, and processing and fractionation plants that collect and process natural gas and NGLs from Antero Resources' wells in West Virginia and Ohio. Our water handling assets include two independent systems that deliver fresh water from sources including the Ohio River, local reservoirs and several regional waterways. The fresh water delivery services systems consist of permanent buried pipelines, surface pipelines and fresh water storage facilities, as well as pumping stations and impoundments to transport fresh water throughout the systems used to deliver water to Antero Resources' well completions. As of December 31, 2019, we had the ability to store 5.8 million barrels of fresh water in 38 impoundments. Additionally, we own water blending and storage assets to support other fluid handling services that we provide to Antero Resources for well completion and production activities. We also own water treatment assets including the Antero Clearwater Facility, waste water pits and a related landfill used for the disposal of salt therefrom (collectively, the "Clearwater Facility"), which we idled in September 2019. For additional information, please read "—Developments and Highlights—Idling of the Clearwater Facility."

Due to the extensive geographic distribution of our water pipeline systems in both West Virginia and Ohio, we are able to provide, and have in the past provided, water delivery services to other oil and gas producers operating within and adjacent to Antero Resources' operating area in an effort to further leverage the use of our existing system.

Our operations are located in the United States and are organized into two reporting segments: (1) gathering and processing and (2) water handling. Financial information for our reporting segments is located under Note 17—Reporting Segments to our consolidated financial statements.

Developments and Highlights

2019 Capital Investments

For the year ended December 31, 2019, our total capital spending was \$469 million, which included \$414 million of expansion capital and \$55 million of maintenance capital. We spent an aggregate of \$315 million for gathering and compression infrastructure. The additional gathering and compression infrastructure included 37 miles of pipelines in the Marcellus and Utica Shales combined. Additionally, we invested an aggregate of \$154 million in water infrastructure to construct 47 miles of additional buried fresh water pipelines and surface pipelines. Substantially all capital spending was invested in the Marcellus Shale. We also invested \$179 million in our unconsolidated affiliates.

2020 Capital Budget

During 2020, we plan to expand our existing Marcellus and Utica Shale gathering, processing and fresh water delivery infrastructure to accommodate Antero Resources' development plans. Antero Resources announced that it plans to operate an average of four drilling rigs and complete between 120 and 130 horizontal wells, substantially all of which are expected to be located on acreage dedicated to us. Antero Resources' announced 2020 drilling and completion capital budget is \$1.15 billion. Our 2020 capital budget is a range of \$300 million to \$325 million.

Growth Incentive Fee Program With Antero Resources

On December 8, 2019, we and Antero Resources amended the existing gathering and compression agreement to establish a growth incentive fee program whereby we will provide quarterly fee reductions to Antero Resources from 2020 through 2023, contingent upon Antero Resources achieving volumetric growth targets on low pressure gathering. The compression, high pressure gathering and fresh water delivery fees payable to us were unchanged. In addition, we and Antero Resources agreed to extend the primary term of the gathering and compression for four additional years to November 10, 2038. The following table summarizes the low pressure gathering growth incentive targets through 2023. If actual low pressure volumes are below the lowest tier for the respective calendar years, Antero Resources will not receive a reduction in low pressure gathering fees.

	Low Pressure Gathering Volume Growth Incentive Targets (MMcf/d)	Quarterly Fee Reduction (in millions)
Calendar Year 2020		
First Quarter	>2,700	\$12
Second Quarter	>2,700	\$12
Third Quarter	>2,800	\$12
Fourth Quarter	>2,900	\$12
Calendar Years 2021-2023		
Threshold 1	>2,900 and <3,150	\$12
Threshold 2	>3,150 and <3,400	\$15.5
Threshold 3	>3,400	\$19

Return of Capital Program

On August 12, 2019, our Board of Directors (the "Board") authorized a share repurchase program to opportunistically repurchase up to \$300 million of shares of our outstanding common stock through June 30, 2021. During the year ended December 31, 2019, we repurchased 22.9 million shares for approximately \$125 million under this program. This included 19.4 million shares from Antero Resources at a price of \$5.16 per share in December 2019, and we currently have approximately \$175 million of share repurchase capacity remaining under this program.

On January 15, 2020, the Board declared a cash dividend on the shares of our common stock of \$0.3075 per share for the quarter ended December 31, 2019. The dividend will be payable on February 12, 2020 to stockholders of record as of January 31, 2020.

The Board also declared a cash dividend of \$138 thousand on our shares of Series A Non-Voting Perpetual Preferred Stock, par value \$0.01 (the "Series A Preferred Stock") to be paid on February 14, 2020 in accordance with the terms of the Series A Preferred Stock, which are discussed in Note 14 —Equity and Earnings Per Common Share to our consolidated financial statements.

Idling of the Clearwater Facility

On September 18, 2019, we commenced a strategic evaluation of the Clearwater Facility. Based on the preliminary results of our evaluation and ongoing discussions with the Clearwater Facility’s contractor, the Clearwater Facility was idled. We expect the Clearwater Facility to continue to be idled for the foreseeable future. The decision to idle the Clearwater Facility was driven by its inability to operate at its intended specifications. Accordingly, we recorded impairment charges related to the Clearwater Facility of \$409 million for property and equipment, \$42 million of goodwill and \$12 million in customer relationships during the year ended December 31, 2019. See Note 4—Clearwater Facility Impairment to our consolidated financial statements. We incurred \$11 million in facility idling costs for the care and maintenance of the Clearwater Facility during the period from September 18, 2019 through December 31, 2019. Since idling the Clearwater Facility, we have satisfied our obligation to handle Antero Resources’ flowback and produced water through our blending operations and third parties.

Closing of Simplification Transaction

On March 12, 2019, AMGP and Antero Midstream Partners completed certain simplification transactions pursuant to the Simplification Agreement, dated as of October 9, 2018, by and among AMGP, Antero Midstream Partners and certain of their affiliates (the “Transactions”). The Merger has been accounted for as an acquisition by AMGP of Antero Midstream Partners under ASC 805, *Business Combinations*, and accounted for as a business combination, with the assumed assets and liabilities of Antero Midstream Partners recorded at fair value.

Financial Results as Reported

For the year ended December 31, 2019, we generated cash flows from operations of \$622 million and a net loss of \$355 million. This compares to cash flows from operations of \$84 million and net income of \$67 million for the year ended December 31, 2018. For the year ended December 31, 2019, we consolidated the results of Antero Midstream Partners and its subsidiaries after March 12, 2019, whereas for the year ended December 31, 2018 and for the period from January 1, 2019 through March 12, 2019, our source of income and cash flow was solely from the incentive distribution rights of Antero Midstream Partners.

Credit Facility

Antero Midstream Partners, as borrower (the “Borrower”), has a senior secured revolving credit facility (the “Credit Facility”) with a consortium of banks. We will fund our operations through our operating cash flows, cash on our balance sheet, borrowings under the Credit Facility and capital market transactions. We increased lender commitments under the Credit Facility from \$2.0 billion to \$2.13 billion on November 19, 2019. At December 31, 2019, we had \$960 million outstanding and no letters of credit outstanding under the Credit Facility. The maturity date of the Credit Facility is October 26, 2022. See “Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations—Capital Resources and Liquidity—Debt Agreements—Antero Midstream Partners Revolving Credit Facility” for a description of the Credit Facility.

Our Assets

The following table provides information regarding our gathering and processing systems as of December 31, 2019:

	Low-Pressure Pipeline (miles)	High-Pressure Pipeline (miles)	Compression Capacity (MMcf/d)
Marcellus	173	151	2,505
Utica	74	36	320
Total	247	187	2,825

The following table provides information regarding our water handling systems as of December 31, 2019:

	Buried Fresh Water Pipeline (miles)	Surface Fresh Water Pipeline (miles)
Marcellus	149	98
Utica	54	31
Total	203	129

Our Relationship with Antero Resources

Antero Resources has a 28.7% ownership interest in us. Antero Resources is our most significant customer and is one of the largest producers of natural gas and NGLs in the Appalachian Basin, where it produced, on average, 3.2 Bcfe/d net (30% liquids) during 2019, an increase of 19% as compared to 2018. As of December 31, 2019, Antero Resources' estimated net proved reserves were 18.9 Tcfe, which were comprised of 61% natural gas, 38% NGLs, and 1% oil. As of December 31, 2019, Antero Resources' drilling inventory consisted of 2,385 identified potential horizontal well locations (approximately 1,685 of which were located on acreage dedicated to us) for gathering and compression and water handling services, which provides us with significant opportunities for growth as Antero Resources' active drilling program continues and its production increases. Antero Resources' announced 2020 drilling and completion budget is \$1.15 billion, and includes plans to operate an average of four drilling rigs, primarily in the Marcellus Shale. Antero Resources relies significantly on us to deliver the midstream infrastructure necessary to accommodate its production growth. For additional information regarding our contracts with Antero Resources, please read “—Contractual Arrangement with Antero Resources.”

We derive substantially all of our revenue from Antero Resources. Any development that materially and adversely affects Antero Resources' operations, financial condition or market reputation could have a material adverse impact on us. Accordingly, we are indirectly subject to the business risks of Antero Resources. For additional information, please read “Item 1A. Risk Factors—Risks Related to Our Business.”

Operational and Managerial Arrangements with Antero Resources

Gathering and Compression

Pursuant to the gathering and compression agreement with Antero Resources, Antero Resources has dedicated all of its current and future acreage in West Virginia, Ohio and Pennsylvania to Antero Midstream Partners for gathering and compression except for acreage attributable to third-party commitments in effect prior to the agreement, or acreage Antero Resources acquires that is subject to pre-existing dedications. In December 2019, we and Antero Resources agreed to extend the initial term of the agreement to 2038 and established a growth incentive fee program whereby low pressure gathering fees will be reduced from 2020 through 2023 to the extent Antero Resources achieves certain volumetric targets. For a discussion of Antero Resources' existing third-party commitments and pre-existing dedications, please read “—Antero Resources' 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 per Mcf, a high-pressure gathering fee per Mcf, and a compression fee per Mcf, in each case subject to CPI-based adjustments. 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. Additional high pressure lines and compressor stations installed on our own initiative are not subject to such volume commitments. These minimum volume commitments on new infrastructure are intended to support the stability of our cash flows.

Water Handling Services

Pursuant to the water services agreement, we provide certain water handling services to Antero Resources within an area of dedication in defined service areas in Ohio and West Virginia. We also have certain rights of first offer with respect to water services for acreage located outside of the existing dedicated areas. Antero Resources agreed to pay us for all water handling services provided by us in accordance with the terms of the water services agreement. As of the start of 2020, there are no minimum volume commitments under this agreement. Under the agreement, Antero Resources will pay a fixed fee per barrel in West Virginia and Ohio and all other locations for fresh water deliveries by pipeline directly to the well site. Antero Resources also agreed to pay us a fixed fee per barrel for wastewater treatment at the Clearwater Facility, which was idled in the third quarter of 2019 and we expect will remain idled for the foreseeable future. Additionally, we provide or manage other fluid handling services for well completion and production operations in Antero Resources' operating areas. The fees for such services are all subject to CPI adjustments. In addition, we also provide fluid handling services for flowback and produced water, including blending, storage, and transportation operations. These operations, along with our fresh water delivery systems, support well completion and production operations for Antero Resources. These services are provided by us directly or through third-parties with which we contract. For flowback and produced water services provided by third-parties, Antero Resources reimburses our third-party out-of-pocket costs plus 3%. For flowback and produced water services provided by us, we charge Antero Resources a cost of service fee. On February 12, 2019, Antero Resources and Antero Midstream Partners amended and restated the water services agreement to, among other things, make certain clarifying changes with respect to the CPI adjustments. The initial term of the water services agreement runs to 2035.

Gas Processing and NGL Fractionation

The Joint Venture was formed in February 2017 to develop processing and fractionation assets in Appalachia. We have a right-of-first-offer agreement with Antero Resources for the provision of processing and fractionation services pursuant to which Antero Resources, subject to certain exceptions, may not procure any gas processing or NGL fractionation services with respect to its production (other than production subject to a pre-existing dedication) without first offering us the right to provide such services. For additional information, please read “—Antero Resources’ Existing Third-Party Commitments.”

Secondment and Services Agreements

Pursuant to a secondment agreement and a services agreement, Antero Resources seconded employees to us to provide operational services with respect to our assets and certain corporate, general and administrative services in exchange for reimbursement of any direct expenses and an allocation of any indirect expenses attributable to its provision of such services. These agreements extend through 2039.

Antero Resources’ Existing Third-Party Commitments

Excluded Acreage

Antero Resources previously dedicated a portion of its acreage in the Marcellus Shale to certain third parties’ gathering and compression services. We refer to this acreage dedication as the “excluded acreage.” As of December 31, 2019, the excluded acreage consisted of approximately 140,000 of Antero Resources’ existing gross leasehold acreage, which included approximately 700 of Antero Resources’ 2,385 potential horizontal well locations. As part of its five year drilling plan, Antero Resources expects to drill most of its wells on acreage dedicated to us.

Other Commitments

In addition to the excluded acreage, Antero Resources has entered into take-or-pay contracts with volume commitments for certain third parties’ high pressure gathering and compression services. Specifically, those volume commitments consist of up to an aggregate of 750 MMcf/d on four high pressure gathering pipelines and 1,020 MMcf/d on nine compressor stations.

Acreage Dispositions

In addition to the excluded acreage and Antero Resources’ other commitments with third parties, each of the gathering and compression agreement, water services agreement and right of first offer agreement between Antero Resources and us permit Antero Resources to sell, transfer, convey, assign, grant, or otherwise dispose of dedicated properties free of the dedication under such agreements, provided that the number of net acres of dedicated properties so disposed of, when added to the number of net acres of dedicated properties previously disposed of free of the dedication since the respective effective dates of the agreements, does not exceed the aggregate number of net acres of dedicated properties acquired by Antero Resources since such effective dates. Accordingly, under certain circumstances, Antero Resources may dispose of a significant number of net acres of dedicated properties free from dedication without our consent, and we have no control over the timing or extent of such dispositions.

Title to Properties

Our real property is classified into two categories: (1) parcels that we own in fee and (2) parcels in which our interest derives from leases, easements, rights-of-way, permits or licenses from landowners or governmental authorities, permitting the use of such land for our operations. Portions of the land on which our pipelines and major facilities are located are owned by us in fee title, and we believe that we have satisfactory title to these lands. The remainder of the land on which our pipelines and major facilities are located are held by us pursuant to surface leases between us, as lessee, and the fee owner of the lands, as lessors. We have leased or owned these lands without any material challenge known to us relating to the title to the land upon which the assets are located, and we believe that we have satisfactory leasehold estates or fee ownership of such lands. We have no knowledge of any challenge to the underlying fee title of any material lease, easement, right-of-way, permit or license held by us or to our title to any material lease, easement, right-of-way, permit or lease, and we believe that we have satisfactory title to all of its material leases, easements, rights-of-way, permits and licenses.

Seasonality

Demand for natural gas generally decreases during the spring and fall months and increases during the summer and winter months. However, seasonal anomalies such as mild winters or mild summers sometimes lessen this fluctuation. In addition, certain natural gas end users, utilities and marketers utilize natural gas storage facilities and purchase some of their anticipated winter requirements during the spring, summer and fall, thereby smoothing demand for natural gas. This can also lessen seasonal demand fluctuations. These seasonal anomalies can increase demand for our services during the summer and winter months and decrease demand for our services during the spring and fall months.

Competition

As a result of our relationship with Antero Resources, we do not compete for the portion of Antero Resources' existing operations for which we currently provide midstream services and will not compete for future portions of Antero Resources' operations that are dedicated to us pursuant to: (i) our gathering and compression agreement; (ii) our water handling services agreement; and (iii) our right-of-first-offer agreement with Antero Resources for the provision of processing and fractionation services. For a description of this contract, please read "—Our Relationship with Antero Resources—Contractual Arrangements with Antero Resources." However, we face competition in attracting third-party volumes to our gathering and compression and water handling systems. In addition, these third parties may develop their own gathering and compression and water handling systems in lieu of employing our assets.

Regulation of Operations

Regulation of pipeline gathering services may affect certain aspects of our business and the market for our services.

Gathering Pipeline Regulation

Section 1(b) of the Natural Gas Act of 1938, or NGA, exempts natural gas gathering facilities from regulation by the FERC, under the NGA. Although the FERC has not made any formal determinations with respect to any of our facilities, we believe that the natural gas pipelines in our gathering systems meet the traditional tests the FERC has used to establish whether a pipeline is a gathering pipeline not subject to FERC jurisdiction. The distinction between FERC-regulated transmission services and federally unregulated gathering services, however, has been the subject of substantial litigation, and the FERC determines whether facilities are gathering facilities on a case-by-case basis, so the classification and regulation of some of our gathering facilities and intrastate transportation pipelines may be subject to change based on future determinations by the FERC, the courts, or Congress. If the FERC were to consider the status of an individual facility and determine that the facility is not a gathering pipeline and the pipeline provides interstate transmission service, the rates for, and terms and conditions of, services provided by such facility would be subject to regulation by the FERC under the NGA or the Natural Gas Policy Act of 1978, or NGPA. Such FERC-regulation could decrease revenue, increase operating costs, and, depending upon the facility in question, could adversely affect our results of operations and cash flows. In addition, if any of our facilities were found to have provided services or otherwise operated in violation of the NGA or NGPA, this could result in the imposition of civil penalties as well as a requirement to disgorge charges collected for such service in excess of the rate established by the FERC.

Unlike natural gas gathering under the NGA, there is no exemption for the gathering of crude oil or NGLs under the Interstate Commerce Act, or ICA. Whether a crude oil or NGL shipment is in interstate commerce under the ICA depends on the fixed and persistent intent of the shipper as to the crude oil's or NGL's final destination, absent a break in the interstate movement. Antero Midstream believes that the crude oil and NGL pipelines in its gathering system meet the traditional tests the FERC has used to determine that a pipeline is not providing transportation service in interstate commerce subject to FERC ICA jurisdiction. However, the determination of the interstate or intrastate character of shipments on Antero Midstream's crude oil and NGL pipelines depends on the shipper's intentions and the transportation of the crude oil or NGLs outside of Antero Midstream's system, and may change over time. If the FERC were to consider the status of an individual facility and the character of a crude oil or NGL shipment, and determine that the shipment is in interstate commerce, the rates for, and terms and conditions of, transportation services provided by such facility would be subject to regulation by the FERC under the ICA. Such FERC regulation could decrease revenue, increase operating costs, and, depending on the facility in question, could adversely affect Antero Midstream's results of operations and cash flows. In addition, if any of Antero Midstream's facilities were found to have provided services or otherwise operated in violation of the ICA, this could result in the imposition of administrative and civil remedies and criminal penalties, as well as a requirement to disgorge charges collected for such services in excess of the rate established by the FERC.

State regulation of gathering facilities generally includes various safety, environmental and, in some circumstances, nondiscriminatory take requirements and complaint-based rate regulation. States in which we operate may adopt ratable take and common purchaser statutes, which would require our gathering pipelines to take natural gas without undue discrimination in favor of one producer over another producer or one source of supply over another similarly situated source of supply. The regulations under these statutes may have the effect of imposing some restrictions on our ability as an owner of gathering facilities to decide with whom we contract to gather natural gas. States in which we operate may also adopt a complaint-based regulation of natural gas gathering activities, which allows natural gas producers and shippers to file complaints with state regulators in an effort to resolve grievances relating to gathering access and rate discrimination. We cannot predict whether such regulation will be adopted and whether such a complaint will be filed against us in the future. Failure to comply with state regulations can result in the imposition of administrative, civil and criminal remedies. To date, there has been no adverse effect to our system due to state regulations.

Our gathering operations could be adversely affected should they be subject in the future to more stringent application of state regulation of rates and services. Our gathering operations also may be, or become, subject to additional safety and operational regulations relating to the design, installation, testing, construction, operation, replacement and management of gathering facilities. Additional rules and legislation pertaining to these matters are considered or adopted from time to time. We cannot predict what effect, if any, such changes might have on our operations, but the industry could be required to incur additional capital expenditures and increased costs depending on future legislative and regulatory changes.

The Energy Policy Act of 2005, or EPAct 2005, amended the NGA and NGPA to prohibit fraud and manipulation in natural gas markets. The FERC subsequently issued a final rule making it unlawful for any entity, in connection with the purchase or sale of natural gas or transportation service subject to FERC's jurisdiction, to defraud, make an untrue statement or omit a material fact or engage in any practice, act or course of business that operates or would operate as a fraud. The FERC's anti-manipulation rules apply to intrastate sales and gathering activities only to the extent that there is a "nexus" to FERC-jurisdictional transactions. EPAct 2005 also provided the FERC with the authority to impose civil penalties of up to approximately \$1 million (adjusted annually for inflation) per day per violation. On January 2, 2020, FERC issued an order (Order No. 865) increasing the maximum civil penalty amounts under the NGA and NGPA to adjust for inflation. FERC may now assess civil penalties under the NGA and NGPA of up to \$1,291,894 per violation per day.

Pipeline Safety Regulation

Some of our gas pipelines are subject to regulation by the Pipeline and Hazardous Materials Safety Administration, or PHMSA, pursuant to the Natural Gas Pipeline Safety Act of 1968, or NGPSA, with respect to natural gas, and the Hazardous Liquids Pipeline Safety Act of 1979, or HLPSPA, with respect to crude oil and NGLs. Both the NGPSA and the HLPSPA were amended by the Pipeline Safety Act of 1992, the Accountable Pipeline Safety and Partnership Act of 1996, the Pipeline Safety Improvement Act of 2002, or PSIA, as reauthorized and amended by the Pipeline Inspection, Protection, Enforcement and Safety Act of 2006, or the PIPES Act, and the Pipeline Safety, Regulatory Certainty, and Job Creation Act of 2011, or 2011 Pipeline Safety Act. The NGPSA and HLPSPA regulate safety requirements in the design, construction, operation and maintenance of natural gas, crude oil and NGL pipeline facilities, while the PSIA establishes mandatory inspections for all U.S. crude oil, NGL and natural gas transmission pipelines in high-consequence areas, or high consequence areas (HCAs).

The PHMSA has developed regulations that require pipeline operators to implement integrity management programs, including more frequent inspections and other measures to ensure pipeline safety in HCAs. The regulations require operators, including us, to:

- perform ongoing assessments of pipeline integrity;
- identify and characterize applicable threats to pipeline segments that could impact a HCA;
- improve data collection, integration and analysis;
- repair and remediate pipelines as necessary; and
- implement preventive and mitigating actions.

The 2011 Pipeline Safety Act, among other things, increased the maximum civil penalty for pipeline safety violations and directed the Secretary of Transportation to promulgate rules or standards relating to expanded integrity management requirements, automatic or remote-controlled valve use, excess flow valve use, leak detection system installation and testing to confirm the material

strength of pipe operating above 30% of specified minimum yield strength in HCAs. Consistent with the act, PHMSA finalized rules that increased the maximum administrative civil penalties for violation of the pipeline safety laws and regulations to \$200,000 per violation per day, with a maximum of \$2,000,000 for a series of violations. Those maximum civil penalties have increased to \$218,647 per violation per day, with a maximum of \$2,186,465 for a series of violations, to account for inflation. The PHMSA has also issued a final rule applying safety regulations to certain rural low-stress hazardous liquid pipelines that were not covered previously by some of its safety regulation.

Following legislation enacted by Congress, PHMSA has issued or proposed regulations that either seek to impose new obligations on pipeline operations or expand existing pipeline safety requirements to previously unregulated pipelines. For example, in October 2019, PHMSA published three final rules on pipeline safety. The Enhanced Emergency Order Procedures rule (effective December 2, 2019) implements an existing statutory authorization for PHMSA to issue emergency orders related to pipeline safety if unsafe conditions or practices, or a combination thereof, constitutes or causes an imminent hazard. The Safety of Hazardous Liquid Pipelines rule (effective July 1, 2020) expands PHMSA's regulation of the safety of hazardous liquid pipelines by extending reporting requirements to certain hazardous liquid gravity flow and rural gathering pipelines, establishing new requirements for integrity management programs for hazardous liquid pipelines in HCAs and certain other hazardous liquid pipelines, and expanding various inspection and leak detection requirements. The Safety of Gas Transmission Pipelines rule (effective July 1, 2020) requires operators of certain gas transmission pipelines to reconfirm the Maximum Allowable Operating Pressure (MAOP) of their lines and establishes a new "Moderate Consequence Area" for determining regulatory requirements for gas transmission pipeline segments outside of HCAs. The rule also establishes new requirements for conducting baseline assessments and incorporates industry standards and guidelines as well as new requirements for integrity management programs. We are in the process of assessing the impact of these rules on our future costs of operations and revenue from operations, but we do not expect our operations to be affected by these new rules any differently than other similarly situated midstream companies.

PHMSA has also been working on two additional rules related to gas pipeline safety. The rule entitled "Pipeline Safety: Safety of Gas Transmission Pipelines, Repair Criteria, Integrity Management Improvements, Cathodic Protection, Management of Change, and Other Related Amendments" is expected to adjust the repair criteria for pipelines in HCAs, create new criteria for pipelines in non-HCAs, and strengthen integrity management assessment requirements. The rule entitled "Safety of Gas Gathering Pipelines" is expected to require all gas gathering pipeline operators to report incidents and annual pipeline data and to extend regulatory safety requirements to certain gas gathering pipelines in rural areas. These additional rulemakings are expected to be effective by mid-2020.

States are largely preempted by federal law from regulating pipeline safety for interstate lines but most are certified by the DOT to assume responsibility for enforcing federal intrastate pipeline regulations and inspection of intrastate pipelines. States may adopt stricter standards for intrastate pipelines than those imposed by the federal government for interstate lines; however, states vary considerably in their authority and capacity to address pipeline safety. State standards may include requirements for facility design and management in addition to requirements for pipelines. We do not anticipate any significant difficulty in complying with applicable state laws and regulations.

We regularly review all existing and proposed pipeline safety requirements and work to incorporate the new requirements into procedures and budgets. We expect to incur increasing regulatory compliance costs, based on the intensification of the regulatory environment and upcoming changes to regulations as outlined above, consistent with other similarly situated midstream companies. In addition to regulatory changes, costs may be incurred if there is an accidental release of a commodity transported by our system, or a regulatory inspection identifies a deficiency in our required programs and corrective action is required.

Regulation of Environmental and Occupational Safety and Health Matters

General

Our natural gas gathering and compression and water handling activities are subject to stringent and complex federal, state and local laws and regulations relating to the protection of the environment, natural resources and worker safety. As an owner or operator of these facilities, we must comply with these laws and regulations at the federal, state and local levels. These laws and regulations can restrict or impact our business activities in many ways, such as:

- requiring the installation of pollution-control equipment, imposing emission or discharge limits or otherwise restricting the way we operate resulting in additional costs to our operations;

- limiting or prohibiting construction activities in areas, such as air quality nonattainment areas, wetlands, coastal regions or areas inhabited by endangered or threatened species;
- delaying system modification or upgrades during review of permit applications and revisions;
- requiring investigatory and remedial actions to mitigate discharges, releases or pollution conditions associated with our operations or attributable to former operations; and
- enjoining the operations of facilities deemed to be in non-compliance with permits issued pursuant to or regulatory requirements imposed by such environmental laws and regulations.

Failure to comply with these laws and regulations may trigger a variety of administrative, civil and criminal enforcement measures, including the assessment of monetary penalties and natural resource damages. Certain environmental statutes impose strict joint and several liability for costs required to clean up and restore sites where hazardous substances, hydrocarbons or solid wastes have been disposed or otherwise released. Moreover, neighboring landowners and other third parties may file common law claims for personal injury and property damage allegedly caused by the release of hazardous substances, hydrocarbons or solid waste into the environment.

The trend in environmental regulation has been to place more restrictions and limitations on activities that may affect the environment and thus, there can be no assurance as to the amount or timing of future expenditures for environmental compliance or remediation and actual future expenditures may be different from the amounts we currently anticipate. As with the midstream industry in general, complying with current and anticipated environmental laws and regulations can increase our capital costs to construct, maintain and operate equipment and facilities. While these laws and regulations affect our maintenance capital expenditures and net income, we do not believe they will have a material adverse effect on our business, financial position, results of operations or cash flows, nor do we believe that they will affect our competitive position since the operations of our competitors are generally similarly affected. In addition, we believe that the various activities in which we are presently engaged that are subject to environmental laws and regulations are not expected to materially interrupt or diminish our operational ability to gather natural gas and provide water handling services. We cannot assure you, however, that future events, such as changes in existing laws or enforcement policies, the promulgation of new laws or regulations, or the development or discovery of new facts or conditions will not cause us to incur significant costs. Below is a discussion of the material environmental laws and regulations that relate to our business.

Hydraulic Fracturing Activities

Hydraulic fracturing is an important and common practice that is used to stimulate production of natural gas and/or oil from dense subsurface rock formations. The hydraulic fracturing process involves the injection of water, sand, and chemicals under pressure through a cased and cemented wellbore into targeted subsurface formations to fracture the surrounding rock and stimulate production. Our primary customer, Antero Resources, uses the water we deliver to it for hydraulic fracturing as part of its completion operations as does most of the U.S. onshore oil and natural gas industry. Hydraulic fracturing is typically regulated by state oil and gas commissions and similar agencies; however, in recent years the EPA, has asserted limited authority over hydraulic fracturing and has issued or sought to propose rules related to the control of air emissions, disclosure of chemicals used in the process, and the disposal of flowback and produced water resulting from the process. Some states, including those in which we operate, have adopted, and other states are considering adopting, regulations that could impose more stringent disclosure and/or well construction requirements on hydraulic fracturing operations. For example, in July 2015, the Ohio Department of Natural Resources issued final rules for horizontal drilling well-pad construction. The Ohio legislature has also adopted laws requiring oil and natural gas operators to disclose chemical ingredients used to hydraulically fracture wells and to conduct pre-drilling baseline water quality sampling of certain water wells near a proposed horizontal well. Local governments also may seek to adopt ordinances within their jurisdictions regulating the time, place and manner of drilling activities in general or hydraulic fracturing activities in particular. Some states and municipalities have sought to ban hydraulic fracturing altogether. We cannot predict whether any such federal, state, or local legal restrictions relating to the hydraulic fracturing process will ever be enacted in areas where our customers operate and if so, what the effects of such restrictions would be. If additional levels of regulation and permits were required through the adoption of new laws and regulations at the federal state or local level, that could lead to delays, increased operating costs and process prohibitions that could reduce the volumes of water and natural gas that move through our systems, which in turn could materially adversely affect our revenues and results of operations.

Hazardous Waste

Antero Midstream and Antero Resources' operations generate solid wastes, including small quantities of hazardous wastes, that are subject to the federal Resource Conservation and Recovery Act, or RCRA, and comparable state laws, which impose requirements for the handling, storage, treatment and disposal of hazardous waste. RCRA currently exempts many natural gas gathering and field processing wastes from classification as hazardous waste. Specifically, RCRA excludes from the definition of hazardous waste produced waters and other wastes intrinsically associated with the exploration, development, or production of crude oil and natural gas, including residual constituents derived from those exempt wastes. However, these oil and gas exploration and production wastes may still be regulated under state solid waste laws and regulations, and it is possible that certain oil and natural gas exploration and production wastes now classified as exploration and production-exempt non-hazardous waste could be classified as hazardous waste in the future. Stricter regulation of wastes generated during our or our customer's operations could result in increased costs for our operations or the operations of our customers, which could in turn reduce demand for our services, increase our waste disposal costs, and adversely affect our business.

The Clearwater Facility operates pursuant to West Virginia Department of Environmental Protection ("DEP") permits for the management of stormwater and wastewater and the disposal and management of solid waste. The produced water, flowback water, and other waste associated with shale development treated at the Clearwater Facility are exempt from RCRA hazardous waste regulations. Likewise, the input (residual salt derived from the wastewater treated at the Clearwater Facility) and output (leachate derived from precipitation run-off contacting the non-hazardous salt) to and from the landfill also qualify as exploration and production-exempt non-hazardous wastes because they derive from non-hazardous exempt material. However, in the event that hazardous non-exempt waste streams are introduced to and mix with the exempt waste at the Clearwater Facility, or if we otherwise fail to handle or treat such exempt materials pursuant to our West Virginia DEP permits, we may be subject to penalties and/or corrective action measures. Additionally, in the event that we dispose of sludges containing naturally occurring radioactive material (generated at the Clearwater Facility) at the landfill or other third-party facility that is not authorized to receive such radioactive waste, we may be subject to significant liabilities in the form of administrative, civil or criminal penalties and/or remedial obligations to remove previously disposed radioactive wastes and remediate contaminated property. The Clearwater Facility was idled in the third quarter of 2019 and we expect will remain idled for the foreseeable future.

Site Remediation

The Comprehensive Environmental Response, Compensation and Liability Act, or CERCLA, also known as the Superfund law and comparable state laws impose liability without regard to fault or the legality of the original conduct, on certain classes of persons responsible for the release of hazardous substances into the environment. Such classes of persons include the current and past owners or operators of sites where a hazardous substance was released, and companies that disposed or arranged for disposal of hazardous substances at offsite locations, such as landfills. Although petroleum as well as natural gas is excluded from CERCLA's definition of "hazardous substance," in the course of our ordinary operations, our operations generate wastes that may be designated as hazardous substances. CERCLA authorizes the EPA, states, and, in some cases, third parties to take actions in response to releases or threatened releases of hazardous substances into the environment and to seek to recover from the classes of responsible persons the costs they incur to address the release. Under CERCLA, we could be subject to strict joint and several liabilities for the costs of cleaning up and restoring sites where hazardous substances have been released into the environment and for damages to natural resources.

We currently own or lease, and may have in the past owned or leased, properties that have been used for the gathering and compression of natural gas and the gathering and transportation of oil. Although we typically used operating and disposal practices that were standard in the industry at the time, petroleum hydrocarbons or wastes may have been disposed of or released on or under the properties owned or leased by it or on or under other locations where such substances have been taken for disposal. Such petroleum hydrocarbons or wastes may have migrated to property adjacent to our owned and leased sites or the disposal sites. In addition, some of the properties may have been operated by third parties or by previous owners whose treatment and disposal or release of petroleum hydrocarbons or wastes was not under our control. These properties and the substances disposed or released on them may be subject to CERCLA, RCRA and analogous state laws. Under such laws, we could be required to remove previously disposed wastes, including waste disposed of by prior owners or operators; remediate contaminated property, including groundwater contamination, whether from prior owners or operators or other historic activities or spills; or perform remedial operations to prevent future contamination. We are not currently a potentially responsible party in any federal or state Superfund site remediation and there are no current, pending or anticipated Superfund response or remedial activities at or implicating our facilities or operations.

Air Emissions

The federal Clean Air Act, and comparable state laws, regulate emissions of air pollutants from various industrial sources, including natural gas processing plants and compressor stations, and also impose various emission limits, operational limits and monitoring, reporting and recordkeeping requirements on air emission sources. Failure to comply with these requirements could result in monetary penalties, injunctions, conditions or restrictions on operations, and potentially criminal enforcement actions. These laws are frequently subject to change. For example, in October 2015, the EPA lowered the National Ambient Air Quality Standard, or NAAQS, for ozone from 75 to 70 parts per billion, and completed attainment/non-attainment designations in July 2018. State implementation of the revised NAAQS could result in stricter permitting requirements, delay or prohibit our ability to obtain such permits, and result in increased expenditures for pollution control equipment, the costs of which could be significant. Applicable laws and regulations require pre-construction permits for the construction or modification of certain projects or facilities with the potential to emit air emissions above certain thresholds. These pre-construction permits generally require use of best available control technology, or BACT, to limit air emissions. In addition, in June 2016, the EPA finalized rules under the federal Clean Air Act regarding criteria for aggregating multiple sites into a single source for air-quality permitting purposes applicable to the oil and gas industry. This rule could cause small facilities (such as tank batteries and compressor stations), on an aggregate basis, to be deemed a major source, thereby triggering more stringent air permitting requirements, which in turn could result in operational delays or require us to install costly pollution control equipment. Several EPA new source performance standards, or NSPS, and national emission standards for hazardous air pollutants, or NESHAP, also apply to our facilities and operations. These NSPS and NESHAP standards impose emission limits and operational limits as well as detailed testing, recordkeeping and reporting requirements on the “affected facilities” covered by these regulations. Several of our facilities are “major” facilities requiring Title V operating permits which impose semi-annual reporting requirements.

Water Discharges

The Federal Water Pollution Control Act, or the Clean Water Act, and comparable state laws impose restrictions and strict controls regarding the discharge of pollutants, including produced waters and other oil and natural gas wastes, into federal and state waters. The discharge of pollutants into regulated waters is prohibited, except in accordance with the terms of a permit issued by the EPA or the state. The discharge of dredge and fill material in regulated waters, including wetlands, is also prohibited, unless authorized by a permit issued by the U.S. Army Corps of Engineers. These laws and any implementing regulations provide for administrative, civil, and criminal penalties for any unauthorized discharges of oil and other substances in reportable quantities and may impose substantial potential liability for the costs of removal, remediation, and damages. In September 2015, the EPA and U.S. Army Corps of Engineers issued a final rule defining the scope of the EPA’s and the Corps’ jurisdiction over waters of the U.S. (the “WOTUS rule”). Following the change in U.S. Presidential Administrations, there have been several attempts to modify or eliminate this rule. For example, on January 23, 2020, the EPA and the Corps finalized the Navigable Waters Protection Rule, which narrows the definition of “waters of the United States” relative to the prior 2015 rulemaking. However, legal challenges to the new rule are expected, and multiple challenges to the EPA’s prior rulemakings remain pending. As a result of these developments, the scope of jurisdiction under the CWA is uncertain at this time. To the extent any rule expands the scope of the CWA’s jurisdiction in areas where we operate, we could face increased costs and delays with respect to obtaining permits for dredge and fill activities in wetland areas.

Pursuant to these laws and regulations, we may be required to obtain and maintain approvals or permits for the discharge of wastewater or storm water and are required to develop and implement spill prevention, control and countermeasure plans, also referred to as “SPCC plans,” in connection with on-site storage of significant quantities of oil. These laws and regulations provide for administrative, civil, and criminal penalties for any discharges not authorized by the permit and may impose substantial potential liability for the costs of removal, remediation, and damages. We believe that compliance with such permits will not have a material adverse effect on our business operations.

Occupational Safety and Health Act

We are also subject to the requirements of the federal Occupational Safety and Health Act, as amended, or OSHA, and comparable state laws that regulate the protection of the health and safety of employees. In addition, OSHA’s hazard communication standard, the Emergency Planning and Community Right to Know Act and implementing regulations and similar state statutes and regulations require that information be maintained about hazardous materials used or produced in our operations and that this information be provided to employees, state and local government authorities and citizens. We do not believe that noncompliance with worker health and safety requirements will have a material adverse effect on our business or operations.

Endangered Species

The federal Endangered Species Act, or ESA, provides for the protection of endangered and threatened species. Pursuant to the ESA, if a species is listed as threatened or endangered, restrictions may be imposed on activities adversely affecting that species' habitat. Similar protections are offered to migratory birds under the Migratory Bird Treaty Act. We conduct operations and have pipeline construction and maintenance projects in areas where certain species that are listed as threatened or endangered are known to exist and where other species that potentially could be listed as threatened or endangered under the ESA may exist. The U.S. Fish and Wildlife Service, or the USFWS, may designate critical habitat and suitable habitat areas that it believes are necessary for survival of a threatened or endangered species. A critical habitat or suitable habitat designation could result in further material restrictions to federal land use and may materially delay or prohibit access to protected areas for natural gas and oil development. Moreover, as a result of a settlement, the USFWS was required to make a determination as to whether more than 250 species classified as endangered or threatened should be listed under the ESA by the completion of the agency's 2017 fiscal year. For example, in April 2015, the USFWS listed the northern long-eared bat, whose habitat includes the areas in which we operate, as a threatened species under the ESA; however, on January 28, 2020, the U.S. District Court for the District of Columbia ordered the USFWS to reconsider its decision to list the northern long-eared bat as threatened instead of endangered. The designation of previously unprotected species as threatened or endangered, or redesignation of a threatened species as endangered, in areas where we conduct operations could cause us to incur increased costs arising from species protection measures or could result in limitations on our pipeline construction activities or the exploration and production activities of Antero Resources, any of which could have an adverse impact on our results of operations.

Climate Change

In response to findings that emissions of greenhouse gases ("GHGs") present an endangerment to public health and the environment, the EPA has adopted regulations under existing provisions of the federal Clean Air Act, that, among other things, establish Prevention of Significant Deterioration, or PSD, pre-construction permits, and Title V operating permits for GHG emissions from certain large stationary sources that are already potential major sources of criteria pollutant emissions regulated under the statute. Under these regulations, facilities required to obtain PSD permits must meet BACT standards for their GHG emissions established by the states or, in some cases, by the EPA, for those emissions. The EPA has also adopted rules requiring the monitoring and reporting of GHG emissions from specified sources in the United States, including, among others, certain onshore oil and natural gas processing and fractionating facilities. In June 2016, the EPA finalized new regulations, known as Subpart OOOOa, that set emissions standards for methane and volatile organic compounds from new and modified oil and natural gas production and natural gas processing and transmission facilities. Following the change in presidential administrations, there have been attempts to modify these regulations. Most recently, in August 2019, the EPA proposed amendments to the 2016 standards that, among other things, would remove sources in the transmission and storage segment from the oil and natural gas source category and rescind the methane-specific requirements applicable to sources in the production and processing segments of the industry. As an alternative, the EPA also proposed to rescind the methane-specific requirements that apply to all sources in the oil and natural gas industry, without removing the transmission and storage sources from the current source category. Under either alternative, the EPA plans to retain emissions limits for VOCs. Legal challenges to any final rulemaking that rescinds the 2016 standards are expected. As a result of these developments, future implementation of the 2016 standards is uncertain at this time. However, given the long-term trend toward increasing regulation, future federal GHG regulations of the oil and gas industry remain a possibility, and several states have separately imposed their own regulations on methane emissions from oil and gas production activities. These rules (and any additional regulations) could impose new compliance costs and permitting burdens on natural gas operations.

In the United States, no comprehensive climate change legislation has been implemented at the federal level. However, governmental, scientific, and public concern over the threat of climate change arising from GHG emissions has resulted in increasing political risks in the United States, including climate change related pledges made by certain candidates seeking the office of the President of the United States in 2020. Two critical declarations made by one or more candidates running for the Democratic nomination for President include threats to take actions banning hydraulic fracturing of oil and natural gas wells and banning new leases for production of minerals on federal properties, including onshore lands and offshore waters. Other actions that could be pursued by presidential candidates may include the imposition of more restrictive requirements for the establishment of pipeline infrastructure or the permitting of LNG export facilities, as well as the reversal of the United States' withdrawal from the Paris Agreement in November 2020. Litigation risks are also increasing, as a number of cities and other local governments have sought to bring suit against the largest oil and natural gas exploration and production companies in state or federal court, alleging, among other things, that such companies created public nuisances by producing fuels that contributed to global warming effects, such as rising sea levels, and therefore are responsible for roadway and infrastructure damages as a result, or alleging that the companies have been aware of the adverse effects of climate change for some time but defrauded their investors by failing to adequately disclose those impacts.

Notwithstanding potential risks related to climate change, the International Energy Agency estimates that oil and gas will continue to represent a major share of global energy use through 2040, and other private sector studies project continued growth in demand for the next two decades. However, recent activism directed at shifting funding away from companies with energy-related assets could result in limitations or restrictions on certain sources of funding for the energy sector. Increased scrutiny because of climate change related concern could result in a loss of certain investors. In addition, institutional lenders may, of their own accord, elect not to provide funding for fossil fuel energy companies based on climate change related concerns, which could affect our access to capital for potential growth projects. Moreover, activist shareholders have introduced proposals that may seek to force companies to adopt aggressive emission reduction targets or to shift away from more carbon-intensive activities. While we cannot predict the outcomes of such proposals, they could ultimately make it more difficult for companies to engage in exploration and production activities.

Finally, it should be noted that a number of scientists have concluded that increasing concentrations of GHGs in the Earth's atmosphere may produce climate changes that have significant physical effects, such as increased frequency and severity of storms, droughts and floods and other climatic events; if any such effects were to occur, it is uncertain if they would have an adverse effect on our financial condition and operations.

Although we have not experienced any material adverse effect from compliance with environmental requirements, there is no assurance that this will continue. We did not have any material capital or other non-recurring expenditures in connection with complying with environmental laws or environmental remediation matters in 2019, nor do we anticipate that such expenditures will be material in 2020.

Our Officers and Employees Provide Services to Both Antero Resources and Us

All of our executive officers and other personnel who provide corporate, general and administrative services to our business are, when providing services to us, concurrently employed by Antero Resources and us pursuant to the terms of a services agreement. In addition, our operational personnel are seconded to us by Antero Resources pursuant to the terms of a secondment agreement and individuals are concurrently employed by Antero Resources and us during such secondment. As of December 31, 2019, approximately 547 people were concurrently employed by us and Antero Resources pursuant to these arrangements. We and Antero Resources consider our relations with these employees to be satisfactory.

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. See "Item 3. Legal Proceedings."

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.

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 file or furnish our Annual Reports on Form 10-K, our Quarterly Reports on Form 10-Q, our Current Reports on Form 8-K and amendments to such reports and other documents with the SEC under the Exchange Act. The SEC also maintains an internet website at www.sec.gov that contains reports, proxy and information statements and other information regarding issuers, including us, that file electronically with the SEC.

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

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

Item 1A. Risk Factors

We are subject to certain risks and hazards due to the nature of the business activities we conduct. The risks described in this Annual Report on Form 10-K could materially and adversely affect our business, financial condition, cash flows and results of operations. We may experience additional risks and uncertainties not currently known to us. Furthermore, 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.

Because substantially all of our revenue is derived from Antero Resources, any development that materially and adversely affects Antero Resources’ operations, financial condition or market reputation could have a material and adverse impact on us.

Antero Resources is our most significant customer and has accounted for substantially all of our revenue since inception, and we expect to derive most of our revenues from Antero Resources in the near term. As a result, any event, whether in our area of operations or otherwise, that adversely affects Antero Resources’ production, drilling and completion schedule, financial condition, leverage, market reputation, liquidity, results of operations or cash flows may adversely affect our business and results of operations. Accordingly, we are indirectly subject to the business risks of Antero Resources, including, among others:

- a reduction in or slowing of Antero Resources’ development program, which would directly and adversely impact demand for our gathering and compression services and our water handling services;
- a reduction in or slowing of Antero Resources’ well completions, which would directly and adversely impact demand for our water handling services;
- the volatility of natural gas, NGLs and oil prices, which could have a negative effect on the value of Antero Resources’ properties, its development program and its ability to finance its operations;
- the availability of capital on an economic basis to fund Antero Resources’ exploration and development activities and to service and/or refinance its debt, as well as to fund its capital expenditure programs;
- Antero Resources’ ability to replace its oil and gas reserves;
- Antero Resources’ drilling and operating risks, including potential environmental liabilities;
- transportation and processing capacity constraints and interruptions; and
- adverse effects of governmental and environmental regulation.

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 services agreements. We cannot predict the extent to which Antero Resources’ business would be impacted if conditions in the energy industry deteriorate, nor can we estimate the impact such conditions would

have on Antero Resources' ability to execute its drilling and development program or perform under our gathering and compression and water handling services agreements. The low commodity price environment has negatively impacted natural gas producers causing some producers in the industry significant economic stress, including, in certain cases, to file for bankruptcy protection or to renegotiate contracts. To the extent that any customer, including Antero Resources, is in financial distress or commences bankruptcy proceedings, contracts with these customers may be subject to renegotiation or rejection under applicable provisions of the United States Bankruptcy Code. Any material non-payment or non-performance by Antero Resources could adversely affect our business and operating results.

Also, due to our relationship with Antero Resources, our ability to access the capital markets, or the pricing or other terms of any capital markets transactions, may be adversely affected by any impairment to Antero Resources' financial condition or adverse changes in its credit ratings.

Any material limitation of our ability to access capital could limit our ability to obtain future financing under favorable terms, or at all, or could result in increased financing costs in the future. Similarly, material adverse changes at Antero Resources could negatively impact our share price, limiting our ability to raise capital through equity issuances or debt financing, or could negatively affect our ability to engage in, expand, or pursue our business activities, and prevent us from engaging in certain transactions that might otherwise be considered beneficial to us.

Please see Item 1A, "Risk Factors" in Antero Resources' Annual Report on Form 10-K for the year ended December 31, 2019 (which is not, and shall not be deemed to be, incorporated by reference herein) for a full disclosure of the risks associated with Antero Resources' business.

Because of the natural decline in production from existing wells, our success depends, in part, on Antero Resources' ability to replace declining production and our ability to secure new sources of natural gas from Antero Resources or third parties. Additionally, our water handling services are directly associated with Antero Resources' well completion activities and water needs, which are largely driven by the amount of water used in completing each well. Finally, under certain circumstances, Antero Resources may dispose of acreage dedicated to us free from such dedication without our consent. Any decrease in volumes of natural gas that Antero Resources produces, any decrease in the number of wells that Antero Resources completes, or any decrease in the number of acres that are dedicated to us could adversely affect our business and operating results.

The natural gas volumes that support our gathering business depend on the level of production from wells connected to our systems, which may be less than expected and will naturally decline over time. To the extent Antero Resources reduces its development activity or otherwise ceases to drill and complete new wells, revenues for our gathering and compression and water handling services will be directly and adversely affected. Our ability to maintain water handling services revenues is substantially dependent on continued completion activity by Antero Resources or third parties over time, as well as the volumes of water used in and produced from such activity. In addition, natural gas volumes from completed wells will naturally decline and our cash flows associated with these wells will also decline over time. In order to maintain or increase throughput levels on our gathering systems, we must obtain new sources of natural gas from Antero Resources or third parties. The primary factors affecting our ability to obtain additional sources of natural gas include (i) the success of Antero Resources' drilling activity in our areas of operation, (ii) Antero Resources' acquisition of additional acreage, including acquisitions that offset any dispositions by Antero Resources, (iii) Antero Resources' ability to replace declining production and (iv) our ability to obtain dedications of acreage from third parties. Demand for our fresh water delivery services, which make up a substantial portion of our water handling services revenues, is dependent on water used in Antero Resources' completion activities. To the extent that Antero Resources or other fresh water delivery customers reduce the number of completion stages per well or use less water in their completions, the demand for our fresh water delivery services would be reduced.

We have no control over Antero Resources' or other producers' levels of development and completion activity in our areas of operation, the amount of oil and gas reserves associated with wells connected to our systems or the rate at which production from a well declines. In addition, our water handling business is dependent upon active development in our areas of operation. In order to maintain or increase throughput levels on our water handling systems, we must service new wells. We have no control over Antero Resources or other producers or their development plan decisions, which are affected by, among other things:

- the availability and cost of capital;
- prevailing and projected natural gas, NGLs and oil prices;
- demand for natural gas, NGLs and oil;

- quantities of reserves;
- geologic considerations;
- environmental or other governmental regulations, including the availability of drilling permits and the regulation of hydraulic fracturing; and
- the costs of producing the gas and the availability and costs of drilling rigs and other equipment.

The daily spot prices for NYMEX Henry Hub natural gas ranged from a high of \$4.25 per MMBtu to a low of \$1.75 per MMBtu in 2019, and the daily spot prices for NYMEX West Texas Intermediate crude oil ranged from a high of \$66.24 per barrel to a low of \$46.31 per barrel during the same period. In addition, the market price for natural gas in the Appalachian Basin continues to be lower relative to NYMEX Henry Hub as a result of the significant increases in the supply of natural gas in the Northeast region in recent years. Because Antero Resources' production and reserves predominantly consist of natural gas (approximately 61% of equivalent proved reserves), changes in natural gas prices have significantly greater impact on Antero Resources' financial results than oil prices. NGLs are made up of ethane, propane, isobutane, normal butane and natural gasoline, all of which have different uses and different pricing characteristics, which adds further volatility to the pricing of NGLs. Due to the volatility of commodity prices, we are unable to predict future potential movements in the market prices for natural gas, oil and NGLs at Antero Resources' ultimate sales points and thus cannot predict the ultimate impact of prices on our operations.

These lower prices have compelled most natural gas and oil producers, including Antero Resources, to reduce the level of exploration, drilling and production activity and 2020 capital budgets. For example, Antero Resources' 2020 capital budget is between \$1.15 billion, compared to 2019 capital expenditures of \$1.3 billion. This will have a significant effect on our capital resources, liquidity and expected operating results. Natural gas and oil prices directly affect Antero Resources' production. If prices decrease further, it could reduce our revenues, cash flows and results of operations. Sustained reductions in development or production activity in our areas of operation could lead to reduced utilization of our services and cash flows.

Due to these and other factors, even if reserves are known to exist in areas served by our assets, producers have chosen, and may choose in the future, not to develop those reserves. Reductions in development activity, including Antero Resources' reduction in lateral lengths or use of water in its completions, could result in our inability to maintain the current levels of throughput on our systems or reduce the demand for our water handling services on a per well basis, which could in turn reduce our revenue and cash flows and adversely affect our ability to return capital to our stockholders through dividends and/or repurchases of shares of our common stock.

Finally, each of the gathering and compression agreement, water services agreement and right of first offer agreement between us and Antero Resources permits Antero Resources to sell, transfer, convey, assign, grant, or otherwise dispose of dedicated properties free of the dedication under such agreements, provided that the number of net acres of dedicated properties so disposed of, when added to the number of net acres of dedicated properties previously disposed of free of the dedication since the respective effective dates of the agreements, does not exceed the aggregate number of net acres of dedicated properties acquired by Antero Resources since such effective dates. Accordingly, under certain circumstances, Antero Resources may dispose of a significant number of net acres of dedicated properties free from dedication without our consent, and we have no control over the timing or extent of such dispositions. Any such dispositions could adversely affect our business and operating results. Even if the disposed of property remains dedicated to us, the goals and intention of acquiror with respect to such property may differ significantly from those of Antero Resources. For example, a subsequent owner of a property could choose to invest less capital in the development of such property or to otherwise drill fewer wells than Antero Resources. There can be no assurance that a subsequent owner of dedicated properties would choose to, or be able to, grow or maintain current rates of production from the properties, which could adversely impact us.

The gathering and compression agreement only includes minimum volume commitments under certain circumstances.

The gathering and compression agreement includes minimum volume commitments only on new high pressure pipelines and compressor stations constructed subsequent to November 2014 at Antero Resources' request. The high pressure pipelines and compressor stations that existed prior to November 2014 are not supported by minimum volume commitments from Antero Resources. There are no minimum volume commitments on the low pressure pipelines. Any decrease in the current levels of throughput on our gathering and compression systems could reduce our revenue and cash flows.

We will be required to make substantial capital expenditures to increase our asset base. If we are unable to obtain needed capital or financing on satisfactory terms, we may be unable to expand our business operations and/or our financial leverage could increase.

In order to increase our asset base, we will need to make expansion capital expenditures. If we do not make sufficient or effective expansion capital expenditures, we may be unable to expand our business operations, which could adversely affect our business and operating results. To fund our expansion capital expenditures and investment capital expenditures, we expect to use cash from our operations or incur borrowings. Alternatively, we may sell additional shares of common stock or other securities to fund our capital expenditures. Our ability to obtain bank financing or our ability to access the capital markets for future equity or debt offerings may be limited by our or Antero Resources' financial condition at the time of any such financing or offering and the covenants in our existing debt agreements, as well as by general economic conditions, contingencies and uncertainties that are beyond our control. In addition, incurring additional debt may significantly increase our interest expense and financial leverage, and issuing shares of common stock may result in significant stockholder dilution. Neither Antero Resources or any of its affiliates is committed to providing any direct or indirect support to fund our growth.

Our gathering and compression and water handling systems are concentrated in the Appalachian Basin, making us vulnerable to risks associated with operating in one major geographic area.

We rely primarily on revenues generated from our gathering and compression and water handling systems, which are all located in the Marcellus and Utica Shales. As a result of this concentration, we may be disproportionately exposed to the impact of regional supply and demand factors, delays or interruptions of production from wells in this area caused by, and associated with, governmental regulation, state and local political activities, market limitations, availability of equipment and personnel, or interruption of the compression, processing or transportation of natural gas, NGLs or oil.

Our construction or purchase of new gathering and compression, processing, water handling or other assets may not be completed on schedule, at the budgeted cost or at all, may not operate as designed or at the expected levels, may not result in revenue increases and may be subject to regulatory, environmental, political, legal and economic risks, all of which could adversely affect our financial condition, cash flows and results of operations.

The construction of additions or modifications to our existing systems and the construction or purchase of new assets involves numerous regulatory, environmental, political and legal uncertainties beyond our control and may require the expenditure of significant amounts of capital. Financing may not be available on economically acceptable terms or at all. If we undertake these projects, we may not be able to complete them on schedule, at the budgeted cost or at all, or they may not operate as designed or at the expected levels. Moreover, our revenues may not increase immediately upon the expenditure of funds on a particular project. For example, the construction of our water treatment facility took longer than planned and the facility ran at operating rates below the designed capacity and did not meet certain completion milestones under the terms of the construction contract. As a result, in September 2019, we decided to idle such facility for the foreseeable future. Following such idling, we recorded aggregate non-cash impairment charges of approximately \$463 million and expect to incur additional idling costs going forward. In addition, we may construct facilities to capture anticipated future production growth in an area in which such growth does not materialize. As a result, new gathering and compression, water handling or other assets may not be able to attract enough throughput to achieve our expected investment return, which could adversely affect our financial condition and results of operations. In addition, adding to our existing assets may require us to obtain new rights-of-way prior to constructing new pipelines or facilities. We may be unable to timely obtain such rights-of-way to connect new natural gas supplies to our existing gathering pipelines or capitalize on other attractive expansion opportunities. Additionally, it may become more expensive for us to obtain new rights-of-way or to expand or renew existing rights-of-way. If the cost of renewing or obtaining new rights-of-way increases, our cash flows could be adversely affected.

We may be unable to make attractive acquisitions or successfully integrate acquired businesses, and any inability to do so may disrupt our business and hinder our ability to grow.

In the future, we may acquire businesses that complement or expand our current business. We may not be able to identify attractive acquisition opportunities. Even if we do identify attractive acquisition opportunities, we may not be able to complete the acquisition or do so on commercially acceptable terms.

The success of any completed acquisition will depend on our ability to effectively integrate the acquired business into our existing operations. The process of integrating acquired businesses may involve unforeseen difficulties and may require a disproportionate amount of our managerial and financial resources. In addition, possible future acquisitions may be larger and for purchase prices significantly higher than those paid for earlier acquisitions. No assurance can be given that we will be able to identify

suitable acquisition opportunities, negotiate acceptable terms, obtain financing for acquisitions on acceptable terms or successfully acquire identified targets. Our failure to achieve consolidation savings, to successfully integrate the acquired businesses and assets into our existing operations or to minimize any unforeseen operational difficulties could have a material adverse effect on our business, financial condition and results of operations.

In addition, our revolving credit facility and the indentures governing our senior notes impose certain limitations on our ability to enter into mergers or combination transactions. Our revolving credit facility and the indentures governing our senior notes also limit our ability to incur certain indebtedness, which could indirectly limit our ability to engage in acquisitions of businesses.

We own a 50% interest in the Joint Venture, which is operated by MarkWest Energy. While we have the ability to influence certain business decisions affecting the Joint Venture, the success of our investment in the Joint Venture will depend on MarkWest's operation of the Joint Venture.

On February 6, 2017, we entered into the Joint Venture with MarkWest. While we and MarkWest each own a 50% interest in the Joint Venture, MarkWest is the primary operator of the Joint Venture, and we depend on MarkWest for the day-to-day operations of the Joint Venture. Our lack of control over the Joint Venture's day-to-day operations and the associated costs of operations could result in receiving lower cash distributions from the Joint Venture than currently anticipated. In addition, differences in views among the owners of the Joint Venture could result in delayed decisions or in failures to agree on significant matters, potentially adversely affecting the business and results of operations or prospects of the Joint Venture and, in turn, the amount of cash from the Joint Venture operations distributed to us.

If the Joint Venture is not successful or if the Joint Venture does not perform as expected, our future financial performance may be negatively impacted.

We may be exposed to certain risks in connection with our ownership interest in the Joint Venture, including regulatory, environmental and litigation risks. If such risks or other anticipated or unanticipated liabilities were to materialize, any desired benefits of our entry into the Joint Venture may not be fully realized, if at all, and its future financial performance may be negatively impacted.

In addition, the Joint Venture may result in other difficulties including, among other things:

- diversion of our management's attention from other business concerns;
- managing regulatory compliance and corporate governance matters;
- an increase in our indebtedness; and
- potential environmental or other regulatory compliance matters or liabilities and/or title issues, including certain liabilities arising from the operation of the Joint Venture assets prior to the closing of the Joint Venture.

Interruptions in operations at any of the Joint Venture's facilities may adversely affect its operations and our gathering and processing and water handling operations.

The Joint Venture assets consist of processing plants in West Virginia and a one-third interest in two fractionators in Ohio (the "MarkWest fractionators"). Any significant interruption at these facilities would adversely affect the Joint Venture's operations. Because a significant portion of Antero Resources' production is processed by the Joint Venture, any significant interruption at these facilities would also adversely affect our midstream operations.

We do not operate the MarkWest fractionators, and the operations of the MarkWest's and Joint Venture's processing facilities and the MarkWest fractionators could be partially or completely shut down, temporarily or permanently, as the result of circumstances not within its control, such as:

- unscheduled turnarounds or catastrophic events, including damages to facilities, related equipment and surrounding properties caused by earthquakes, tornadoes, hurricanes, floods, fires, severe weather, explosions and other natural disasters;
- restrictions imposed by governmental authorities or court proceedings;

- labor difficulties that result in a work stoppage or slowdown;
- a disruption in the supply of gas to MarkWest's or the Joint Venture's processing and fractionation plants and associated facilities;
- disruption in the supply of power, water and other resources necessary to operate MarkWest's or the Joint Venture's facilities;
- damage to MarkWest's or the Joint Venture's facilities resulting from gas that does not comply with applicable specifications; and
- inadequate fractionation capacity or market access to support production volumes, including lack of availability of rail cars, barges, pipeline capacity, or market constraints, including reduced demand or limited markets for certain NGL products.

In addition, MarkWest's fractionation operations in the Marcellus and Utica regions are integrated, and as a result, it is possible that an interruption of these operations in other regions may impact operations in the regions in which the Joint Venture's facilities are located.

If additional takeaway pipelines or other future pipeline projects are not completed, Antero Resources', and correspondingly, the Company's, future growth may be limited.

Antero Resources has secured sufficient long-term firm takeaway capacity in each of its core operating areas to accommodate its current development plans, including through major pipelines that are in existence and through third-party trucking services; however, any failure of any future pipeline to be completed, any unavailability of existing takeaway pipelines or the failure of any third party to perform under its service contracts, could cause Antero Resources to curtail its future development and production plans. Sustained reductions in development or production activity in our areas of operation could lead to reduced demand for our services, which could adversely affect our operating margin and cash flows.

Recent action and the possibility of future action on trade by U.S. and foreign governments has increased the costs of certain equipment and materials used in the construction of our assets and has created uncertainty in global markets, which may adversely affect our income from operations and cash flows.

The construction of gathering pipelines, compressor stations, processing and fractionation facilities and water handling assets is subject to construction cost overruns due to costs and availability of equipment and materials such as steel. If third party providers of steel products essential to our capital improvements and additions are unable to obtain raw materials, including steel, at historical prices, they may raise the price we pay for such products. On March 8, 2018, the President of the United States issued two proclamations directing the imposition of ad valorem tariffs of 25% on certain imported steel products and 10% on certain imported aluminum products from most countries, with limited exceptions. On May 31, 2018, the U.S. announced that it would also impose steel and aluminum tariffs on Canada, Mexico, and the 28 member countries of the European Union. Argentina, Australia, Brazil, and South Korea implemented measures to address the impairment to U.S. national security attributable to steel and/or aluminum imports that were deemed satisfactory to the United States. On May 19, 2019, the U.S. announced that Canada and Mexico had also implemented satisfactory measures to address the threatened impairment to U.S. national security caused by steel and aluminum imports from those countries. As a result, imports of steel from Argentina, Australia, Brazil, Canada, Mexico, and South Korea and aluminum from Argentina, Australia, Canada, and Mexico have been exempted from the imposition of tariff-based remedies, but the United States has implemented quantitative restrictions in the form of absolute quotas for steel article imports from Argentina, Brazil and South Korea and aluminum products from Argentina, meaning that imports in excess of the allotted quota will be disallowed. In addition, effective August 13, 2018, the United States announced that it would impose a 50% ad valorem tariff on steel articles imported from Turkey, which remained in effect until May 21, 2019, at which time a 25% ad valorem tariff on steel articles imported from Turkey was reimposed, consistent with the tariff on imports from most countries. Following these proclamations, domestic prices for steel have risen and are expected to continue to rise. On January 24, 2020, the United States announced that an additional 25% ad valorem tariff would be imposed on certain derivative steel article imports from all countries except Argentina, Australia, Brazil, Canada, Mexico, and South Korea, and that an additional 10% ad valorem tariff would be imposed on certain derivative aluminum article imports from all countries except Argentina, Australia, Canada, and Mexico. These price increases may result in increased costs associated with the continued build-out of our assets, as well as projects under development. Because we generate substantially all of our revenue under agreements with Antero Resources that provide for fixed fee structures, we will generally be unable to pass these cost increases along to our customers, and our income from operations and cash flows may be adversely affected.

A shortage of equipment and skilled labor in the Appalachian Basin could reduce equipment availability and labor productivity and increase labor costs, which could have a material adverse effect on our business and results of operations.

Gathering and compression and water handling services require special equipment and laborers skilled in multiple disciplines, such as equipment operators, mechanics and engineers, among others. If Antero Resources experiences shortages of skilled labor or there is a lack of necessary equipment in the Appalachian Basin in the future, our allocation of labor costs and overall productivity could be materially and adversely affected. If our allocation of labor prices increase or if Antero Resources experiences materially increased health and benefit costs for employees, our business and results of operations could be materially and adversely affected.

If third-party pipelines or other midstream facilities interconnected to our gathering and compression systems become partially or fully unavailable, our operating margin and cash flows could be adversely affected.

Our gathering and compression assets connect to other pipelines or facilities owned and operated by unaffiliated third parties. The continuing operation of third-party pipelines, compressor stations and other midstream facilities is not within our control. These pipelines, plants and other midstream facilities may become unavailable because of testing, turnarounds, line repair, maintenance, reduced operating pressure, lack of operating capacity, regulatory requirements and curtailments of receipt or deliveries due to insufficient capacity or because of damage from severe weather conditions or other operational issues. If any such increase in costs occurs or if any of these pipelines or other midstream facilities become unable to receive or transport natural gas, our operating margin and cash flows could be adversely affected.

Our exposure to commodity price risk may change over time.

We currently generate all of our revenues pursuant to fee-based contracts under which we are paid based on the volumes of natural gas that we gather, process and compress and water that we handle and treat, rather than the underlying value of the commodity. Consequently, our existing operations and cash flows have little direct exposure to commodity price risk. Although we intend to enter into similar fee-based contracts with new customers in the future, our efforts to negotiate such contractual terms may not be successful. In addition, we may acquire or develop additional midstream assets in a manner that increases our exposure to commodity price risk. Future exposure to the volatility of natural gas, NGL and oil prices, especially in light of the recent declines, could have a material adverse effect on our business, financial condition and results of operations.

The fees charged to our customers may not escalate sufficiently to cover increases in costs, or the agreements may be amended with less favorable terms, may not be renewed or may be suspended in some circumstances.

Our costs may increase at a rate greater than the fees we charge to our customers. Furthermore, Antero Resources and our other customers may not renew their contracts with us, or may from time to time seek to renegotiate with us the amount and/or the structure of fees we charge. Additionally, some of our customers' obligations under their agreements with us may be permanently or temporarily reduced due to certain events, some of which are beyond our control, including force majeure events wherein the supply of natural gas, NGLs, crude oil or refined products are curtailed or cut-off due to events outside our control, and in some cases, certain of those agreements may be terminated in their entirety if the duration of such events exceeds a specified period of time. If the escalation of fees is insufficient to cover increased costs, or if our customers do not renew or extend their contracts with us, or if our customers suspend or terminate their contracts with us, our financial results would suffer.

Restrictions in our existing and future debt agreements could adversely affect our business, financial condition and results of operations.

Our revolving credit facility limits our ability to, among other things:

- incur or guarantee additional debt;
- redeem or repurchase units or make distributions under certain circumstances;
- make certain investments and acquisitions;
- incur certain liens or permit them to exist;
- enter into certain types of transactions with affiliates;

- merge or consolidate with another company; and
- transfer, sell or otherwise dispose of assets.

The indentures governing our senior notes contains similar restrictive covenants. In addition, our revolving credit facility also contains covenants requiring us to maintain certain financial ratios. Our ability to meet those financial ratios and tests can be affected by events beyond our control, and we cannot assure you that we will meet any such ratio or test. Additionally, we may not be able to borrow the full amount of commitments under our revolving credit facility if doing so would cause us to breach a financial covenant.

The provisions of our revolving credit facility and the indentures governing our senior notes may affect our ability to obtain future financing and pursue attractive business opportunities and our flexibility in planning for, and reacting to, changes in business conditions. In addition, a failure to comply with the provisions of our revolving credit facility or the indentures governing our senior notes could result in a default or an event of default that could enable our lenders or noteholders to declare the outstanding principal of that debt, together with accrued and unpaid interest, to be immediately due and payable. If our obligations to repay our debt are accelerated, our assets may be insufficient to repay such debt in full, and you could experience a partial or total loss of your investment. Please read “Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources.”

We may not be able to generate sufficient cash to service all of our indebtedness and may be forced to take other actions to satisfy our obligations under our indebtedness or to refinance, which may not be successful.

Our ability to make scheduled payments on, or to refinance, our indebtedness obligations, including our revolving credit facility and our senior notes, depends on our financial condition and operating performance, which are subject to prevailing economic and competitive conditions and certain financial, business and other factors beyond our control. We may not be able to maintain a level of cash flows from operating activities sufficient to permit us to pay the principal, premium, if any, and interest on our indebtedness, including the senior notes.

If our cash flows and capital resources are insufficient to fund our debt service obligations, we may be forced to reduce or delay investments and capital expenditures, sell assets, seek additional capital or restructure or refinance our indebtedness, including the senior notes. Our ability to restructure or refinance our indebtedness will depend on the condition of the capital markets, including the market for senior unsecured notes, and our financial condition at such time. Any refinancing of our indebtedness, including acting on our previously announced plan to refinance borrowings under our revolving credit facility with long-term senior notes, could be at higher interest rates and may require us to comply with more onerous covenants, which could further restrict our business operations. The terms of existing or future debt instruments, including the indentures governing our senior notes, may restrict us from adopting some of these alternatives. In addition, any failure to make payments of interest and principal on our outstanding indebtedness on a timely basis would likely result in a reduction of our credit rating, which could harm our ability to incur additional indebtedness. In the absence of sufficient cash flows and capital resources, we could face substantial liquidity problems and might be required to dispose of material assets or operations to meet our debt service and other obligations. Our revolving credit facility and the indentures governing our senior notes place certain restriction on our ability to dispose of assets and our use of the proceeds from such disposition. We may not be able to consummate those dispositions, and the proceeds of any such disposition may not be adequate to meet any debt service obligations then due. These alternative measures may not be successful and may not permit us to meet our scheduled debt service obligations.

If our assets become subject to FERC regulation or federal, state or local regulations or policies change, or if we fail to comply with market behavior rules, our financial condition, cash flows and results of operations could be materially and adversely affected.

Our gathering and transportation operations are exempt from regulation by the FERC, under the NGA. Section 1(b) of the NGA, exempts natural gas gathering facilities from regulation by the FERC under the NGA. Although the FERC has not made any formal determinations with respect to any of our facilities, we believe that the natural gas pipelines in our gathering systems meet the traditional tests the FERC has used to establish whether a pipeline is a gathering pipeline not subject to FERC jurisdiction. The distinction between FERC- regulated transmission services and federally unregulated gathering services, however, has been the subject of substantial litigation, and the FERC determines whether facilities are gathering facilities on a case-by-case basis, so the classification and regulation of our gathering facilities may be subject to change based on future determinations by the FERC, the courts, or Congress. If the FERC were to consider the status of an individual facility and determine that the facility or services provided by it are not exempt from FERC regulation under the NGA, the rates for, and terms and conditions of, services provided by

such facility would be subject to regulation by the FERC under the NGA or the NGPA. Such regulation could decrease revenue, increase operating costs, and, depending upon the facility in question, could adversely affect our financial condition, cash flows and results of operations.

State regulation of natural gas gathering facilities and intrastate transportation pipelines generally includes various safety, environmental and, in some circumstances, nondiscriminatory take and common purchaser requirements, as well as complaint-based rate regulation. Other state regulations may not directly apply to our business, but may nonetheless affect the availability of natural gas for purchase, compression and sale.

Moreover, FERC regulations indirectly impact our businesses and the markets for products derived from these businesses. The FERC's policies and practices across the range of its natural gas regulatory activities, including, for example, its policies on open access transportation, market manipulation, ratemaking, gas quality, capacity release and market center promotion, indirectly affect the intrastate natural gas market. Should we fail to comply with any applicable FERC administered statutes, rules, regulations and orders, we could be subject to substantial penalties and fines, which could have a material adverse effect on our financial condition, cash flows and results of operations. The FERC has civil penalty authority under the NGA and NGPA to impose penalties for current violations of up to \$1,291,894 per day for each violation and disgorgement of profits associated with any violation.

For more information regarding federal and state regulation of our operations, please read "Business—Regulation of Operations."

Increased regulation of hydraulic fracturing could result in reductions or delays in production by our customers, which could reduce the throughput on our gathering and processing systems and the number of wells for which we provide water handling services, which could adversely impact our revenues.

All of Antero Resources' natural gas, NGLs and oil production is developed from unconventional sources, such as shale formations. These reservoirs require hydraulic fracturing completion processes to release the liquids and natural gas from the rock so it can flow through casing to the surface. Hydraulic fracturing is a well stimulation process that utilizes large volumes of water and sand (or other proppant) combined with fracturing chemical additives that are pumped at high pressure to crack open previously impenetrable rock to release hydrocarbons. Hydraulic fracturing is typically regulated by state oil and gas commissions and similar agencies, but the EPA has asserted federal regulatory authority pursuant to the SDWA over certain hydraulic fracturing activities involving the use of diesel fuels and issued permitting guidance in February 2014 regarding such activities. In addition, the EPA finalized rules in June 2016 that prohibit the discharge of wastewater from hydraulic fracturing operations to publicly owned wastewater treatment plants.

Certain governmental reviews have been conducted or are underway that focus on environmental aspects of hydraulic fracturing practices. For example, in December 2016, the EPA released its final report on the potential impacts of hydraulic fracturing on drinking water resources. The final report concluded that "water cycle" activities associated with hydraulic fracturing may impact drinking water resources under certain limited circumstances. Because the report did not find a direct link between hydraulic fracturing itself and contamination of groundwater resources, this years-long study report does not appear to provide any basis for further regulation of hydraulic fracturing at the federal level.

In addition, Congress has from time to time considered legislation to provide for federal regulation of hydraulic fracturing under the SDWA and to require disclosure of the chemicals used in the hydraulic fracturing process. At the state level, several states have adopted or are considering legal requirements that could impose more stringent permitting, disclosure, and well construction requirements on hydraulic fracturing activities. At the state level, several states have adopted or are considering adopting regulations that could impose more stringent disclosure and/or well construction requirements on hydraulic fracturing operations. For example, in July 2015, the Ohio Department of Natural Resources issued final rules for horizontal drilling well-pad construction. The Ohio legislature has also adopted laws requiring oil and natural gas operators to disclose chemical ingredients used to hydraulically fracture wells and to conduct pre-drilling baseline water quality sampling of certain water wells near a proposed horizontal well. Local governments also may seek to adopt ordinances within their jurisdictions regulating the time, place and manner of drilling activities in general or hydraulic fracturing activities in particular.

We cannot predict whether any such legislation will ever be enacted and if so, what its provisions would be. If additional levels of regulation and permits were required through the adoption of new laws and regulations at the federal, state or local level, that could lead to delays, increased operating costs and process prohibitions that could reduce the amount of natural gas that moves through our gathering and processing systems or reduce the number of wells drilled and completed that require fresh water for hydraulic fracturing activities, which in turn could materially and adversely affect our revenues and results of operations.

Oil and natural gas producers' operations, especially those using hydraulic fracturing, are substantially dependent on the availability of water. Restrictions on the ability to obtain water may incentivize water recycling efforts by oil and natural gas producers, which would decrease the demand for our fresh water delivery services.

Our business includes fresh water delivery for use in our customers' natural gas, NGL and oil exploration and production activities. Water is an essential component of natural gas, NGL and oil production during the drilling, and in particular, the hydraulic fracturing process. We derive a significant portion of our revenues from providing fresh water to Antero Resources. Antero Resources recently announced certain efficiency improvements and water initiatives, which are expected to reduce the amount of fresh water needed to complete their operations. Although we recently commenced operations to assist Antero Resources in reusing a portion of its produced water through blending, which we expect will offset a portion of the reduced revenues resulting from these initiatives, we may not be able to effectively commence such water treatment operations on a cost-effective basis. Furthermore, the availability of water supply for our operations may be limited due to, among other things, prolonged drought or state and local governmental authorities restricting the use of water for hydraulic fracturing. Any decrease in the demand for water handling services, or the water supply we need to provide such services, would adversely affect our business and results of operations.

We or any third-party customers may incur significant liability under, or costs and expenditures to comply with, environmental and occupational health and workplace safety regulations, which are complex and subject to frequent change.

As an owner, lessee or operator of gathering pipelines and compressor stations, we are subject to various stringent federal, state, provincial and local laws and regulations relating to the discharge of materials into, and protection of, the environment. Numerous governmental authorities, such as the EPA and analogous state agencies, have the power to enforce compliance with these laws and regulations and the permits issued under them, oftentimes requiring difficult and costly response actions. These laws and regulations may impose various obligations that are applicable to our and our customer's operations, including the acquisition of permits to conduct regulated activities, the incurrence of capital or operating expenditures to limit or prevent releases of materials from our or our customers' operations, the imposition of specific standards addressing worker protection, and the imposition of substantial liabilities and remedial obligations for pollution or contamination resulting from our and our customer's operations. Failure to comply with these laws, regulations and permits may result in joint and several, strict liability and the assessment of administrative, civil and criminal penalties, the imposition of remedial obligations, and the issuance of injunctions limiting or preventing some or all of our operations. Private parties, including the owners of the properties through which our gathering systems pass and facilities where wastes resulting from our operations are taken for reclamation or disposal, may also have the right to pursue legal actions to enforce compliance, as well as to seek damages for non-compliance, with environmental laws and regulations or for personal injury or property damage. We may not be able to recover all or any of these costs from insurance. In addition, we may experience a delay in obtaining or be unable to obtain required permits, which may cause us to lose potential and current customers, interrupt our operations and limit our growth and revenues, which in turn could affect our profitability. There is no assurance that changes in or additions to public policy regarding the protection of the environment will not have a significant impact on our operations and profitability.

Our operations also pose risks of environmental liability due to potential leakage, migration, releases or spills from our operations to surface or subsurface soils, surface water or groundwater. Certain environmental laws impose strict as well as joint and several liability for costs required to remediate and restore sites where hazardous substances, hydrocarbons, or solid wastes have been stored or released. We may be required to remediate contaminated properties currently or formerly operated by us or facilities of third parties that received waste generated by our operations regardless of whether such contamination resulted from the conduct of others or from consequences of our own actions that were in compliance with all applicable laws at the time those actions were taken. In addition, claims for damages to persons or property, including natural resources, may result from the environmental, health and safety impacts of our operations. Moreover, public interest in the protection of the environment has increased dramatically in recent years. The trend of more expansive and stringent environmental legislation and regulations applied to the crude oil and natural gas industry could continue, resulting in increased costs of doing business and consequently affecting profitability. Please read "Business—Regulation of Environmental and Occupational Safety and Health Matters" for more information.

Stricter regulation of wastes generated during our or our customers' operations, or the introduction of hazardous non-exempt waste to the Clearwater Facility, could result in liability under, or costs and expenditures to comply with, environmental laws and regulations governing the handling, storage, treatment and disposal of solid and hazardous wastes, and the permits issued under them.

Our and Antero Resources' operations generate solid wastes, including small quantities of hazardous wastes, that are subject to RCRA, and comparable state laws, which impose requirements for the handling, storage, treatment and disposal of hazardous waste. RCRA currently exempts many natural gas gathering and field processing wastes from classification as hazardous waste.

Specifically, RCRA excludes from the definition of hazardous waste produced waters and other wastes intrinsically associated with the exploration, development, or production of crude oil and natural gas, including residual constituents derived from those exempt wastes. However, these oil and gas exploration and production wastes may still be regulated under state solid waste laws and regulations, and it is possible that certain oil and natural gas exploration and production wastes now classified as exploration and production-exempt non-hazardous waste could be classified as hazardous waste in the future. For example, in December 2016, the EPA and environmental groups entered into a consent decree to address EPA's alleged failure to timely assess its RCRA Subtitle D criteria regulations exempting certain exploration and production related oil and gas wastes from regulation as hazardous wastes under RCRA. In keeping with the consent decree, in April 2019, EPA signed a determination that revision of the regulations is not necessary at this time. However, any changes in laws or regulations regarding the handling of wastes generated during our or our customers' operations could result in increased costs for our operations or the operations of our customers, which could in turn reduce demand for our services and adversely affect our business.

The Clearwater Facility operates pursuant to West Virginia DEP permits for the management of stormwater and wastewater and the disposal and management of solid waste. The produced water, flowback water, and other waste associated with shale development treated at the Clearwater Facility are exempt from RCRA hazardous waste regulations. Likewise, the input (residual salt derived from the wastewater treated at the Clearwater Facility) and output (leachate derived from precipitation run-off contacting the non-hazardous salt) to and from the Antero Landfill also qualify as exploration and production-exempt non-hazardous wastes because they derive from non-hazardous exempt material. However, in the event that hazardous non-exempt waste streams are introduced to and mix with the exempt waste at the Clearwater Facility, to the extent it recommences operations, or if we otherwise fail to handle or treat such exempt materials pursuant to our West Virginia DEP permits, we may be subject to penalties and/or corrective action measures.

Our operations are subject to a series of risks related to climate change that could result in increased operating costs, limit the areas in which our customers may conduct oil and gas exploration and production activities, and reduce demand for the services we provide.

The threat of climate change continues to attract considerable attention in the United States and in foreign countries. In response to findings that emissions of carbon dioxide, methane and other GHGs present an endangerment to public health and the environment, the EPA has adopted regulations under existing provisions of the federal Clean Air Act that, among other things, establish PSD construction and Title V operating permit reviews for certain large stationary sources that are already potential major sources of certain principal, or criteria, pollutant emissions. Facilities required to obtain PSD permits for their GHG emissions also will be required to meet "best available control technology" standards that will be established by the states or, in some cases, by the EPA for those emissions. These EPA rules could adversely affect our operations and restrict or delay our ability to obtain air permits for new or modified sources. In addition, the EPA has adopted rules requiring the monitoring and reporting of GHG emissions from specified onshore and offshore oil and gas production sources in the United States on an annual basis, which include certain of our operations. For example, in December 2015, the EPA finalized rules that added new sources to the scope of the GHG monitoring and reporting rule. These new sources include gathering and boosting facilities, as well as completions and workovers of hydraulically fractured wells. The revisions also include the addition of well identification reporting requirements for certain facilities. These changes to EPA's GHG emissions reporting rule could result in increased compliance costs.

In June 2016, the EPA finalized new regulations, known as Subpart OOOOa, that establish emission standards for methane and volatile organic compounds from new and modified oil and natural gas production and natural gas processing and transmission facilities. The EPA's rule package includes first-time standards to address emissions of methane from equipment and processes across the source category, including hydraulically fractured oil and natural gas well completions. In addition, the rule package extends existing VOC standards under the EPA's Subpart OOOO to include previously unregulated equipment within the oil and natural gas source category. There have been several attempts to delay or modify these regulations. Most recently, in August 2019, the EPA proposed amendments to the 2016 standards that, among other things, would remove sources in the transmission and storage segment from the oil and natural gas source category and rescind the methane-specific requirements applicable to sources in the production and processing segments of the industry. As an alternative, the EPA also proposed to rescind the methane-specific requirements that apply to all sources in the oil and natural gas industry, without removing the transmission and storage sources from the current source category. Under either alternative, the EPA plans to retain emissions limits for VOCs. Legal challenges to any final rulemaking that rescinds the 2016 standards are expected. As a result of the foregoing, substantial uncertainty exists with respect to implementation of the EPA's 2016 methane rule. However, given the long-term trend toward increasing regulation, future federal GHG regulations of the oil and gas industry remain a possibility, and several states, including West Virginia and Ohio, have separately imposed their own regulations on methane emissions from oil and gas production activities.

While Congress has from time to time considered legislation to reduce emissions of GHGs, there has been significant activity

in the form of federal legislation in recent years. Nevertheless, increasing scientific and public concern over the threat of climate change has increased the possibility of political action related to climate change. For example, various pledges have been made by candidates running for the Democratic nomination for President of the United States in 2020. These have included promises to pursue actions that would be adverse to oil and gas production and processing activities, though the extent of any such actions cannot be predicted at this time.

In the absence of federal climate legislation, a number of state and regional efforts have emerged that are aimed at tracking and/or reducing GHG emissions by means of cap and trade programs that typically require major sources of GHG emissions, such as electric power plants, to acquire and surrender emission allowances in return for emitting those GHGs. Although it is not possible at this time to predict how legislation or new regulations that may be adopted to address GHG emissions would impact our business, any such future laws and regulations imposing reporting obligations on, or limiting emissions of GHGs from, our equipment and operations could require us to incur costs to reduce emissions of GHGs associated with our operations. Substantial limitations on GHG emissions or transitions to alternative forms of energy could also adversely affect demand for the oil and natural gas Antero Resources produces and lower the value of its reserves. Depending on the severity of any such limitations, the effect on the value of Antero Resources reserves could be significant.

On an international level, the United States is one of almost 200 nations that, in December 2015, agreed to an international climate change agreement in Paris, France, that calls for countries to set their own GHG emissions targets and be transparent about the measures each country will use to achieve its GHG emissions targets (“Paris Agreement”). The Paris Agreement was signed by the United States in April 2016 and entered into force on November 4, 2016; however, the Paris Agreement does not impose any binding obligations on its participants. Moreover, on November 4, 2019, the United States formally initiated the yearlong process to withdraw from the Paris Agreement. However, the United States may subsequently choose to reenter the Paris Agreement or a separately negotiated agreement, though the terms of any such agreement are uncertain at this time.

Separately, increased attention to climate change risks has increased the possibility of claims brought by public and private entities against oil and gas companies in connection with their GHG emissions. While we are not currently party to any such private litigation, we could be named in future actions making similar claims of liability. Moreover, to the extent that societal pressures or political or other factors are involved, it is possible that such liability could be imposed without regard to the company’s causation of or contribution to the asserted damage, or to other mitigating factors.

Notwithstanding potential risks related to climate change, the International Energy Agency estimates that oil and gas will continue to represent a major share of global energy use through 2040, and other private sector studies project continued growth in demand for the next two decades. However, recent activism directed at shifting funding away from companies with energy-related assets could result in limitations or restrictions on certain sources of funding for the energy sector. Increased scrutiny because of climate change related concerns could result in a loss of certain investors. In addition, institutional lenders may, of their own accord, elect not to provide funding for fossil fuel energy companies based on climate change related concerns, which could affect our access to capital for potential growth projects. Finally, it should be noted that a number of scientists have concluded that increasing concentrations of GHGs in the Earth’s atmosphere may produce climate changes that have significant physical effects, such as increased frequency and severity of storms, floods, droughts, and other extreme climatic events; if any such effects were to occur, they have the potential to cause physical damage to our assets or affect the availability of water and thus could have an adverse effect on exploration and production operations.

We may incur significant costs and liabilities as a result of pipeline integrity management program testing and any related pipeline repair or preventative or remedial measures.

The United States Department of Transportation (“DOT”), has adopted regulations requiring pipeline operators to develop integrity management programs for transportation pipelines located where a leak or rupture could do the most harm in HCAs. The regulations require operators to:

- perform ongoing assessments of pipeline integrity;
- identify and characterize applicable threats to pipeline segments that could impact a HCA;
- improve data collection, integration and analysis;
- repair and remediate the pipeline as necessary; and

- implement preventive and mitigating actions.

The Pipeline Safety, Regulatory Certainty and Job Creation Act of 2011 (the “2011 Pipeline Safety Act”), among other things, increased the maximum civil penalty for pipeline safety violations and directed the Secretary of Transportation to promulgate rules or standards relating to expanded integrity management requirements, automatic or remote-controlled valve use, excess flow valve use, leak detection system installation and testing to confirm the material strength of pipe operating above 30% of specified minimum yield strength in HCAs. Consistent with the 2011 Pipeline Safety Act, the Pipelines and Hazardous Materials Safety Administration (“PHMSA”), finalized rules consistent with the signed act that increased the maximum administrative civil penalties for violations of the pipeline safety laws and regulations to \$200,000 per violation per day, with a maximum of \$2,000,000 for a related series of violations. In July 2019, those maximum civil penalties were increased to \$218,647 and \$2,186,465, respectively, to account for inflation. Should our operations fail to comply with DOT or comparable state regulations, we could be subject to substantial penalties and fines. Additionally, in May 2011, PHMSA published a final rule adding reporting obligations and integrity management standards to certain rural low-stress hazardous liquid pipelines that were not previously regulated in such manner.

In June 2016, the President of the United States signed into law important new legislation entitled Protecting our Infrastructure of Pipelines and Enhancing Safety Act of 2016 (the “PIPES Act”). The PIPES Act reauthorized PHMSA through 2019, and facilitates greater pipeline safety by providing PHMSA with emergency order authority, including authority to issue prohibitions and safety measures on owners and operators of gas or hazardous liquid pipeline facilities to address imminent hazards, without prior notice or an opportunity for a hearing, as well as enhanced release reporting requirements, requiring a review of both natural gas and hazardous liquid integrity management programs, and mandating the creation of a working group to consider the development of an information-sharing system related to integrity risk analyses. The PIPES Act also requires that PHMSA publish periodic updates on the status of those mandates outstanding from 2011 Pipeline Safety Act, of which approximately nine remain to be completed. The mandates yet to be acted upon include requiring certain shut-off valves on transmission lines, mapping all HCAs, and requiring pipeline owners or operators to reconfirm their MAOP as expeditiously as economically feasible.

PHMSA regularly revises its pipeline safety regulations. For example, in October 2019, PHMSA published three final rules on pipeline safety. The Enhanced Emergency Order Procedures rule (effective December 2, 2019) implements an existing statutory authorization for PHMSA to issue emergency orders related to pipeline safety if unsafe conditions or practices, or a combination thereof, constitutes or causes an imminent hazard. The Safety of Hazardous Liquid Pipelines rule (effective July 1, 2020) expands PHMSA’s regulation of the safety of hazardous liquid pipelines by extending reporting requirements to certain hazardous liquid gravity flow and rural gathering pipelines, establishing new requirements for integrity management programs for hazardous liquid pipelines in HCAs and certain other hazardous liquid pipelines, and expanding various inspection and leak detection requirements. The Safety of Gas Transmission Pipelines rule (effective July 1, 2020) requires operators of certain gas transmission pipelines to reconfirm the Maximum Allowable Operating Pressure (MAOP) of their lines and establishes a new “Moderate Consequence Area” for determining regulatory requirements for gas transmission pipeline segments outside of HCAs. The rule also establishes new requirements for conducting baseline assessments and incorporates industry standards and guidelines as well as new requirements for integrity management programs. The rule also includes several requirements that allow operators to notify PHMSA of proposed alternative approaches to achieving the objectives of the minimum safety standards. We are in the process of assessing the impact of these rules on our future costs of operations and revenue from operations, but we do not expect our operations to be affected by these new rules any differently than other similarly situated midstream companies.

PHMSA is working on two additional rules related to gas pipeline safety. The rule entitled “Pipeline Safety: Safety of Gas Transmission Pipelines, Repair Criteria, Integrity Management Improvements, Cathodic Protection, Management of Change, and Other Related Amendments” is expected to adjust the repair criteria for pipelines in HCAs, create new criteria for pipelines in non-HCAs, and strengthen integrity management assessment requirements. The rule entitled “Safety of Gas Gathering Pipelines” is expected to require all gas gathering pipeline operators to report incidents and annual pipeline data and to extend regulatory safety requirements to certain gas gathering pipelines in rural areas. These additional rulemakings are expected to be effective by mid-2020. The adoption of these and other laws or regulations that apply more comprehensive or stringent safety standards could require us to install new or modified safety controls, pursue new capital projects, or conduct maintenance programs on an accelerated basis, all of which could require us to incur increased operational costs that could be significant, consistent with other similarly situated midstream companies. While we cannot predict the outcome of legislative or regulatory initiatives, such legislative and regulatory changes could have a material effect on our cash flow. Please read “Business—Pipeline Safety Regulation” for more information.

Our business involves many hazards and operational risks, some of which may not be fully covered by insurance. The occurrence of a significant accident or other event that is not fully insured could curtail our operations and have a material adverse effect on our business, financial condition and results of operations.

Our operations are subject to all of the hazards associated with the provision, gathering and compression of natural gas, NGLs and oil, and water handling services, including:

- unintended breach of impoundment and downstream flooding, release of invasive species or aquatic pathogens, hazardous spills near intake points, trucking collision, vandalism, excessive road damage or bridge collapse and unauthorized access or use of automation controls;
- damage to pipelines, compressor stations, pump stations, impoundments, related equipment and surrounding properties caused by natural disasters, acts of terrorism and acts of third parties;
- damage from construction, farm and utility equipment as well as other subsurface activity (for example, mine subsidence);
- leaks of natural gas, NGLs or oil or losses of natural gas, NGLs or oil as a result of the malfunction of equipment or facilities;
- fires, ruptures and explosions;
- other hazards that could also result in personal injury and loss of life, pollution of the environment, including natural resources, and suspension of operations; and
- hazards experienced by other operators that may affect our operations by instigating increased regulations and oversight.

Any of these risks could adversely affect our ability to conduct operations or result in substantial loss to us as a result of claims for:

- injury or loss of life;
- damage to and destruction of property, natural resources and equipment;
- pollution and other environmental damage;
- regulatory investigations and penalties;
- suspension of our operations; and
- repair and remediation costs.

We may elect not to obtain insurance for any or all of these risks if we believe that the cost of available insurance is excessive relative to the risks presented. In addition, pollution and environmental risks generally are not fully insurable under policies we are covered under, and we have obtained pollution insurance. The occurrence of an event that is not fully covered by insurance could have a material adverse effect on our business, financial condition and results of operations.

We do not own all of the land on which our pipelines and facilities are located, which could result in disruptions to our operations.

We do not own all of the land on which our pipelines and facilities have been constructed, and we are, therefore, subject to the possibility of more onerous terms or increased costs to retain necessary land use if we do not have valid rights-of-way or if such rights-of-way lapse or terminate. We obtain the rights to construct and operate our pipelines on land owned by third parties and governmental agencies for a specific period of time. Our loss of these rights, through our inability to renew right-of-way contracts or otherwise, could have a material adverse effect on our business, financial condition and results of operations.

We are subject to complex federal, state and local laws and regulations that could adversely affect the cost, manner or feasibility of conducting our operations or expose us to significant liabilities.

Our operations are subject to complex and stringent federal, state and local laws and regulations. In order to conduct our operations in compliance with these laws and regulations, we must obtain and maintain numerous permits, approvals and certificates from various federal, state and local governmental authorities. We may incur substantial costs in order to maintain compliance with

these existing laws and regulations and the permits and other approvals issued thereunder. In addition, our costs of compliance may increase or operational delays may occur if existing laws and regulations are revised or reinterpreted, or if new laws and regulations apply to our operations. Failure to comply with such laws and regulations, including any evolving interpretation and enforcement by governmental authorities, could have a material adverse effect on our business, financial condition and results of operations. Also, we might not be able to obtain or maintain all required environmental regulatory approvals for our operations. If there is a delay in obtaining any required environmental regulatory approvals, or if we fail to obtain and comply with them, the operation or construction of our facilities could be prevented or become subject to additional costs.

In addition, new or additional regulations, new interpretations of existing requirements or changes in our operations could also trigger the need for Environmental Assessments or more detailed Environmental Impact Statements under the National Environmental Policy Act and analogous state laws, or that impose new permitting requirements on our operations could result in increased costs or delays of, or denial of rights to conduct, our development programs. For example, in September 2015, the EPA and U.S. Army Corps of Engineers, or the Corps, issued a final rule under the federal Clean Water Act, or the CWA, defining the scope of the EPA's and the Corps' jurisdiction over waters of the United States ("WOTUS"), but following the change in U.S. Presidential Administrations, there have been several attempts to modify or eliminate this rule. For example, on January 23, 2020, the EPA and the Corps finalized the Navigable Waters Protection Rule, which narrows the definition of "waters of the United States" relative to the prior 2015 rulemaking. However, legal challenges to the new rule are expected, and multiple challenges to the EPA's prior rulemakings remain pending. As a result of these developments, future implementation of the rule is uncertain at this time. To the extent any rule expands the scope of the CWA's jurisdiction, we could face increased costs and delays with respect to obtaining permits for dredge and fill activities in wetland areas. Such potential regulations or litigation could increase our operating costs, reduce our liquidity, delay or halt our operations or otherwise alter the way we conduct our business, which could in turn have a material adverse effect on our business, financial condition and results of operations. Further, the discharges of natural gas, NGLs, oil, and other pollutants into the air, soil or water may give rise to significant liabilities on our part to the government and third parties. Please read "Item 1. Business—Regulation of Environmental and Occupational Safety and Health Matters" for a further description of laws and regulations that affect us.

The loss of key personnel could adversely affect our ability to operate.

We depend on the services of a relatively small group of senior management and technical personnel. We do not maintain, nor do we plan to obtain, any insurance against the loss of any of these individuals. The loss of the services of our senior management or technical personnel, including Paul M. Rady, Chairman and Chief Executive Officer, and Glen C. Warren, Jr., President, could have a material adverse effect on our business, financial condition and results of operations.

Our officers and employees provide services to both Antero Resources and us.

All of our executive officers and other personnel who provide corporate, general and administrative services to our business are, when providing services to us, concurrently employed by Antero Resources and us pursuant to the terms of a services agreement. In addition, our operational personnel are seconded to us by Antero Resources pursuant to the terms of a secondment agreement and are concurrently employed by Antero Resources and us during such secondment. As a result, there could be material competition for the time and effort of the officers and employees who provide services to Antero Resources and us. If such officers and employees do not devote sufficient attention to the management and operation of our business, our financial results may suffer.

Debt we incur in the future may limit our flexibility to obtain financing and to pursue other business opportunities.

Our future level of debt could have important consequences to us, including the following:

- our ability to obtain additional financing, if necessary, for working capital, capital expenditures (including required drilling pad connections and well connections pursuant to our gathering and compression agreements as well as acquisitions) or other purposes may be impaired or such financing may not be available on favorable terms;
- our funds available for operations and future business opportunities will be reduced by that portion of our cash flows required to make interest payments on our debt;
- we may be more vulnerable to competitive pressures or a downturn in our business or the economy generally; and
- our flexibility in responding to changing business and economic conditions may be limited.

Our ability to service our debt will depend upon, among other things, our future financial and operating performance, which will be affected by prevailing economic conditions and financial, business, regulatory and other factors, some of which are beyond our control. If our operating results are not sufficient to service any future indebtedness, we will be forced to take actions such as reducing or not paying dividends, reducing or delaying our business activities, investments or capital expenditures, selling assets or issuing equity. We may not be able to effect any of these actions on satisfactory terms or at all.

Terrorist or cyber-attacks and threats could have a material adverse effect on our business, financial condition and results of operations.

Terrorist or cyber-attacks may significantly affect the energy industry, including our operations and those of our suppliers and customers, as well as general economic conditions, consumer confidence and spending, and market liquidity. Strategic targets, such as energy-related assets, may be at greater risk of future attacks than other targets in the United States. Our insurance may not protect us against such occurrences. We depend on digital technology in many areas of our business and operations, including, but not limited to, performing many of our gathering and compression and water handling services, recording financial and operating data, oversight and analysis of our operations, and communications with the employees supporting our operations and our customers or service providers. Deliberate attacks on our assets or our Joint Venture's assets, security breaches in our systems or infrastructure, or the systems or infrastructure of third-parties or the cloud, could lead to the corruption or loss of our proprietary and potentially sensitive data, delays in the performance of services for our customers, difficulty in completing and settling transactions, challenges in maintaining our books and records, environmental damage, communication interruptions, or other operational disruptions and third-party liabilities. Cybersecurity attacks in particular are becoming more sophisticated and include, but are not limited to, malicious software, ransomware, attempts to gain unauthorized access to data, and other electronic security breaches that could lead to disruptions in critical systems, unauthorized release of confidential or otherwise protected information, and corruption of data.

As cyber-attacks continue to evolve, we may be required to expend significant additional resources to continue to modify or enhance our protective measures or to investigate and remediate any vulnerabilities to cyber-attacks. In particular, our implementation of various procedures and controls to monitor and mitigate security threats and to increase security for our personnel, information, facilities and infrastructure may result in increased capital and operating costs. To date, we have not experienced any material losses relating to cyber-attacks; however, there can be no assurance that we will not suffer such losses in the future. Consequently, it is possible that any of these occurrences, or a combination of them, could have a material adverse effect on our business, financial condition and results of operations.

We may reduce or cease paying dividends on our common stock.

We are not obligated to pay dividends on shares of our common stock. Subject to preferences that may be applicable to any outstanding shares or series of preferred stock, holders of our common stock are only entitled to receive ratably such dividends (payable in cash, stock or otherwise), if any, as may be declared from time to time by our Board out of funds legally available for dividend payments. Our Board makes a determination each quarter as to the actual amount, if any, of dividends to pay on our common stock, based on various factors, some of which are beyond our control, including our operating cash flows, our working capital needs, our ability to access capital markets for debt and equity financing on reasonable terms, the restrictions contained in our debt instruments, our debt service requirements, credit metrics and the cost of acquisitions, if any. We may not have sufficient cash each quarter to pay dividends or maintain current or expected levels of dividends. Accordingly, we cannot guarantee that we will declare any future dividends at levels consistent with our historic practice or at all.

The price of our common stock may be volatile, and you could lose a significant portion of your investment.

The market price of our common stock could be volatile, and holders of common stock may not be able to resell their common stock at or above the price at which they acquired such securities due to fluctuations in the market price of our common stock.

Specific factors that may have a significant effect on the market price for our common stock include:

- our operating and financial performance and prospects and the trading price of our common stock;
- the level of our dividends;
- quarterly variations in the rate of growth of our financial indicators, such as dividends per share of our common stock, net income and revenues;

- levels of indebtedness;
- changes in revenue or earnings estimates or publication of research reports by analysts;
- speculation by the press or investment community;
- sales of our common stock by other stockholders;
- announcements by us or our competitors of significant contracts, acquisitions, strategic partnerships, joint ventures, securities offerings or capital commitments;
- general market conditions;
- changes in accounting standards, policies, guidance, interpretations or principles;
- adverse changes in tax laws or regulations;
- domestic and international economic, legal and regulatory factors related to our performance; and
- Antero Resources' operating and financial performance and prospects, and the trading price of its common stock.

There may be future dilution of our common stock, which could adversely affect the market price of shares of our common stock.

We are not restricted from issuing additional shares of our common stock out of our authorized capital. In the future, we may issue shares of our common stock to raise cash for future activities, acquisitions or other purposes. We may also acquire interests in other companies by using a combination of cash and shares of our common stock or only shares. We may also issue securities convertible into, or exchangeable for, or that represent the right to receive, shares of our common stock. Any of these events may dilute the ownership interests of our stockholders, reduce our earnings per share or have an adverse effect on the price of shares of our common stock.

Sales of a substantial amount of shares of our common stock in the public market could adversely affect the market price of our shares.

Sales of a substantial amount of shares of our common stock in the public market or grants to our directors and officers under the AMC LTIP, or the perception that these sales or grants may occur, could reduce the market price of shares of our common stock. All of the shares of our common stock are freely tradable without restriction or further registration under the Securities Act, unless the shares are held by any of our "affiliates" as such term is defined in Rule 144 under the Securities Act. In addition, we are party to a registration rights agreement with Antero Resources, certain members of management and certain funds affiliated with Yorktown Partners LLC ("Yorktown"), pursuant to which we agreed to register the resale of shares of our common stock issued or paid to them in the Transactions. We cannot predict the size of future issuances of our common stock or securities convertible into our common stock or the effect, if any, that future issuances and sales of shares of our common stock will have on the market price of our common stock.

We expect to use a significant portion of our cash flows to pay dividends to our stockholders, which could limit our ability to grow and make acquisitions.

We have previously announced that we plan to return capital in 2020 to our stockholders through dividends to our stockholders and repurchasing shares of our common stock, which may cause our growth to proceed at a slower pace than that of businesses that reinvest their cash to expand ongoing operations. To the extent we issue additional shares of common stock in connection with any acquisitions or expansion capital expenditures, the payment of dividends on those additional shares may increase the risk that we will be unable to maintain or increase our per share dividend level. In addition, the incurrence of commercial borrowings or other debt to finance our growth strategy would result in increased interest expense, which, in turn, may reduce the cash that we have available to return capital to our stockholders through dividends and/or repurchases of shares of our common stock.

Antero Resources owns a significant interest in us and, as a result, conflicts of interest will arise from time to time between it and us, and Antero Resources may favor their own interests to the detriment of us and our other stockholders. Additionally, Antero Resources is under no obligation to adopt a business strategy that favors us.

All of our officers and certain of our directors are also officers or directors of Antero Resources. Also, as of December 31, 2019, Antero Resources beneficially owned 28.7% of our outstanding common stock. Our directors and officers who are also directors and officers of Antero Resources have a fiduciary duty to manage Antero Resources in a manner that is beneficial to Antero Resources. Conflicts of interest will arise between Antero Resources and us. In resolving these actual or apparent conflicts of interest, members of our Board may choose strategies that favor Antero Resources over our interests and the interests of our stockholders. These conflicts include, for example, the decision to declare and pay dividends or the decision to repurchase shares of our common stock owned by Antero Resources. The resolution of any conflicts of interest between Antero Resources and its subsidiaries, on one hand, and us and our subsidiaries, on the other, to the extent we can resolve them, may be costly and reduce the amount of time and attention that our directors and officers may spend in operating our business, which, in each case, may adversely affect our business.

Furthermore, Antero Resources is under no obligation to adopt a business strategy that favors us. For example, Antero Resources has dedicated acreage to, and entered into long-term contracts for gathering and compression services on, our gathering and compression systems, as well as long-term contracts for receiving water services. However, while we have a right of first offer that expires in 2034 to provide processing and fractionation services to Antero Resources, subject to certain exceptions, Antero Resources is under no obligation to consider whether any future drilling plans would create beneficial opportunities for us. Additionally, although our the processing and fractionation services provided by the Joint Venture are supported by minimum volume commitments, the gathering and compression agreement includes minimum volumes commitments only on high pressure pipelines and compressor stations constructed at Antero Resources' request after November 2014. Any decision by Antero Resources to operate its assets in a manner that does not support our operations could have a material adverse effect on our business, financial condition and results of operations.

Certain of our stockholders have investments in our affiliates that may conflict with the interests of other stockholders.

Certain funds affiliated with Yorktown, Paul M. Rady and Glen C. Warren, Jr. (collectively, the "Sponsors") own a significant interest in us. Messrs. Rady and Warren and an individual affiliated with Yorktown serve as members of our Board and the board of directors of Antero Resources. The Sponsors also own a significant portion of the shares of common stock of Antero Resources. As a result of their investments in Antero Resources, the Sponsors may have conflicting interests with other stockholders. Conflicts of interest could arise in the future between us, on the one hand, and the Sponsors, on the other hand, regarding, among other things, decisions related to our financing, capital expenditures and growth plans, the terms of our agreements with Antero Resources and its subsidiaries and the pursuit of potentially competitive business activities or business opportunities.

We are a holding company whose sole material asset is our equity interest in Antero Midstream Partners, and we are accordingly dependent upon distributions from Antero Midstream Partners to pay taxes, return capital to stockholders and cover our corporate and other overhead expenses.

We are a holding company and have no material assets other than our equity interest in Antero Midstream Partners. We have no independent means of generating revenue. To the extent Antero Midstream Partners has available cash, we intend to cause Antero Midstream Partners to make distributions to us in an amount at least sufficient to allow us to pay our taxes, to fund our return of capital to our stockholders, including paying dividends and repurchasing shares of our common stock and for our corporate and other overhead expenses. To the extent that we need funds and Antero Midstream Partners or its subsidiaries are restricted from making such distributions or payments under applicable law or regulation or under the terms of any financing arrangements, or are otherwise unable to provide such funds, our liquidity and financial condition could be materially adversely affected.

Our certificate of incorporation and bylaws, as well as Delaware law, contain provisions that could discourage acquisition bids or merger proposals, which may adversely affect the market price of our common stock.

Certain provisions of our certificate of incorporation and bylaws could make it more difficult for a third party to acquire control of us, even if the change of control would be beneficial to our stockholders. Among other things, our certificate of incorporation and bylaws:

- provide advance notice procedures with regard to stockholder nominations of candidates for election as directors or other stockholder proposals to be brought before meetings of our stockholders, which may preclude our stockholders from bringing certain matters before our stockholders at an annual or special meeting;
- provide our Board the ability to authorize issuance of preferred stock in one or more classes or series, which makes it possible for our Board to issue, without stockholder approval, preferred stock with voting or other rights or preferences

that could impede the success of any attempt to change control of us and which may have the effect of deterring hostile takeovers or delaying changes in control or management of us;

- provide that the authorized number of directors may be changed only by resolution of our Board;
- provide that, subject to the rights of holders of any series of preferred stock to elect directors or fill vacancies in respect of such directors as specified in the related preferred stock designation and the terms of that certain Stockholders' Agreement, dated October 9, 2018, by and among Antero Midstream Corporation and certain of its stockholders named thereto (the "Stockholders' Agreement"), all vacancies, including newly created directorships be filled by the affirmative vote of holders of a majority of directors then in office, even if less than a quorum, or by the sole remaining director, and will not be filled by our stockholders;
- provide that, subject to the rights of the holders of any series of preferred stock to elect directors under specified circumstances, if any, and the terms of the Stockholders' Agreement, any action required or permitted to be taken by our stockholders must be effected at a duly called annual or special meeting of our stockholders and may not be effected by any consent in writing in lieu of a meeting of such stockholders;
- provide for our Board to be divided into three classes of directors, with each class as nearly equal in number as possible, serving staggered three-year terms;
- provide that, subject to the rights of the holders of shares of any series of preferred stock, if any, to remove directors elected by such series of preferred stock pursuant to our certificate of incorporation (including any preferred stock designation thereunder) and the terms of the Stockholders' Agreement, directors may be removed from office at any time, only for cause and by the holders of a majority of the voting power of all outstanding voting shares entitled to vote generally in the election of directors;
- provide that special meetings of our stockholders may only be called only by the Chief Executive Officer, the Chairman of our Board or our Board pursuant to a resolution adopted by a majority of the total number of directors that we would have if there were no vacancies;
- provide that (i) the Sponsor Holders and their affiliates are permitted to participate (directly or indirectly) in venture capital and other direct investments in corporations, joint ventures, limited liability companies and other entities conducting business of any kind, nature or description, (ii) the Sponsor Holders and their affiliates are permitted to have interests in, participate with, aid and maintain seats on the boards of directors or similar governing bodies of any such investments, in each case that may, are or will be competitive with our business and the business of our subsidiaries or in the same or similar lines of business as us and our subsidiaries, or that could be suitable for us or our subsidiaries and (iii) we have, subject to limited exceptions, renounced, to the fullest extent permitted by law, any interest or expectancy in, or in being offered an opportunity to participate in, such corporate opportunities;
- provide that the provisions of our certificate of incorporation can only be amended or repealed by the affirmative vote of the holders of at least 66 2/3% in voting power of the outstanding shares of our common stock entitled to vote thereon, voting together as a single class; provided, however, that so long as the Stockholders' Agreement remains in effect, no provision of our certificate of incorporation may be amended, altered or repealed in any manner that would be contrary to or inconsistent with the terms of the Stockholders' Agreement, and no amendment to the Stockholders' Agreement (regardless of whether such amendment modifies any provision of the Stockholders' Agreement to which our certificate of incorporation is subject) will be deemed an amendment of our certificate of incorporation; and
- provide that our bylaws can be altered or repealed by (a) our Board or (b) our stockholders upon the affirmative vote of holders of at least 66 2/3% of the voting power of our common stock outstanding and entitled to vote thereon, voting together as a single class. However, so long as the Stockholders' Agreement remains in effect, our Board may not approve any amendment, alteration or repeal of any provision of our bylaws, or the adoption of any new bylaw, that (a) would be contrary to or inconsistent with the terms of the Stockholders' Agreement or (b) would amend, alter or repeal certain portions of our certificate of incorporation; provided, however, that so long as the Stockholders' Agreement remains in effect, the parties to the Stockholders' Agreement may amend any provision of the Stockholders' Agreement, and no amendment to the Stockholders' Agreement (regardless of whether such amendment modifies any provision of the Stockholders' Agreement to which the bylaws are subject) will be deemed an amendment of the bylaws for purposes of the amendment provisions of our bylaws.

Our certificate of incorporation designates the Court of Chancery of the State of Delaware as the sole and exclusive forum for certain types of actions and proceedings that may be initiated by our stockholders, which could limit our stockholders' ability to obtain a favorable judicial forum for disputes with us or our directors, officers, employees or agents.

Our certificate of incorporation provides that, unless we consent in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware (the "Court of Chancery") will, to the fullest extent permitted by applicable law, be the sole and exclusive forum for (i) any derivative action or proceeding brought on our behalf, (ii) any action or proceeding asserting a claim of breach of a fiduciary duty owed by any of our current or former directors, officers, stockholders, employees or agents to us or our stockholders, (iii) any action or proceeding asserting a claim arising pursuant to any provision of the Delaware General Corporation Law (the "DGCL"), our certificate of incorporation or our bylaws as to which the DGCL confers jurisdiction on the Court of Chancery or (iv) any action or proceeding asserting a claim against us governed by the internal affairs doctrine, in each such case subject to the Court of Chancery having personal jurisdiction over the indispensable parties named as defendants therein. Furthermore, if the Court of Chancery lacks subject matter jurisdiction for any such matter, any state or federal court located within Delaware will be the sole and exclusive forum for that matter. Any person or entity purchasing or otherwise acquiring or holding any interest in shares of our capital stock will be deemed to have notice of, and consented to, the provisions of certificate of incorporation described in the preceding sentence. This choice of forum provision may limit our stockholder's ability to bring a claim in a judicial forum that it finds favorable for disputes with it or its directors, officers, employees or agents, which may discourage such lawsuits against us and such persons. Alternatively, if a court were to find these provisions of our certificate of incorporation inapplicable to, or unenforceable in respect of, one or more of the specified types of actions or proceedings, we may incur additional costs associated with resolving such matters in other jurisdictions, which could adversely affect our business, financial condition and results of operations.

We have elected not to be subject to the provisions of Section 203 of the DGCL, regulating corporate takeovers.

In general, the provisions of Section 203 of the DGCL prohibit a Delaware corporation, including those whose securities are listed for trading on the NYSE, from engaging in any business combination with any interested stockholder for a period of three years following the date that the stockholder became an interested stockholder, unless:

- prior to such time, the business combination or the transaction which resulted in the stockholder becoming an interested stockholder is approved by our Board;
- upon consummation of the transaction that resulted in the stockholder becoming an interested stockholder, the interested stockholder owned at least 85% of the voting stock of the corporation outstanding at the time the transaction commenced (excluding certain specified shares); or
- on or after such time the business combination is approved by our Board and authorized at a meeting of stockholders by the holders of at least two-thirds of the outstanding voting stock that is not owned by the interested stockholder.

Section 203 of the DGCL permits a Delaware corporation to elect not to be governed by the provisions of Section 203. Pursuant to our certificate of incorporation, we expressly elected not to be governed by Section 203. Accordingly, we are not subject to any anti-takeover effects or protections of Section 203 of the DGCL, although no assurance can be given that we will not elect to be governed by Section 203 of the DGCL pursuant to an amendment to our certificate of incorporation in the future.

We may issue preferred stock, which may have terms that could adversely affect the voting power or value of our common stock.

Our certificate of incorporation authorizes our Board to issue, without the approval of our stockholders, one or more classes or series of preferred stock having such designations, preferences, limitations and relative rights, including preferences over our common stock respecting dividends and distributions, as our Board may determine. The terms of one or more classes or series of our preferred stock could adversely impact the voting power or value of our common stock. For example, we might grant holders of a class or series of our preferred stock the right to elect some number of our directors in all events or on the happening of specified events or the right to veto specified transactions. Similarly, the repurchase or redemption rights or liquidation preferences we might assign to holders of our preferred stock could affect the residual value of our common stock.

Our future tax liability may be greater than expected if we do not generate deductions or net operating loss ("NOL") carryforwards sufficient to offset taxable income or if tax authorities challenge certain of our tax positions.

We expect to generate deductions and NOL carryforwards that we can use to offset our taxable income. As a result, we do not expect to pay material U.S. federal and state income taxes through 2023. This expectation is based upon assumptions our management has made regarding, among other things, income, capital expenditures and net working capital. Further, the IRS or other tax authorities could challenge one or more tax positions we take, such as the classification of assets under the income tax depreciation rules, the characterization of expenses for income tax purposes, and the tax characterization of the Transactions. Further, any change in law may affect our tax position. While we expect that our deductions and NOL carryforwards will be available to us as a future benefit, in the event that they are not generated as expected, are successfully challenged by the IRS (in a tax audit or otherwise), or are subject to future limitations, our ability to realize these benefits may be limited.

Taxable gain or loss on the sale of our common stock could be more or less than expected.

If a holder sells our common stock, the holder will recognize gain or loss equal to the difference between the amount realized and the holder's tax basis in the shares of common stock sold. To the extent that the amount of distributions on our common stock exceeds our current and accumulated earnings and profits, such distributions will be treated as a tax free return of capital and will reduce a holder's tax basis in its common stock. We expect the majority of our distributions to be in excess of our earnings and profits through 2023. Because our distributions in excess of our earnings and profits decrease a holder's tax basis in our common stock, such excess distributions will result in a corresponding increase in the amount of gain, or a corresponding decrease in the amount of loss, recognized by the holder upon the sale of our common stock.

The IRS Forms 1099-DIV that our stockholders receive from their brokers may over-report dividend income with respect to our common stock for U.S. federal income tax purposes, which may result in a stockholder's overpayment of tax. In addition, failure to report dividend income in a manner consistent with the IRS Forms 1099-DIV may cause the IRS to assert audit adjustments to a stockholder's U.S. federal income tax return. For non-U.S. holders of our common stock, brokers or other withholding agents may overwithhold taxes from dividends paid, in which case a stockholder generally would have to timely file a U.S. tax return or an appropriate claim for refund to claim a refund of the overwithheld taxes.

Distributions we pay with respect to our common stock will constitute "dividends" for U.S. federal income tax purposes only to the extent of our current and accumulated earnings and profits. Distributions we pay in excess of our earnings and profits will not be treated as "dividends" for U.S. federal income tax purposes; instead, they will be treated first as a tax-free return of capital to the extent of a stockholder's tax basis in their common stock and then as capital gain realized on the sale or exchange of such stock. We may be unable to timely determine the portion of our distributions that is a "dividend" for U.S. federal income tax purposes, which may result in a stockholder's overpayment of tax with respect to distribution amounts that should have been classified as a tax-free return of capital. In such a case, a stockholder generally would have to timely file an amended U.S. tax return or an appropriate claim for refund to obtain a refund of the overpaid tax.

For a U.S. holder of our common stock, the IRS Forms 1099-DIV received from brokers may not be consistent with our determination of the amount that constitutes a "dividend" for U.S. federal income tax purposes or a stockholder may receive a corrected IRS Form 1099-DIV (and may therefore need to file an amended U.S. federal, state or local income tax return). We will attempt to timely notify our stockholders of available information to assist with income tax reporting (such as posting the correct information on our website). However, the information that we provide to our stockholders may be inconsistent with the amounts reported by a broker on IRS Form 1099-DIV, and the IRS may disagree with any such information and may make audit adjustments to a stockholder's tax return.

For a non-U.S. holder of our common stock, "dividends" for U.S. federal income tax purposes will be subject to withholding of U.S. federal income tax at a 30% rate (or such lower rate as may be specified by an applicable income tax treaty) unless the dividends are effectively connected with the conduct of a U.S. trade or business. In the event that we are unable to timely determine the portion of our distributions that constitute a "dividend" for U.S. federal income tax purposes, or a stockholder's broker or withholding agent chooses to withhold taxes from distributions in a manner inconsistent with our determination of the amount that constitutes a "dividend" for such purposes, a stockholder's broker or other withholding agent may overwithhold taxes from distributions paid. In such a case, a stockholder generally would have to timely file a U.S. tax return or an appropriate claim for refund in order to obtain a refund of the overwithheld tax.

Item 1B. Unresolved Staff Comments

Not applicable.

Item 3. 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 4. Mine Safety Disclosures

Not applicable.

PART II**Item 5. Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities****Common Stock**

We have one class of common equity outstanding, our common stock, par value \$0.01 per share. Our common stock is listed on the New York Stock Exchange and traded under the symbol “AM.” On February 7, 2020, shares of our common stock were held by 62 holders of record. The number of holders does not include the holders for whom shares of our common stock are held in a “nominee” or “street” name. In addition, as of February 7, 2020, Antero Resources and its subsidiaries owned 139,042,345 shares of our common stock, which represented a 28.7% interest in us.

Issuer Purchases of Equity Securities

The following table sets forth our common stock repurchase activity for each period presented:

Period	Number of Shares Purchased ⁽¹⁾	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans ⁽²⁾	Approximate Value of Shares that May Yet be Purchased Under the Plan
October 1, 2019 – October 31, 2019	974	\$ 7.45	—	N/A
November 1, 2019 – November 30, 2019	—	\$ —	—	N/A
December 1, 2019 – December 31, 2019	19,377,592	\$ 5.16	19,377,592	\$ 175,000,000
Total	19,378,566	\$ 5.16	19,377,592	\$ 175,000,000

(1) The total number of shares purchased includes 974 shares repurchased in October 2019, representing shares of our common stock transferred to us in order to satisfy tax withholding obligations incurred upon the vesting of equity awards held by our employees. There were no such repurchases in November and December.

(2) In August 2019, the Board authorized a \$300 million share repurchase program. On December 16, 2019, we repurchased 19,377,592 shares of our common stock from Antero Resources at a price of \$5.1606 per share, which shares were thereafter cancelled.

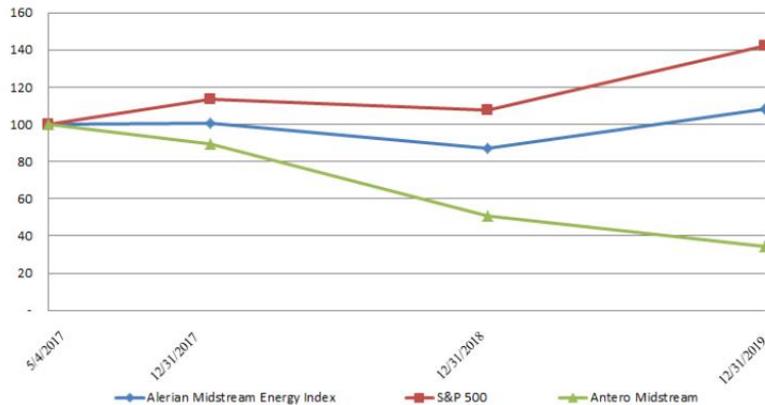
Dividends

On January 15, 2020, the Board declared an aggregate cash dividend on the shares of our common stock of \$0.3075 per share for the quarter ended December 31, 2019. The dividend will be payable on February 12, 2020 to stockholders of record as of January 31, 2020.

The Board also declared a cash dividend of \$138 thousand on shares of our Series A Preferred Stock to be paid on February 14, 2020 in accordance with the terms of the Series A Preferred Stock, which are discussed in Note 14—Equity and Earnings Per Common Share to our consolidated financial statements. As of December 31, 2019, there were dividends in the amount of \$69 thousand accumulated in arrears on our Series A Preferred Stock.

Stock Performance Graph

The graph below shows the cumulative total shareholder return assuming the investment of \$100 on May 4, 2017, the date of our initial public offering, in each of our predecessor’s common shares through March 12, 2019 and our common stock thereafter, the Standard & Poor’s 500 (“S&P 500”) Index, and the Alerian Midstream Energy (“AMNA”) Index. We believe the AMNA Index is meaningful because it is an independent, objective view of the performance of similarly-sized midstream energy companies.



The information in this Form 10-K appearing under the heading “Stock Performance Graph” is being “furnished” pursuant to Item 2.01(e) of Regulation S-K under the Securities Act and shall not be deemed to be “soliciting material” or “filed” with the SEC or subject to Regulation 14A or 14C, other than as provided in Item 2.01(e) of Regulation S-K, or to the liabilities of Section 18 of the Exchange Act and shall not be deemed incorporated by reference into any filing under the Securities Act of the Exchange Act except to the extent that we specifically request that it be treated as such.

Item 6. Selected Financial Data

The following table presents our selected historical financial data, for the periods and as of the dates indicated, for the Company and its predecessors. Our predecessor, AMGP, was originally formed as ARMM to become the general partner of Antero Midstream Partners and converted into a limited partnership on May 4, 2017 in connection with our IPO. On March 12, 2019, pursuant to the Simplification Agreement, we completed the Transactions.

The Merger has been accounted for as an acquisition by AMGP of Antero Midstream Partners under ASC 805 –*Business Combinations* and accounted for as a business combination, with the assumed assets and liabilities of Antero Midstream Partners recorded at their estimated fair value. As a result of the Merger, our historical financial data for previous periods are not comparable to the year ended December 31, 2019 or to our future financial results. The selected financial data for the years ended December 31, 2015, 2016, 2017 and 2018 are the financial statements of AMGP and its consolidated subsidiaries, which do not include Antero Midstream Partners and its subsidiaries. Effective March 12, 2019, we began consolidating Antero Midstream Partners and its subsidiaries in our consolidated financial statements. As a result, our selected balance sheet financial data presented below at December 31, 2019 includes the financial position of Antero Midstream Partners and its subsidiaries, and our selected consolidated statements of operations and comprehensive income and cash flows data for the year ended December 31, 2019 include the results of operations of Antero Midstream Partners and its subsidiaries beginning on March 13, 2019. The historical selected consolidated statement of operations data included herein reflects that, prior to the Merger, AMGP’s only income resulted from distributions made on the incentive distribution rights (the “IDRs”) of Antero Midstream Partners and expenses were limited to general and administrative expenses and equity-based compensation. Please read “Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations —Items Affecting Comparability of our Financial Results.”

Accordingly, we are also presenting our pro forma results of operations for the years ended December 31, 2018 and December 31, 2019, which give effect to the adjustments described in Exhibit 99.1 to this Annual Report on Form 10-K. The pro

forma information presented below should be read in conjunction with the unaudited pro forma condensed combined financial statements, which are filed as Exhibit 99.1 to this Annual Report on Form 10-K and describe the assumptions and adjustments used in preparing such information. The pro forma adjustments are based on currently available information and certain estimates and assumptions. Therefore, the actual adjustments may differ from the pro forma adjustments. However, management believes that the pro forma assumptions provide a reasonable basis for presenting the results of operations on a more meaningful basis.

The selected statement of operations data and statement of cash flows data for the years ended December 31, 2017, 2018, and 2019 and the balance sheet data as of December 31, 2018 and 2019 are derived from our audited consolidated financial statements included in Item 8 of this Annual Report on Form 10-K. The selected statement of operations data and statement of cash flows data for the years ended December 31, 2015 and 2016 and the selected balance sheet data as of December 31, 2015, 2016 and 2017 is derived from our audited consolidated financial statements not included in Item 8 of this Annual Report on Form 10-K.

The selected financial data presented below are qualified in their entirety by reference to, and should be read in conjunction with, “Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations” and our consolidated financial statements and related notes included elsewhere in this report:

(in thousands, except per share amounts)	December 31,				
	2015	2016	2017	2018	2019
Revenue:					
Gathering and compression—Antero Resources	\$ —	—	—	—	543,538
Water handling—Antero Resources	—	—	—	—	306,010
Water handling—third party	—	—	—	—	50
Amortization of customer relationships	—	—	—	—	(57,010)
Total revenue	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>792,588</u>
Operating expenses:					
Direct operating	—	—	—	—	195,818
General and administrative (excluding equity-based compensation)	—	814	6,201	8,740	44,596
Equity-based compensation	—	—	34,933	35,111	73,517
Facility idling	—	—	—	—	11,401
Impairment of property and equipment	—	—	—	—	409,739
Impairment of goodwill	—	—	—	—	340,350
Impairment of customer relationships	—	—	—	—	11,871
Depreciation	—	—	—	—	95,526
Accretion and change in fair value of contingent acquisition consideration	—	—	—	—	8,076
Accretion of asset retirement obligations	—	—	—	—	187
Total operating expenses	<u>—</u>	<u>814</u>	<u>41,134</u>	<u>43,851</u>	<u>1,191,081</u>
Operating loss	<u>—</u>	<u>(814)</u>	<u>(41,134)</u>	<u>(43,851)</u>	<u>(398,493)</u>
Interest expense, net	—	—	—	(136)	(110,402)
Equity in earnings of unconsolidated affiliates	1,264	16,944	69,720	142,906	51,315
Income (loss) before income taxes	1,264	16,130	28,586	98,919	(457,580)
Provision for income tax benefit (expense)	(483)	(6,419)	(26,261)	(32,311)	102,466
Net income (loss) and comprehensive income (loss)	<u>\$ 781</u>	<u>9,711</u>	<u>2,325</u>	<u>66,608</u>	<u>(355,114)</u>
Net income (loss) per share—basic and diluted			\$ 0.03	0.33	(0.80)
Weighted average common shares outstanding:					
Basic			186,176	186,203	442,640
Diluted			186,176	186,203	442,640

(in thousands, except per share amounts)	December 31,				
	2015	2016	2017	2018	2019
Balance sheet data (at period end):					
Cash and cash equivalents	\$ 72	9,609	5,987	2,822	1,235
Other current assets	—	217	—	87	107,323
Total current assets	72	9,826	5,987	2,909	108,558
Property and equipment, net	—	—	—	—	3,273,410
Investments in unconsolidated affiliates	969	7,543	23,772	43,492	709,639
Other assets	—	—	—	1,304	2,191,271
Total assets	<u>\$ 1,041</u>	<u>17,369</u>	<u>29,759</u>	<u>47,705</u>	<u>6,282,878</u>
Current liabilities	115	7,100	14,151	16,844	242,084
Long-term indebtedness	—	—	—	—	2,892,249
Other long-term liabilities	368	—	—	—	5,131
Total partners' capital and stockholders' equity	558	10,269	15,608	30,861	3,143,414
Total liabilities and partners' capital and stockholders' equity	<u>\$ 1,041</u>	<u>17,369</u>	<u>29,759</u>	<u>47,705</u>	<u>6,282,878</u>
Cash flows data:					
Net cash provided by operating activities	\$ 295	9,537	28,080	83,531	622,387
Net cash used in investing activities	\$ —	—	—	—	(525,675)
Net cash activities provided by (used in) financing activities	\$ (223)	—	(31,702)	(86,696)	(98,299)
Other financial data:					
Distributions or dividends declared per share			\$ 0.16	0.54	1.23
Pro forma Net income (loss)				\$ 312,894	(285,076)
Pro forma Adjusted EBITDA ⁽¹⁾				\$ 708,635	829,558

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

The following table presents our pro forma results of operations for the years ended December 31, 2018 and 2019, which give effect to the adjustments described in Exhibit 99.1 to this Annual Report on Form 10-K. The pro forma information presented below should be read in conjunction with the unaudited pro forma condensed combined financial statements, which are filed as Exhibit 99.1 to this Annual Report on Form 10-K and describe the assumptions and adjustments used in preparing such information.

	Year Ended December 31,	
	2018	2019
Revenues:		
Revenue—Antero Resources	\$ 1,027,015	1,067,858
Revenue—third-party	924	101
Gain on sales of assets—Antero Resources	583	—
Amortization of customer relationships	(71,082)	(70,874)
Total revenues	957,440	997,085
Operating expenses:		
Direct operating	316,423	260,636
General and administrative (excluding equity-based compensation)	49,296	45,567
Facility idling	—	11,401
Equity-based compensation	56,184	75,994
Impairment of property and equipment	5,771	416,721
Impairment of goodwill	—	340,350
Impairment of customer relationships	—	11,871
Depreciation	145,745	120,363
Accretion and change in fair value of contingent acquisition consideration	(93,019)	10,004
Accretion of asset retirement obligations	135	250
Total expenses	480,535	1,293,157
Operating income (loss)	476,905	(296,072)
Other income (expenses):		
Interest expense, net	(83,794)	(130,518)
Equity in earnings of unconsolidated affiliates	34,189	62,394
Income (loss) before taxes	427,300	(364,196)
Provision for income tax benefit (expense)	(114,406)	79,120
Net income (loss) and comprehensive income (loss)	\$ 312,894	(285,076)

Non-GAAP Financial Measure

We use Pro Forma Adjusted EBITDA as an important indicator of our performance. We define Pro Forma Adjusted EBITDA as net income (loss) before net interest expense, income tax expense (benefit), depreciation, impairment, accretion and changes in fair value of contingent acquisition consideration, accretion of asset retirement obligations, equity-based compensation, excluding equity in earnings of unconsolidated affiliates, contract restructuring expenses, amortization of customer relationships and including cash distributions from unconsolidated affiliates and including Antero Midstream Partners' pre-acquisition: net income before interest expense, depreciation, impairment, accretion and changes in fair value of contingent acquisition consideration, accretion of asset retirement obligations, equity-based compensation, amortization of customer relationships excluding equity in earnings of unconsolidated affiliates, including cash distributions from unconsolidated affiliates and excluding equity in earnings of Antero Midstream Partners.

We use Pro Forma Adjusted EBITDA to assess:

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

Pro Forma Adjusted EBITDA is a non-GAAP financial measure. The GAAP measure most directly comparable to Pro Forma Adjusted EBITDA is Pro Forma Net income (loss). The non-GAAP financial measure of Pro Forma Adjusted EBITDA should

not be considered as an alternative to the GAAP measure of net income. Pro Forma Adjusted EBITDA presentations are not made in accordance with GAAP and have important limitations as an analytical tool because they include some, but not all, items that affect Pro Forma Net income (loss). You should not consider Pro Forma Adjusted EBITDA in isolation or as a substitute for analyses of results as reported under GAAP. Our definition of Pro Forma Adjusted EBITDA may not be comparable to similarly titled measures of other corporations.

The following table represents a reconciliation of our Pro Forma Adjusted EBITDA to the most directly comparable GAAP financial measure for the periods presented:

(in thousands)	Year Ended December 31,	
	2018	2019
Reconciliation of Pro Forma Net Income (Loss) to Pro Forma Adjusted EBITDA:		
Pro Forma Net income (loss)	\$ 312,894	(285,076)
Interest expense	83,794	130,518
Income tax expense (benefit)	114,406	(79,120)
Amortization of customer relationships	71,082	70,874
Depreciation expense	145,745	120,363
Impairment	5,771	768,942
Accretion and change in fair value of contingent acquisition consideration	(92,884)	10,254
Equity-based compensation	56,184	75,994
Equity in earnings of unconsolidated affiliates	(34,189)	(62,394)
Distributions from unconsolidated affiliates	46,415	76,925
Contract restructuring fees	—	2,278
Gain on sale of assets—Antero Resources	(583)	—
Pro Forma Adjusted EBITDA	\$ 708,635	829,558

Item 7. 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 consolidated financial statements and related notes included elsewhere in this report. The information provided below supplements, but does not form part of, our 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.

On March 12, 2019, pursuant to the Simplification Agreement, dated as of October 9, 2018, by and among AMGP, Antero Midstream Partners and certain of their affiliates, (i) AMGP was converted from a limited partnership to a corporation under the laws of the State of Delaware and changed its name to Antero Midstream Corporation, (ii) an indirect, wholly owned subsidiary of Antero Midstream Corporation was merged with and into Antero Midstream Partners, with Antero Midstream Partners surviving the merger as an indirect, wholly owned subsidiary of Antero Midstream Corporation, and (iii) Antero Midstream Corporation exchanged each issued and outstanding Series B Units representing a membership interest in IDR Holdings for 176,0041 shares of its common stock, par value \$0.01 per share.

The Merger has been accounted for as an acquisition by AMGP of Antero Midstream Partners under ASC 805 – Business Combinations and accounted for as a business combination, with the assumed assets and liabilities of Antero Midstream Partners recorded at fair value. As a result, the consolidated balance sheet of Antero Midstream Corporation at December 31, 2019 includes the financial position of Antero Midstream Partners and its subsidiaries and the consolidated statements of operations and comprehensive income and cash flows for the three years ended December 31, 2019 include the results of operations of Antero Midstream Partners and its subsidiaries commencing on March 13, 2019.

Overview

We are a growth-oriented midstream energy company formed to own, operate and develop midstream energy assets to primarily service Antero Resources’ production and completion activity. We believe that our strategically located assets and our relationship with Antero Resources have allowed us to become a leading midstream energy company serving the Marcellus and Utica shale plays. 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. 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. These services are provided by us directly or through third-parties with which we contract.

Recent Trends and Uncertainties

The gathering and compression agreement with Antero Resources is based on 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 plan and, therefore, our gathering and water handling volumes.

During 2020, we plan to expand our existing Marcellus and Utica Shale gathering, compression, and water handling infrastructure to accommodate Antero Resources’ announced development plans. Antero Resources’ announced 2020 consolidated drilling and completion capital budget is \$1.15 billion. Antero Resources announced that it plans to operate an average of four drilling rigs and complete between 120 to 130 horizontal wells, substantially all of which are located on acreage dedicated to us. A further or extended decline in commodity prices could cause some of the development and production projects of Antero Resources or third parties to be uneconomic or less profitable, which could reduce gathering and water handling volumes in our current and future potential areas of operation. Those reductions in gathering and water handling volumes could reduce our revenue and cash flows and adversely affect our ability to return capital to holders of our common stock.

Sources of Our Revenues

Our gathering and compression revenues are driven by the volumes of natural gas we gather and compress, and our water handling revenues are driven by quantities of fresh water delivered to our customers to support their well completion operations and produced water treated. Pursuant to our long-term contracts with Antero Resources, we have secured long-term dedications covering a significant portion of Antero Resources' current and future acreage for gathering and compression services. In December 2019, we and Antero Resources agreed to a growth incentive fee program whereby we will provide quarterly fee reductions to Antero Resources from 2020 through 2023, contingent upon Antero Resources achieving volumetric growth targets on low pressure gathering. In addition, we and Antero Resources agreed to extend the initial term of the gathering and compression contract to 2038. We have also entered into a long-term water services agreement covering Antero Resources' 541,000 net acres in West Virginia and Ohio, with a right of first offer on all future areas of operation. Under the agreement, we receive a fixed fee for all fresh water deliveries by pipeline directly to the well site, subject to annual CPI adjustments. In addition, we also provide fluid handling services for flowback and produced water, including blending, storage and transportation operations. These operations, along with our fresh water delivery systems, support well completion and production operations for Antero Resources. These services are provided by us directly or through third-parties with which we contract. For flowback and produced water services provided by third-parties, Antero Resources reimburses our third-party out-of-pocket costs plus 3%. For flowback and produced water services provided by us, we charge Antero Resources a cost of service fee. The initial term of the water services agreement runs to 2035. All of Antero Resources' existing acreage is dedicated to us for gathering and compression services except for existing third-party commitments. Approximately 140,000 gross leasehold acres characterized by dry gas and liquids-rich production that have been previously dedicated to third-party gatherers.

Our gathering and compression operations are substantially dependent upon natural gas and oil production from Antero Resources' upstream activity in its areas of operation. In addition, there is a natural decline in production from existing wells that are connected to our gathering systems. Although we expect that Antero Resources will continue to devote substantial resources to the development of oil and gas reserves, we have no control over this activity and Antero Resources has the ability to reduce or curtail such development at its discretion.

Our water handling operations are substantially dependent upon the number of wells drilled and completed by Antero Resources, as well as Antero Resources' production. As of December 31, 2019, Antero Resources had disclosed estimated net proved reserves of 18.9 Tcfe, of which 61% was natural gas, 38% were NGLs, and 1% was oil. As of December 31, 2019, Antero Resources' drilling inventory consisted of 2,385 identified potential horizontal well locations, approximately 1,685 of which were located on acreage dedicated to us, providing us with significant opportunity for growth as Antero Resources' drilling program continues and its production increases.

How We Evaluate Our Operations

We use a variety of financial and operational metrics to evaluate our performance. These metrics help us identify factors and trends that impact our operating results, profitability and financial condition. The key metrics we use to evaluate our business are provided below.

Pro Forma Adjusted EBITDA

We use Pro Forma Adjusted EBITDA as a performance measure to assess the ability of our assets to generate cash sufficient to pay interest costs, support indebtedness and return capital to stockholders. Pro Forma Adjusted EBITDA is a non-GAAP financial measure. See "Item 6. Selected Financial Data—Non-GAAP Financial Measure" for more information regarding this financial measure, including a reconciliation of Pro Forma Adjusted EBITDA to the most directly comparable GAAP measure.

Gathering and Compression Throughput

We must continually obtain additional supplies of natural gas and oil to maintain or increase throughput on our systems. Our ability to maintain existing supplies of natural gas and oil and obtain additional supplies is primarily impacted by our acreage dedication and the level of successful drilling activity by Antero Resources and, to a lesser extent in the future, the potential for acreage dedications with and successful drilling by third-party producers. Any increase in our throughput volumes over the near term will likely be driven by Antero Resources continuing its drilling and development activities on its Marcellus and Utica Shale acreage.

Water Handling Volumes

Our fresh water volumes are primarily driven by hydraulic fracturing activities conducted as part of well completions. Our treatment volumes are primarily driven by produced water volumes, which are a function of Antero Resources' production. Other fluid handling volumes are driven by hydraulic fracturing activities and produced water volumes. Antero Resources' consolidated acreage positions allow us to provide fresh water and other fluid handling services for Antero Resources' completion activities in a more efficient manner. However, to the extent that Antero Resources' drilling and completion schedule is not met, or Antero Resources uses less fresh water and other fluid handling services in its well completion operations than expected (for example, due to a reduction in completions), and production declines, our water volumes may decline.

Principal Components of Our Cost Structure

The following items are the primary components of our operating expenses.

- ***Direct Operating.*** We seek to maximize the profitability of our operations in part by minimizing, to the extent appropriate, expenses directly tied to operating and maintaining our assets. We schedule and conduct maintenance over time to avoid significant variability in our direct operating expense and minimize the impact on our cash flow. Gathering and compression operating costs consist primarily of labor, water disposal, pigging, fuel, monitoring, repair and maintenance, utilities and contract services. Gathering and compression operating costs vary with the miles of pipeline and number of compressor stations in our gathering and compression system. Fresh water operating expenses consist primarily of labor, pigging, monitoring, repair and maintenance and contract services. Fresh water operating costs vary with the miles of pipeline, number of pumping stations, and to a lesser extent the number of well completions in the Marcellus and Utica Shales for which we deliver fresh water and number of impoundments in our fresh water system. Other water handling costs, which include the costs related to water blending, relate to contract services performed by us and third parties and vary depending on the cost of service provided to Antero Resources. These costs are billed to Antero Resources at our cost plus 3%. Our other water handling costs consist of labor, monitoring and repair and maintenance costs. Wastewater treatment costs vary directly with the water volumes treated, and the operating efficiency of the Clearwater Facility. The other primary drivers of our direct operating expense include maintenance and contract services, regulatory and compliance expense and ad valorem taxes.
- ***General and Administrative.*** Our general and administrative expenses include direct charges and costs charged by Antero Resources. 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 certain equity-based compensation. These expenses are charged to the Company based on the nature of the expenses and are apportioned based on a combination of the Company's proportionate share of gross property and equipment, capital expenditures and labor costs, as applicable. Management believes these allocation methodologies are reasonable.

Our general and administrative expenses also include equity-based compensation costs related to the Antero Midstream GP LP Long-Term Incentive Plan ("AMGP LTIP") and the Series B Units prior to the Transactions. Equity-based compensation after the Transactions include (i) costs allocated to Antero Midstream Partners by Antero Resources for grants made prior to the Transactions pursuant to Antero Resources' long-term incentive plan, (ii) costs due to Antero Midstream Corporation LTIP (the "AMC LTIP") and (iii) each Series B Unit that was exchanged for 176.0041 shares of our common stock, a certain portion of which remained subject to vesting until December 31, 2019 (the "Series B Exchange"). As of December 31, 2019, there were no unvested awards related to these plans.

- ***Impairment.*** We evaluate our long-lived assets for impairment when events or changes in circumstances indicate that the related carrying values of the assets may not be recoverable. If the carrying values of the assets are deemed not recoverable, the carrying values are reduced to their estimated fair value. In 2019, our impairment expense primarily related to (i) the

Clearwater Facility, which was idled in the third quarter of 2019 and (ii) the impairment of goodwill associated with the fresh water delivery and services reporting unit.

- *Depreciation.* Depreciation consists of our estimate of the decrease in value of the assets capitalized in property and equipment as a result of using the assets throughout the applicable year. Depreciation is computed over the asset's estimated useful life using the straight-line basis. We depreciate our property and equipment using an estimated useful life of five years for our fresh water surface pipelines and equipment, 10 years for our above ground storage tanks, 20 years for our permanent buried fresh water pipelines and equipment, 50 years for our gathering pipelines and compressor stations and our landfill on a units of production basis.
- *Interest.* In 2018 and from January 1, 2019 through March 12, 2019, interest expense related to interest incurred on borrowings under AMGP's credit facility, which was terminated on March 12, 2019 in connection with the Transactions. Following the closing of the Transaction on March 12, 2019, interest expense represented interest related to: (i) borrowings under our revolving credit facility, (ii) borrowings of \$650 million under our 5.375% senior notes due September 15, 2024 (the "2024 Notes"), (iii) borrowings of \$650 million of our 5.75% senior notes due March 1, 2027 (the "2027 Notes"), (iv) borrowings of \$650 million of our 5.75% senior notes due January 15, 2028 (the "2028 Notes"), (v) operating leases, and (vi) amortization of deferred financing costs incurred in connection with the revolving credit facility and the issuance of the 2024 Notes, 2027 Notes and 2028 Notes.
- *Income tax expense.* We are subject to state and federal income taxes but are currently not in a cash tax paying position with respect to state and federal income taxes. The difference between our financial statement income tax expense and our federal income tax liability is primarily due to the differences in the tax and financial statement treatment of our investment in Antero Midstream Partners. We have recorded deferred income tax benefit to the extent our deferred tax assets exceed our deferred tax liabilities. Our deferred tax assets result from temporary differences between tax and financial statement income primarily from goodwill and net operating loss carryforwards. At December 31, 2019, we had approximately \$277 million of U.S. federal net operating loss carryforwards ("NOLs"), and approximately \$202 million of state NOLs. The amount of deferred tax assets considered realizable, however, could change in the near term as we generate taxable income or as estimates of future taxable income are reduced. See Note 9—Income Taxes to our consolidated financial statements for a discussion of our deferred tax position and income tax expense.

Items Affecting Comparability of Our Financial Results

Our historical financial results discussed below are not comparable to our future financial results primarily as a result of the Merger. The Merger has been accounted for as an acquisition by AMGP of Antero Midstream Partners under ASC 805, *Business Combinations*, and accounted for as a business combination with the acquired assets and liabilities of Antero Midstream Partners recorded at estimated fair value. As such, the consolidated financial statements for the year ended December 31, 2018 and as of December 31, 2018 are the consolidated financial statements of AMGP and its consolidated subsidiaries, which does not include Antero Midstream Partners and its subsidiaries. Effective March 12, 2019, Antero Midstream commenced consolidating Antero Midstream Partners and its subsidiaries in the consolidated financial statements of Antero Midstream. As a result, our consolidated balance sheet at December 31, 2019 includes the financial position of Antero Midstream Partners and its subsidiaries, and our consolidated statements of operations and comprehensive income and cash flows for the year ended December 31, 2019 include the results of operations of Antero Midstream Partners and its subsidiaries beginning on March 13, 2019.

The historical consolidated financial statements included herein are the financial statements of Antero Midstream, formerly AMGP, which prior to the Merger reflect that AMGP's only income resulted from distributions made on the IDRs of Antero Midstream Partners and expenses were limited to general and administrative expenses and equity-based compensation. The consolidated financial statements for the year ended December 31, 2019 include the results of Antero Midstream Partners and its subsidiaries beginning on March 13, 2019.

Accordingly, in addition to presenting a discussion of our results of operations as reported, we are also presenting our pro forma results of operations, which give effect to the adjustments described in Exhibit 99.1 to this Annual Report on Form 10-K. The pro forma information presented below should be read in conjunction with the unaudited pro forma combined financial statements, which are filed as Exhibit 99.1 to this Annual Report on Form 10-K and describe the assumptions and adjustments used in preparing such information. The pro forma adjustments are based on currently available information and certain estimates and assumptions. Therefore, the actual adjustments may differ from the pro forma adjustments. However, management believes that the pro forma assumptions provide a reasonable basis for presenting the results of operations on a more meaningful basis.

Results of Operations as Reported

Year Ended December 31, 2018 Compared to Year Ended December 31, 2019

Revenue and Direct Operating Expenses. Revenues from Antero Resources and direct operating expenses reflect 294 days of revenue and operating expenses generated by Antero Midstream Partners after the completion of the Transactions on March 12, 2019.

General and administrative expenses. General and administrative expenses (excluding equity-based compensation expense) increased from \$9 million for the year ended December 31, 2018 to \$45 million for the year ended December 31, 2019. The increase was primarily due to the inclusion of general and administrative expenses of Antero Midstream Partners after the completion of the Transactions on March 12, 2019. Equity-based compensation increased from \$35 million for the year ended December 31, 2018 to \$74 million for the year ended December 31, 2019 due to the Series B Exchange and the adoption of the AMC LTIP as result of the Transactions.

Impairment of property and equipment expense. Impairment of property and equipment expense of \$410 million for the year ended December 31, 2019 was primarily due to the idling of the Clearwater Facility in September 2019.

Impairment of goodwill expense. Impairment of goodwill expense of \$340 million for the year ended December 31, 2019, which reflects (i) an impairment of goodwill expense associated with the Clearwater Facility of \$42 million and (ii) an impairment of goodwill expense associated our fresh water delivery and services reporting unit of \$298 million.

Impairment of customer relationships expense. Impairment of customer relationships expense of \$12 million for the year ended December 31, 2019 reflects an impairment of the customer relationships that were associated with the Clearwater Facility, which was idled in September 2019.

Depreciation expense. Depreciation expense increased from none for the year ended December 31, 2018 to \$96 million for the year ended December 31, 2019 as a result of our acquisition of Antero Midstream Partners on March 12, 2019.

Accretion and change in fair value of contingent acquisition consideration. Accretion expenses increased from none for the year ended December 31, 2018 to \$8 million for the year ended December 31, 2019 as a result of our acquisition of Antero Midstream Partners on March 12, 2019.

Interest expense. Interest expense increased from \$136 thousand for the year ended December 31, 2018 to \$110 million for the year ended December 31, 2019 as a result of the acquisition of Antero Midstream Partners, which included the assumption of approximately \$2.4 billion of debt.

Operating loss. Total operating loss increased from a loss of \$44 million for the year ended December 31, 2018 to \$398 million for the year ended December 31, 2019. The increase was due to net operating revenues and expenses as a result of the acquisition of Antero Midstream Partners on March 12, 2019 and impairments to property and equipment, goodwill and customer relationships of approximately \$410 million, \$340 million and \$12 million, respectively. Prior to the acquisition of Antero Midstream Partners, we had no operating revenues. All income was derived from our equity in earnings of unconsolidated affiliates.

Equity in earnings of unconsolidated affiliates. Equity in earnings of unconsolidated affiliates for the year ended December 31, 2018 represents AMGP's equity investment in Antero Midstream Partners. Equity in earnings of unconsolidated affiliates for the

year ended December 31, 2019 represents AMGP's equity investment in Antero Midstream Partners from January 1, 2019 through March 12, 2019 and the portion of the net income from Antero Midstream Partners' investments in Stonewall and the Joint Venture, which is allocated to us based on our equity interests for the period from March 13, 2019 through December 31, 2019.

Income tax benefit (expense). Income tax benefit (expense) changed from an income tax expense of \$32 million for the year ended December 31, 2018 to a benefit of \$102 million for the year ended December 31, 2019 primarily due to the loss before taxes for the year ended December 31, 2019.

Year Ended December 31, 2017 Compared to Year Ended December 31, 2018

Refer to "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations —Results of Operations" in our 2018 Annual Report on Form 10-K for a discussion of the results of operations for the year ended December 31, 2017 compared to the year ended December 31, 2018.

Pro Forma Segment Results of Operations

Unless the context otherwise requires, references in this "Pro Forma Segment Results of Operations" to the "Company," "we," "us" or "our" refer to, and the results of operations discussed below relate to, the combined results of Antero Midstream Corporation and Antero Midstream Partners as if the Transactions had occurred on January 1, 2018.

The pro forma segment results of operations and the pro forma operations data for the years ended December 31, 2018 and 2019 have been prepared to give pro forma effect to the Transactions as if they had occurred on January 1, 2018. The pro forma adjustments are based on currently available information and certain estimates and assumptions, including the final purchase price allocation for the acquisition of Antero Midstream Partners. Therefore, the actual adjustments may differ from the pro forma adjustments. However, management believes that the pro forma assumptions provide a reasonable basis for presenting the significant effects of the Transactions.

The pro forma information is for illustrative purposes only. If the Transactions had occurred on January 1, 2018, operating results might have been materially different from those presented in the pro forma financial information. The pro forma financial information should not be relied upon as an indication of operating results that we would have achieved if the Transactions had taken place on January 1, 2018. In addition, future results may vary significantly from the pro forma results reflected herein and should not be relied upon as an indication of our future results. The pro forma information presented below should be read in conjunction with the unaudited pro forma combined financial statements, which are filed as Exhibit 99.1 to this Annual Report on Form 10-K.

Pro Forma Segment Results of Operations for the year ended December 31, 2018 and 2019

	Gathering and Processing	Water Handling	Pro Forma Adjustments	Unallocated ⁽¹⁾	Pro Forma Consolidated Total
Year ended December 31, 2018					
Revenues:					
Revenue—Antero Resources	\$ 520,566	506,449	—	—	1,027,015
Revenue—third-party	—	924	—	—	924
Gain on sales of assets—Antero Resources	583	—	—	—	583
Amortization of customer contracts	—	—	(71,082)	—	(71,082)
Total revenues	521,149	507,373	(71,082)	—	957,440
Operating expenses:					
Direct operating	49,256	267,167	—	—	316,423
General and administrative (excluding equity-based compensation)	30,091	10,465	—	8,740	49,296
Equity-based compensation	16,518	4,555	—	35,111	56,184
Impairment of property and equipment	5,771	—	—	—	5,771
Depreciation	83,250	46,763	15,732	—	145,745
Accretion and change in fair value of contingent acquisition consideration	—	(93,019)	—	—	(93,019)
Accretion of asset retirement obligations	—	135	—	—	135
Total expenses	184,886	236,066	15,732	43,851	480,535
Operating income	336,263	271,307	(86,814)	(43,851)	476,905
Other income (expenses):					
Interest expense, net	—	—	(21,752)	(62,042)	(83,794)
Equity in earnings of unconsolidated affiliates	40,280	—	(6,091)	—	34,189
Income before taxes	376,543	271,307	(114,657)	(105,893)	427,300
Provision for income tax expense	—	—	(82,095)	(32,311)	(114,406)
Net income and comprehensive income	\$ 376,543	271,307	(196,752)	(138,204)	312,894
Pro Forma Adjusted EBITDA ⁽²⁾					\$ 708,635

(1) Corporate expenses that are not directly attributable to either the gathering and processing or water handling segments.

(2) For a reconciliation of Pro Forma Adjusted EBITDA to the most directly comparable financial measure calculated and presented in accordance with GAAP, see “Item 6. Selected Financial Data—Non-GAAP Financial Measure.”

	Gathering and Processing	Water Handling	Pro Forma Adjustments	Unallocated ⁽¹⁾	Pro Forma Consolidated Total
Year ended December 31, 2019					
Revenues:					
Revenue—Antero Resources	\$ 668,311	399,547	—	—	1,067,858
Revenue—third-party	—	101	—	—	101
Amortization of customer relationships	(29,850)	(27,160)	(13,864)	—	(70,874)
Total revenues	<u>638,461</u>	<u>372,488</u>	<u>(13,864)</u>	<u>—</u>	<u>997,085</u>
Operating expenses:					
Direct operating	52,719	207,917	—	—	260,636
General and administrative (excluding equity-based compensation)	30,553	17,321	(15,345)	13,038	45,567
Facility idling	—	11,401	—	—	11,401
Equity-based compensation	7,105	3,063	—	65,826	75,994
Impairment of property and equipment	7,182	409,539	—	—	416,721
Impairment of goodwill	—	340,350	—	—	340,350
Impairment of customer relationships	—	11,871	—	—	11,871
Depreciation	47,974	69,259	3,130	—	120,363
Accretion and change in fair value of contingent acquisition consideration	—	10,004	—	—	10,004
Accretion of asset retirement obligations	—	250	—	—	250
Total expenses	<u>145,533</u>	<u>1,080,975</u>	<u>(12,215)</u>	<u>78,864</u>	<u>1,293,157</u>
Operating income (loss)	<u>492,928</u>	<u>(708,487)</u>	<u>(1,649)</u>	<u>(78,864)</u>	<u>(296,072)</u>
Other income (expenses):					
Interest expense, net	—	—	(3,301)	(127,217)	(130,518)
Equity in earnings of unconsolidated affiliates	63,579	—	(1,185)	—	62,394
Income (loss) before taxes	556,507	(708,487)	(6,135)	(206,081)	(364,196)
Provision for income tax expense	—	—	(23,346)	102,466	79,120
Net income (loss) and comprehensive income (loss)	<u>\$ 556,507</u>	<u>(708,487)</u>	<u>(29,481)</u>	<u>(103,615)</u>	<u>(285,076)</u>
Pro Forma Adjusted EBITDA ⁽²⁾					\$ 829,558

(1) Corporate expenses that are not directly attributable to either the gathering and processing or water handling segments.

(2) For a reconciliation of Pro Forma Adjusted EBITDA to the most directly comparable financial measure calculated and presented in accordance with GAAP, see “Item 6. Selected Financial Data—Non-GAAP Financial Measure.”

The operating data below represents (i) the operating data of Antero Midstream Partners and its subsidiaries for the year ended December 31, 2018 and (ii) the operating data of Antero Midstream Corporation and its subsidiaries, including Antero Midstream Partners and its subsidiaries, for the year ended December 31, 2019.

	Year Ended December 31,		Amount of Increase or Decrease	Percentage Change
	2018	2019		
Pro Forma Operating Data:				
Gathering—low pressure (MMcf)	784,079	963,799	179,720	23 %
Gathering—high pressure (MMcf)	770,910	948,496	177,586	23 %
Compression (MMcf)	634,303	866,912	232,609	37 %
Fresh water delivery (MBbl)	71,180	51,426	(19,754)	(28) %
Treated water (MBbl)	2,544	7,137	4,593	181 %
Other fluid handling (MBbl)	18,848	19,495	647	3 %
Wells serviced by fresh water delivery	162	118	(44)	(27) %
Gathering—low pressure (MMcf/d)	2,148	2,641	493	23 %
Gathering—high pressure (MMcf/d)	2,112	2,599	487	23 %
Compression (MMcf/d)	1,738	2,375	637	37 %
Fresh water delivery (MBbl/d)	195	141	(54)	(28) %
Treated water (MBbl/d)	7	20	13	186 %
Other fluid handling (MBbl/d)	52	53	1	2 %
Pro Forma Average realized fees:				
Average gathering—low pressure fee (\$/Mcf)	\$ 0.32	0.33	0.01	3 %
Average gathering—high pressure fee (\$/Mcf)	\$ 0.19	0.20	0.01	5 %
Average compression fee (\$/Mcf)	\$ 0.19	0.19	—	— %
Average fresh water delivery fee (\$/Bbl)	\$ 3.78	3.89	0.11	3 %
Average treatment fee (\$/Bbl)	\$ 4.72	4.51	(0.21)	(4) %
Pro Forma Joint Venture Operating Data:				
Processing—Joint Venture (MMcf)	227,113	385,402	158,289	70 %
Fractionation—Joint Venture (MBbl)	4,784	10,285	5,501	115 %
Processing—Joint Venture (MMcf/d)	622	1,056	434	70 %
Fractionation—Joint Venture (MBbl/d)	13	28	15	115 %

Discussion of Pro Forma Results of Operations for the Year Ended December 31, 2018 Compared to Year ended December 31, 2019

Revenues. Total revenues, including the amortization of customer relationships of \$71 million, increased by 4% from \$957 million for the year ended December 31, 2018 to \$997 million for the year ended December 31, 2019. Gathering and processing revenues increased by 23%, from \$521 million for the year ended December 31, 2018 to \$639 million for the year ended December 31, 2019. Water handling revenues decreased by 27%, from \$507 million for the year ended December 31, 2018 to \$372 million for the year ended December 31, 2019. These fluctuations primarily resulted from the following:

Gathering and Processing

- low pressure gathering revenue increased \$62 million period over period due to an increase in throughput volumes of 493 MMcf/d, which was due to 128 additional wells connected to our system since December 31, 2018;
- high pressure gathering revenue increased \$38 million period over period due to an increase in throughput volumes of 487 MMcf/d, primarily as a result of the addition of two new high pressure gathering lines placed in service and additional wells connected to our system since December 31, 2018; and
- compression revenue increased \$48 million period over period due to an increase in throughput volumes of 637 MMcf/d, primarily due to the addition of one new compressor station that was placed in service since December 31, 2018, and additional wells connected to our system.

Water Handling

- fresh water delivery revenue decreased \$70 million period over period due to a decrease in fresh water delivery of 54 MBbl/d, as a result of a decrease in the number of wells completed as Antero Resources reduced its drilling and completion program;
- revenue from the Clearwater Facility increased \$20 million as throughput volumes increased by 13 MBbl/d; and
- other fluid handling services revenue decreased \$58 million as costs for these services, which are billed at cost plus 3%, decreased as a result of operational efficiencies and cost reductions.

Direct operating expenses. Total direct operating expenses decreased from \$316 million for the year ended December 31, 2018 to \$261 million for the year ended December 31, 2019. Gathering and processing direct operating expenses increased from \$49 million for the year ended December 31, 2018 to \$53 million for the year ended December 31, 2019. The increase was primarily due to an increase in the number of gathering pipelines and compressor stations. Water handling direct operating expenses decreased from \$267 million for the year ended December 31, 2018 to \$208 million for the year ended December 31, 2019. The decrease was primarily due to a decrease in other fluid handling services as a result of operational efficiencies and cost reductions.

General and administrative (excluding equity-based compensation) expenses. General and administrative expenses (excluding equity-based compensation expense) decreased from \$49 million for the year ended December 31, 2018 to \$46 million for the year ended December 31, 2019 primarily due to a decrease of general and administrative expenses as a result of cost reduction efforts.

Equity-based compensation expenses. Equity-based compensation expenses increased from \$56 million for the year ended December 31, 2018 to \$76 million for the year ended December 31, 2019 primarily due to the revaluation of the Series B Units as result of the Transactions.

Impairment of property and equipment expense. Impairment of property and equipment expense of \$6 million for the year ended December 31, 2018 was due to the impairment of gathering assets acquired from Antero Resources at the time of Antero Midstream Partners' initial public offering related to well pads Antero Resources no longer planned to drill and complete. Impairment of property and equipment expense of \$417 million for the year ended December 31, 2019 was primarily for the idling of the Clearwater Facility and the decommissioning of assets related to a third-party compressor station.

Impairment of goodwill expense. Impairment of goodwill expense of \$340 million for the year ended December 31, 2019 reflects an impairment of the goodwill that was associated with the Clearwater Facility and the fresh water delivery and services reporting unit.

Impairment of customer relationships expense. Impairment of customer relationships expense of \$12 million for the year ended December 31, 2019 reflects an impairment of the customer relationships that were associated with the Clearwater Facility.

Depreciation expense. Total depreciation expense decreased by 17%, from \$146 million for the year ended December 31, 2018 to \$120 million for the year ended December 31, 2019. The decrease was primarily due to the change in estimated useful lives of gathering and compression facilities in the fourth quarter of 2018, partially offset by additional assets placed into service.

Accretion and change in fair value of contingent acquisition consideration. Accretion of contingent acquisition consideration changed from a reduction of \$93 million for the year ended December 31, 2018 to an increase of \$10 million for the year ended December 31, 2019. This was primarily due to a decrease in fair value of \$106 million for the year ended 2018. In connection with our entrance into the water services agreement, we agreed to pay Antero Resources \$125 million in cash if we delivered 176 million barrels or more of fresh water during the period between January 1, 2017 and December 31, 2019. As of December 31, 2019, we had delivered 178 million barrels during the period between January 1, 2017 and December 31, 2019 and paid Antero Resources \$125 million in January 2020. We have agreed to pay 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. As of December 31, 2019, we had delivered 123 million of the 219 million barrels or more of fresh water during the period between January 1, 2018 and December 31, 2020 and we currently do not expect to deliver at least 219 million barrels based on Antero Resources' announced 2020 budget.

Interest expense. Interest expense increased by 56%, from \$84 million, net of \$4 million in capitalized interest, for the year ended December 31, 2018 to \$131 million for the year ended December 31, 2019. No interest was capitalized for the year ended December 31, 2019. Total interest costs increased from \$88 million for the year ended December 31, 2018 to \$131 million for the year ended December 31, 2019 primarily due to (i) an increase in interest expense incurred on increased borrowings under the Credit Facility during the period, (ii) increased interest rates, (iii) the issuance of \$650 million of the 2027 Notes on February 25, 2019, and (iv) the issuance of \$650 million of the 2028 Notes on June 28, 2019.

Operating income (loss). Total operating income was \$477 million for the year ended December 31, 2018. Total operating loss was \$296 million for the year ended December 31, 2019. Gathering and processing operating income increased by 47%, from \$336 million for the year ended December 31, 2018 to \$493 million for the year ended December 31, 2019. The increase was primarily due to an increase in gathering and compression throughput volumes and lower depreciation on the gathering system in 2019. Water handling operating income was \$271 million for the year ended December 31, 2018. Water handling operating loss was \$708 million for the year ended December 31, 2019. The operating loss was primarily due to the impairment of the Clearwater Facility and its associated goodwill and customer relationships and the impairment of the goodwill associated with the fresh water delivery and services reporting unit.

Equity in earnings of unconsolidated affiliates. Equity in earnings in unconsolidated affiliates increased by 82%, from \$34 million for the year ended December 31, 2018 to \$62 million for the year ended December 31, 2019. 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 2019.

Net income (loss). Net income was \$313 million for the year ended December 31, 2018. Net loss was \$285 million for the year ended December 31, 2019. The net loss was primarily due to the impairment of the Clearwater Facility and its associated goodwill and customer relationships and the impairment of the goodwill associated with the fresh water delivery and services reporting unit.

Pro Forma Adjusted EBITDA. Pro Forma Adjusted EBITDA increased by 17%, from \$709 million for the year ended December 31, 2018 to \$830 million for the year ended December 31, 2019. The increase was primarily due to an increase in revenue resulting from an increase in gathering and compression volumes. For a discussion of the non-GAAP financial measure Pro Forma Adjusted EBITDA, including a reconciliation to its most directly comparable financial measure calculated and presented in accordance with GAAP, read "Item 6. Selected Financial Data—Non-GAAP Financial Measure."

Capital Resources and Liquidity as Reported

Sources and Uses of Cash

Capital resources and liquidity are provided by operating cash flow, cash on our balance sheet, borrowings under the 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, expected quarterly cash dividends and share repurchases under our share repurchases program for at least the next 12 months.

In the year ended December 31, 2019, we paid distributions and dividends of \$1.0815 per share, or a total of \$492 million, to holders of our common shares or common stock, as applicable, and we paid \$374 thousand of dividends on our Series A Preferred Stock. On January 15, 2020, the Board declared a cash dividend on the shares of our common stock of \$0.3075 per share for the quarter ended December 31, 2019 to be paid on February 12, 2020 to stockholders of record as of January 31, 2020. The Board also

declared an aggregate cash dividend of \$138 thousand on our Series A Preferred Stock to be paid on February 14, 2020. As of December 31, 2019, there were dividends in the amount of \$69 thousand accumulated in arrears on our Series A Preferred Stock.

Cash Flows

The following table and discussion presents a summary of our net cash provided by operating activities, investing activities and financing activities for the periods indicated:

<u>(in thousands)</u>	<u>Year Ended December 31,</u>		
	<u>2017</u>	<u>2018</u>	<u>2019</u>
Net cash provided by operating activities	\$ 28,080	83,531	622,387
Net cash used in investing activities	—	—	(525,675)
Net cash used in financing activities	(31,702)	(86,696)	(98,299)
Net decrease in cash and cash equivalents	<u>\$ (3,622)</u>	<u>(3,165)</u>	<u>(1,587)</u>

Year Ended December 31, 2018 Compared to Year Ended December 31, 2019

Cash Flows Provided by Operating Activities

Net cash provided by operating activities was \$84 million and \$622 million for the years ended December 31, 2018 and 2019 respectively. The increase in cash flows from operations for the year ended December 31, 2019 compared to the year ended December 31, 2018 was primarily the result of increased cash flows associated with Antero Midstream Partners for the period March 13, 2019 through December 31, 2019 following the Transactions.

Cash Flows Used in Investing Activities

During the year ended December 31, 2019, we used cash flows in investing activities of \$526 million while we had no cash flows from investing activities during the year ended December 31, 2018. The increase was due to \$599 million of cash paid to Antero Midstream Partners unitholders as consideration in the Merger, \$154 million in investments in unconsolidated affiliates and \$392 million in capital expenditures for gathering systems and facilities and water handling assets partially offset by cash received of \$620 million, which was borrowed by Antero Midstream Partners on the Credit Facility primarily to pay the aforementioned \$599 million of consideration in the Merger.

Our board of directors approved a capital budget with a range of \$300 million to \$325 million for 2020. Our capital budgets may be adjusted as business conditions warrant. 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 used in financing activities was \$87 million and \$98 million for the years ended December 31, 2018 and 2019 respectively. Net cash used in financing activities for the year ended December 31, 2019 included: (i) issuance of the 2028 Notes of \$650 million; (ii) total distributions or dividends to our common stockholders, holders of Series B Units and preferred stockholders of \$496 million; (iii) \$125 million in repurchases of common stock; (iv) net payments on the Credit Facility of \$116 million and (v) \$9 million of payments for deferred financing. For the year ended December 31, 2018, net cash used in financing activities consisted of \$86 million in distributions to shareholders and holders of Series B Units.

Year Ended December 31, 2017 Compared to Year Ended December 31, 2018

Refer to "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations —Capital Resources and Liquidity" in our Annual Report on Form 10-K for the year ended December 31, 2018 for a discussion of the cash flows for the year ended December 31, 2017 compared to the year ended December 31, 2018.

Debt Agreements

Antero Midstream Partners Revolving Credit Facility

Antero Midstream Partners, as borrower (the “Borrower”), entered into a senior secured revolving credit facility (the “Credit Facility”) with a consortium of banks on October 26, 2017. The Credit Facility includes fall away covenants and lower interest rates that are triggered if and when the Borrower elects to enter into an Investment Grade Period, as described below. Our Credit Facility provides for borrowing under either the Eurodollar Rate or the Base Rate (as each term is defined in the credit facility agreement).

The Credit Facility was amended on October 31, 2018 and February 26, 2019 to, among other things: (i) increase lender commitments from \$1.5 billion to \$2.0 billion, which were further increased to \$2.13 billion on November 19, 2019, (ii) permit us, the Borrower and the guarantors under the facility to consummate the Transactions and (iii) to modify pricing to the levels described in more detail below. The Credit Facility matures on October 26, 2022. At December 31, 2019, we had \$960 million of borrowings and no letters of credit outstanding 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 Borrower is in pro forma compliance with the financial covenants under the Credit Facility, commences when the Borrower elects to give notice to the Administrative Agent that the Borrower 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 Borrower’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 Borrower’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 Borrower’s credit rating then in effect.

During any period that is not an Investment Grade Period, the Credit Facility is guaranteed by our subsidiaries and is secured by mortgages on substantially all of Antero Midstream Partners’ and its subsidiaries’ properties; provided that the liens securing the Credit Facility shall be automatically released during an Investment Grade Period. The 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 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 Borrower will not to 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 and ratios as of December 31, 2019. The actual borrowing capacity available to Antero Midstream Partners 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, Antero Midstream Partners and its wholly owned subsidiary, Finance Corp (together with Antero Midstream Partners, the “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 Credit Facility to the extent of the value of the collateral securing the Credit Facility. The 2024 Notes are fully and unconditionally guaranteed on a joint and several senior unsecured basis by Antero Midstream Corporation, Antero Midstream Partners’ 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. Antero Midstream Partners may redeem all or part of the 2024 Notes at any time at redemption prices ranging from 104.031% as of December 31, 2019 to 100.00% on or after September 15, 2022. If Antero Midstream Partners undergoes a change of control followed by a rating decline, the holders of the 2024 Notes will have the right to require Antero Midstream Partners to repurchase all or a portion of the 2024 Notes at a price equal to 101% of the principal amount of the 2024 Notes, plus accrued and unpaid interest.

5.75% Senior Notes Due 2027

On February 25, 2019, the Issuers issued the 2027 Notes at par. The 2027 Notes are unsecured and effectively subordinated to the Credit Facility to the extent of the value of the collateral securing the Credit Facility. The 2027 Notes are fully and unconditionally guaranteed on a joint and several senior unsecured basis by Antero Midstream Corporation, Antero Midstream Partners’ wholly owned subsidiaries (other than Finance Corp) and certain of its future restricted subsidiaries. Interest on the 2027 Notes is payable on March 1 and September 1 of each year. Antero Midstream Partners may redeem all or part of the 2027 Notes at any time on or after March 1, 2022 at redemption prices ranging from 102.875% on or after March 1, 2022 to 100.00% on or after March 1, 2025. In addition, prior to March 1, 2022, Antero Midstream Partners may redeem up to 35% of the aggregate principal amount of the 2027 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 105.75% of the principal amount of the 2027 Notes, plus accrued and unpaid interest. At any time prior to March 1, 2022, Antero Midstream Partners may also redeem the 2027 Notes, in whole or in part, at a price equal to 100% of the principal amount of the 2027 Notes plus a “make-whole” premium and accrued and unpaid interest. If Antero Midstream Partners undergoes a change of control followed by a rating decline, the holders of the 2027 Notes will have the right to require Antero Midstream Partners to repurchase all or a portion of the 2027 Notes at a price equal to 101% of the principal amount of the 2027 Notes, plus accrued and unpaid interest.

5.75% Senior Notes Due 2028

On June 28, 2019, the Issuers issued the 2028 Notes at par. The 2028 Notes are unsecured and effectively subordinated to the Credit Facility to the extent of the value of the collateral securing the Credit Facility. The 2028 Notes are fully and unconditionally guaranteed on a joint and several senior unsecured basis by Antero Midstream Corporation, Antero Midstream Partners’ wholly owned subsidiaries (other than Finance Corp) and certain of its future restricted subsidiaries. Interest on the 2028 Notes is payable on January 15 and July 15 of each year. Antero Midstream Partners may redeem all or part of the 2028 Notes at any time on or after January 15, 2023 at redemption prices ranging from 102.875% on or after January 15, 2023 to 100.00% on or after January 15, 2026. In addition, prior to January 15, 2023, Antero Midstream Partners may redeem up to 35% of the aggregate principal

amount of the 2028 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 105.75% of the principal amount of the 2028 Notes, plus accrued and unpaid interest. At any time prior to January 15, 2023, Antero Midstream Partners may also redeem the 2028 Notes, in whole or in part, at a price equal to 100% of the principal amount of the 2028 Notes plus a “make-whole” premium and accrued and unpaid interest. If Antero Midstream Partners undergoes a change of control followed by a rating decline, the holders of the 2028 Notes will have the right to require Antero Midstream Partners to repurchase all or a portion of the 2028 Notes at a price equal to 101% of the principal amount of the 2028 Notes, plus accrued and unpaid interest.

Contractual Obligations

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. A summary of our contractual obligations by maturity date as of December 31, 2019 is provided in the following table.

(in millions)	Year Ended December 31,						Total
	2020	2021	2022	2023	2024	Thereafter	
Credit Facility ⁽¹⁾	\$ —	—	960	—	—	—	960
5.375% senior notes due 2024—principal	—	—	—	—	650	—	650
5.375% senior notes due 2024—interest	35	35	35	35	35	—	175
5.75% senior notes due 2027—principal	—	—	—	—	—	650	650
5.75% senior notes due 2027—interest	37	37	37	37	37	93	278
5.75% senior notes due 2028—principal	—	—	—	—	—	650	650
5.75% senior notes due 2028—interest	39	37	37	37	37	131	318
Contingent acquisition consideration	125	—	—	—	—	—	125
Asset retirement obligations	3	—	—	1	—	2	6
Total	\$ 239	109	1,069	110	759	1,526	3,812

(1) Includes outstanding principal amounts on the Credit Facility at December 31, 2019. This table does not include future commitment fees, interest expense or other fees on the 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.

Critical Accounting Policies and Estimates

The following discussion relates to the critical accounting policies and estimates for both the Company and our Predecessor. 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 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 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 below. We believe these accounting policies reflect our more significant estimates and assumptions used in preparation of our financial statements. See Note 2—Summary of Significant Accounting Policies to our consolidated financial statements for a discussion of additional accounting policies and estimates made by management.

Fair Value Measurement

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 sets forth disclosure requirements 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.

Business Combination

We recognize and measure the assets acquired and liabilities assumed in a business combination based on their estimated fair values at the acquisition date, with any remaining difference recorded as goodwill. For acquisitions, management engages an independent valuation specialist to assist with the determination of fair value of the assets acquired, liabilities assumed, and goodwill, based on recognized business valuation methodologies. If the initial accounting for the business combination is incomplete by the end of the reporting period in which the acquisition occurs, an estimate will be recorded. Subsequent to the acquisition, and not later than one year from the acquisition date, we will record any material adjustments to the initial estimate based on new information obtained that would have existed as of the acquisition date. An adjustment that arises from information obtained that did not exist as of the date of the acquisition will be recorded in the period of the adjustment. Acquisition-related costs are expensed as incurred in connection with each business combination.

We accounted for the Transactions under the acquisition method of accounting and estimated the fair value of assets acquired and liabilities assumed at March 12, 2019. In connection with the Transactions, the Company, among other things, issued shares of common stock valued at the closing market price of the common shares at the effective time of the Transactions, which was a Level 1 measurement.

We used the discounted cash flow approach, which is an income statement technique, to estimate the fair value of the customer relationships and investments in unconsolidated affiliates using a weighted-average cost of capital of 14.1%, which is based on significant inputs not observable in the market, and thus represents a Level 3 measurement within the fair value hierarchy. We also used this approach in combination with the cost approach to estimate the fair value of property and equipment whereby certain property and equipment was adjusted for recent purchases of similar items, economic and functional obsolescence, location, normal useful lives, and capacity (if applicable). To estimate the fair value of the long-term debt, we used Level 2 market data inputs.

Goodwill

Goodwill represents the excess of the purchase price over the estimated fair value of the net assets acquired in the acquisition of a business. We test goodwill for impairment annually in the fourth quarter and when events or changes in circumstances indicate that the fair value of a reporting unit with goodwill has been reduced below its carrying value. The impairment test requires allocating goodwill and other assets and liabilities to reporting units. The fair value of each reporting unit is determined and compared to the carrying value of the reporting unit. The fair value is calculated using the expected present value of future cash flows method. Significant assumptions used in the cash flow forecasts include future net operating margins, future volumes, discount rates, and future capital requirements. If the fair value of the reporting unit is less than the carrying value, including goodwill, the excess of the book value over the fair value of goodwill is charged to net income as an impairment expense.

We utilized a combination of approaches to estimate the fair value of our assets including the discounted cash flow approach, comparable company method and the cost approach, whereby certain property and equipment was adjusted for recent purchases of similar items, economic and functional obsolescence, location, normal useful lives, and capacity (if applicable). We performed our fourth quarter quantitative analysis using a weighted-average cost of capital of 10.0%, which is based on significant inputs not observable in the market, and thus represents a Level 3 measurement within the fair value hierarchy. We also used this approach in combination with the cost approach to estimate the fair value of property and equipment.

Contingent Acquisition Consideration

In connection with our September 2015 acquisition of certain water treatment assets, we agreed to pay Antero Resources (a) \$125 million in cash if we delivered 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. This contingent consideration liability is valued based on Level 3 inputs related to the expected average volumes and weighted average cost of capital and was recorded at the time of such acquisition in accordance with accounting guidance for business combinations. 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 December 31, 2019, we had delivered 176 million barrels of fresh water during the period between January 1, 2017 and December 31, 2019, which entitled Antero Resources to \$125 million pursuant to clause (a) above, and, as a result, we paid Antero Resources \$125 million in January 2020. We do not expect to deliver more than 219 million barrels of fresh water during the period between January 1, 2018 and December 31, 2020 based on Antero Resources' disclosed 2020 budget. Accordingly, the fair value of the liability for contingent acquisition consideration was \$125 million as of December 31, 2019. 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.

General and Administrative and Equity-Based Compensation Costs

General and administrative costs are charged or allocated to us based on the nature of the expenses and are allocated based on our proportionate share of Antero Resources' gross property and equipment, capital expenditures and labor costs, as applicable. These allocations are based on estimates and assumptions that management believes are reasonable.

Equity-based compensation grants are measured at their grant date fair value and related compensation cost is recognized over the vesting period of the grant. Compensation cost for awards with graded vesting provisions is recognized on a straight-line basis over the requisite service period of each separately vesting portion of the award. Estimating the fair value of each award requires management to apply judgment.

Equity-based compensation expenses that are subject to allocation as described in "—Principal Components of our Cost Structure," are allocated to us based on our proportionate share of Antero Resources' labor costs. These allocations are based on estimates and assumptions that management believes are reasonable.

New Accounting Pronouncements

In August 2018, the FASB issued ASU No. 2018-13, "Fair Value Measurement: Disclosure Framework—Changes to the Disclosure Requirements for Fair Value Measurement," which provides changes to certain fair value disclosure requirements. This ASU is effective for annual reporting periods beginning after December 15, 2019 and interim periods within those annual periods, with early adoption permitted. The adoption of this update is not expected to have a material impact on our consolidated financial statements.

Off-Balance Sheet Arrangements

As of December 31, 2019, we did not have any off-balance sheet arrangements.

Item 7A. 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 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 the 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 the Credit Facility from time-to-time in order to manage risks associated with floating interest rates. At December 31, 2019, we had \$960 million of borrowings and no letters of credit outstanding under the Credit Facility. A 1.0% increase in the Credit Facility interest rate would have resulted in an estimated \$7.0 million increase in interest expense, for the year ended December 31, 2019.

Credit Risk

We are dependent on Antero Resources as our primary customer, and we expect to derive a substantial majority 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 operating results.

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 services agreements. We cannot predict the extent to which Antero Resources’ business would be impacted if conditions in the energy industry were to deteriorate, 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 agreements. Any material non-payment or non-performance by Antero Resources could adversely affect our revenues and operating results.

Item 8. Financial Statements and Supplementary Data

The Report of Independent Registered Public Accounting Firm, Consolidated Financial Statements and supplementary financial data required for this Item are set forth beginning on page F-2 of this Annual Report on Form 10-K and are incorporated herein by reference.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

Not applicable.

Item 9A. 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 annual report. Our disclosure controls and procedures are designed to ensure that information required to be disclosed in the reports that we file or submit under the Exchange Act 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 December 31, 2019 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 December 31, 2019 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Management's Annual Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting for us as defined in Rules 13a-15(f) and 15d-15(f) of the Exchange Act. This system is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with accounting principles generally accepted in the United States of America.

Our internal control over financial reporting includes those policies and procedures that:

- (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect our transactions and dispositions of the assets;
- (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that our receipts and expenditures are being made only in accordance with authorizations of our management and directors; and
- (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of our assets that could have a material effect on the financial statements.

Because of its inherent limitations, a system of internal control over financial reporting can provide only reasonable assurance and may not prevent or detect all misstatements. Further, because of changes in conditions, effectiveness of internal controls over financial reporting may vary over time.

Under the supervision of, and with the participation of our management, including the Chief Executive Officer and Chief Financial Officer, we conducted an evaluation of the effectiveness of our internal control over financial reporting based on the framework and criteria established in *Internal Control—Integrated Framework* in 2013, issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this evaluation, our management concluded that our internal control over financial reporting was effective as of December 31, 2019.

The effectiveness of our internal control over financial reporting as of December 31, 2019 has been audited by KPMG LLP, an independent registered public accounting firm which also audited our consolidated financial statements as of and for the year ended December 31, 2019, as stated in their report which appears on page F-2 in this Annual Report on Form 10-K.

Item 9B. Other Information

None.

PART III

Item 10. Directors, Executive Officers, and Corporate Governance

Pursuant to General Instruction G(3) to Form 10-K, we incorporate by reference into this Item the information to be disclosed in our definitive proxy statement for our 2020 Annual Meeting of Stockholders.

Directors and Executive Officers

The following table sets forth names, ages and titles of our directors and executive officers as of February 12, 2020:

Name	Age	Title
Paul M. Rady	66	Chairman and Chief Executive Officer
Glen C. Warren, Jr.	64	Director, President and Secretary
Michael N. Kennedy	45	Chief Financial Officer and Senior Vice President
Alvyn A. Schopp	61	Chief Administrative Officer and Regional Senior Vice President
W. Patrick Ash	41	Senior Vice President - Reserves, Planning & Midstream
Peter A. Dea	66	Director
W. Howard Keenan, Jr.	69	Director
David H. Keyte	63	Director
Brooks J. Klimley	62	Director
John C. Mollenkopf	58	Director
Rose M. Robeson	59	Director

Set forth below is the description of the backgrounds of our directors and executive officers.

Paul M. Rady has served as our Chief Executive Officer and Chairman of the Board of Directors since the closing of the Transactions in March 2019. Prior to the Transactions, Mr. Rady served as Chief Executive Officer of the general partner of AMGP beginning in January 2017 and as Chairman of the Board of Directors of such entity beginning in April 2017. Mr. Rady also previously served as Chief Executive Officer and Chairman of the Board of Directors of AMGP beginning in February 2014. Mr. Rady was a co-founder and has served as Chief Executive Officer and Chairman of the Board of Directors of Antero Resources since May 2004 and of its predecessor company from its founding in 2002 until its sale to XTO Energy, Inc. in April 2005. Prior to Antero, Mr. Rady served as President, CEO and Chairman of Pennaco Energy from 1998 until its sale to Marathon in early 2001. Prior to Pennaco, Mr. Rady was with Barrett Resources from 1990 until 1998 where he initially was recruited as Chief Geologist in 1990, then served as Exploration Manager, EVP Exploration, President, COO and Director and ultimately CEO. Mr. Rady began his career with Amoco where he served 10 years as a geologist focused on the Rockies and Mid-Continent. Mr. Rady is the managing member of Salisbury Investment Holdings, LLC. Mr. Rady holds a B.A. in Geology from Western Colorado University and M.Sc. in Geology from Western Washington University.

Mr. Rady's significant experience as a chief executive of oil and gas companies, together with his training as a geologist and broad industry knowledge, enable Mr. Rady to provide the board with executive counsel on a full range of business, strategic and professional matters.

Glen C. Warren, Jr. has served as our President and Secretary and as a director since the closing of the Transactions in March 2019. Prior to the Transactions, Mr. Warren served as President and Secretary of the general partner of AMGP beginning in January 2017, and as a director of such entity beginning in April 2017. Mr. Warren also previously served as President and Secretary and as a director of AMGP beginning in January 2016, prior to which he served as President, Chief Financial Officer and Secretary and as a director beginning in February 2014. Mr. Warren was a co-founder and has served as President, Chief Financial Officer and Secretary and as a director of Antero Resources since May 2004 and of its predecessor company from its founding in 2002 until its sale to XTO Energy, Inc. in April 2005. Prior to Antero Resources, Mr. Warren served as EVP, CFO and Director of Pennaco Energy from 1998 until its sale to Marathon in early 2001. Mr. Warren spent 10 years as a natural resources investment banker focused on equity and debt financing and M&A advisory with Lehman Brothers, Dillon Read and Kidder Peabody. Mr. Warren began his career as a landman in the Gulf Coast region with Amoco, where he spent six years. Mr. Warren is the managing member of Canton Investment Holdings, LLC. Mr. Warren holds a B.A. from the University of Mississippi, a J.D. from the University of Mississippi School of Law and an M.B.A. from the Anderson School of Management at U.C.L.A.

Mr. Warren's significant experience as a chief financial officer of oil and gas companies, together with his experience as an investment banker and broad industry knowledge, enable Mr. Warren to provide the board with executive counsel on a full range of business, strategic, financial and professional matters.

Michael N. Kennedy has served as our Chief Financial Officer since the closing of the Transactions in March 2019. Prior to the Transactions, Mr. Kennedy served as Chief Financial Officer and Senior Vice President of Finance of AMGP beginning in January 2016, prior to which he served as Vice President of Finance of such entity beginning in August 2013. Mr. Kennedy has also served as Senior Vice President of Finance of Antero Resources since January 2016, prior to which he served as Vice President of Finance from August 2013 to December 2015. Mr. Kennedy was Executive Vice President and Chief Financial Officer of Forest Oil Corporation ("Forest") from 2009 to 2013. From 2001 until 2009, Mr. Kennedy held various financial positions of increasing responsibility within Forest. From 1996 to 2001, Mr. Kennedy was an auditor with Arthur Andersen focusing on the Natural Resources industry. Mr. Kennedy holds a B.S. in Accounting from the University of Colorado at Boulder.

Alvyn A. Schopp has served as our Chief Administrative Officer and Senior Regional Vice President since January 2020, as Chief Administrative Officer, Regional Senior Vice President and Treasurer from the closing of the Transactions in March 2019 to December 2019. Prior to the Transactions, Mr. Schopp served as Chief Administrative Officer, Senior Regional Vice President, and Treasurer of AMGP beginning in January 2016, prior to which he served as Chief Administrative Officer, Regional Vice President and Treasurer of such entity beginning in February 2014. Mr. Schopp has also served as Chief Administrative Officer and Senior Regional Vice President of Antero Resources since January 2020, as Chief Administrative Officer, Regional Senior Vice President and Treasurer from January 2016 to December 2019, as Chief Administrative Officer, Regional Vice President and Treasurer from October 2013 to January 2016, as Vice President of Accounting and Administration and Treasurer from January 2005 to September 2013, as Controller and Treasurer from 2003 to 2005 and as Vice President of Accounting and Administration and Treasurer of Antero Resources' predecessor company from January 2005 until its sale to XTO Energy, Inc. in April 2005. Mr. Schopp has also served as Chief Administrative Officer, Senior Regional Vice President, and Treasurer of the general partner of AMGP since April 2017. From 1993 to 2000, Mr. Schopp was CFO, Director and ultimately CEO of T-Netix. From 1980 to 1993 Mr. Schopp was with KPMG LLP. As a Senior Manager with KPMG, he maintained an extensive energy and mining practice. Mr. Schopp holds a B.B.A. from Drake University.

W. Patrick Ash has served as our and Antero Resources' Senior Vice President – Reserves, Planning & Midstream, since June 2019, prior to which he served as our and Antero Resources' Vice President of Reservoir Engineering and Planning beginning with the closing of the Transactions in March 2019. Prior to the Transactions, Mr. Ash served as Vice President of Reservoir Engineering and Planning of Antero Resources and AMGP beginning in December 2017. Prior to joining us, Mr. Ash was at Ultra Petroleum for six years in management positions of increasing responsibility, most recently serving as Vice President, Development, including during and after Ultra's bankruptcy proceedings, from which it emerged in 2017. In this position he led the reservoir engineering, geoscience, and corporate engineering groups. From 2001 to 2011, Mr. Ash served in engineering roles at Devon, NFR Energy and Encana. Mr. Ash holds a B.S. in Petroleum Engineering from Texas A&M University and a MBA from Washington University in St. Louis.

Peter Dea has served as a director of the Company since the closing of the Transactions in March 2019. Prior to the Transactions, Mr. Dea served as a director of the general partner of AMGP beginning in April 2018. He is the Co-Founder and Executive Chairman of Confluence Resources LP, a Denver, Colorado-based oil and gas exploration and production company, and has been with the company since its inception in September 2016. Mr. Dea also serves on the Boards of Encana Corporation and Liberty Oilfield Services. Additionally, Mr. Dea served as Co-Founder, President and CEO of Cirque Resources LP since its inception in May 2007 and served as President, CEO and a Director of Western Gas Resources, Inc., from 2001 through their merger with Anadarko Petroleum Corporation in 2006. He joined Barrett Resources Corporation in 1993 and was CEO from 1999 and Chairman of the Board from 2000 until its sale in 2001 to Williams. Prior to joining Barrett, Mr. Dea held various management and geologic positions for Exxon Company USA. In addition to receiving geology degrees from the University of Montana, MS, and Western Colorado University, BA, he also attended the Harvard Business School Advanced Management Program.

Mr. Dea brings to the Board 35 years of experience and leadership in the exploration and development of multiple shale plays across the U.S., further supporting our integrated long-term strategy and focus. We believe his background and skill set make Mr. Dea well-suited to serve as a member of our board of directors.

W. Howard Keenan, Jr. has served as a director of the Company since the closing of the Transactions in March 2019. Prior to the Transactions, Mr. Keenan served as a director of AMGP beginning in April 2017 and as a director of AMGP beginning in February 2014. Mr. Keenan also has served as a director of Antero Resources since 2004. Mr. Keenan has over 40 years of experience in the financial and energy businesses. Since 1997, he has been a Member of Yorktown Partners LLC, a private

investment manager focused on the energy industry. From 1975 to 1997, he was in the Corporate Finance Department of Dillon, Read & Co. Inc. and active in the private equity and energy areas, including the founding of the first Yorktown Partners fund in 1991. He is serving or has served as a director of multiple Yorktown Portfolio companies and currently serves as a director of the following public companies: Brigham Minerals, Inc. and Solaris Oilfield Infrastructure, Inc. Mr. Keenan holds an B.A. degree cum laude from Harvard College and an M.B.A. degree from Harvard University.

Mr. Keenan has significant experience with energy companies and investments and broad knowledge of the oil and gas industry. We believe his background and skill set make Mr. Keenan well-suited to serve as a member of our board of directors.

David H. Keyte has served as a director of the Company since April 2019. Mr. Keyte is the Chairman of the board and Chief Executive Officer of Caerus Oil and Gas LLC, which he co-founded in November 2009. Prior to that, Mr. Keyte held senior executive positions at Forest Oil Corporation from November 1997 until November 2009, including the positions of Chief Financial Officer, Executive Vice President and Chief Accounting officer. Mr. Keyte served on the board of Regal Entertainment Group, a publicly held movie exhibition company, from 2006 until the company was sold in 2018. Mr. Keyte holds a B.S. degree in economics from the University of Pennsylvania's Wharton School of Finance.

Mr. Keyte has significant experience in executive management and finance in the oil and gas industry. We believe his background and skill set make Mr. Keyte well-suited to serve as a member of our board of directors.

Brooks J. Klimley has served as a director of the Company since the closing of the Transactions in March 2019. Prior to the Transactions, Mr. Klimley served as a director of the general partner of AMGP beginning in 2017, and as a director of AMGP from March 2015 to 2017. Mr. Klimley joined The Silverfern Group, which is focused on private equity co-investments, after a nearly 25 year career leading investment banking practices covering the energy and mining sectors. Additionally, Mr. Klimley has served as an Adjunct Professor at Columbia University's graduate schools of business and international affairs since 2010. Previously, Mr. Klimley acted as President of Brooks J. Klimley & Associates, an energy advisory services firm focused on strategy and capital raising for energy and natural resources companies. Prior to founding his own firm in 2009, Mr. Klimley acted as the President of CIT Energy and held senior leadership positions at a number of financial institutions, including Citicorp, Bear Stearns, UBS and Kidder, Peabody. Mr. Klimley holds a dual B.A. / M.A. in Jurisprudence (Law) from Oxford University and a joint degree in Economics and History from Columbia University.

Mr. Klimley has significant experience with energy companies and investments and broad knowledge of the oil and gas industry. We believe his background and skill set make Mr. Klimley well-suited to serve as a member of our board of directors.

John C. Mollenkopf has served as a director of the Company since the closing of the Transactions in March 2019. Prior to the Transactions, Mr. Mollenkopf served as a director of the general partner of AMGP beginning in April 2017. Mr. Mollenkopf retired from MPLX, L.P. in October 2016. He previously served MPLX as Executive Vice President and Chief Operating Officer, MarkWest operations, from December 2015 through September 2016 following the merger of MPLX and MarkWest. From 2011 through 2015, he served as Executive Vice President and Chief Operating Officer of MarkWest. Mr. Mollenkopf began his employment with MarkWest Hydrocarbon, Inc. in 1996 as Manager New Projects and progressed to General Manager and later to Vice President of the Michigan Business unit. In 2002, Mr. Mollenkopf was one of the founders of MarkWest Energy GP, LLC, the general partner of MarkWest. Between 2002 and 2011, Mr. Mollenkopf served MarkWest as Vice President — Business Development, Senior Vice President — Southwest Business Unit, Senior Vice President and Chief Operations Officer, Senior Vice President and Chief Operating Officer. Between 1982 and 1996, Mr. Mollenkopf worked for ARCO Oil and Gas Company in California and Texas, holding positions of increasing responsibility in facilities, project, process and plant engineering as well as operations supervision. Mr. Mollenkopf holds a Bachelor of Science degree in mechanical engineering from the University of Colorado at Boulder, at which he continues to serve on the Engineering Advisory Council for the college of engineering.

Mr. Mollenkopf has significant experience in executive management, business development, marketing, engineering and operations in the oil and gas industry. We believe his background and skill set make Mr. Mollenkopf well-suited to serve as a member of our board of directors.

Rose M. Robeson has served as a director of the Company since the closing of the Transactions in March 2019. Prior to the Transactions, Ms. Robeson served as a director of the general partner of AMGP beginning in 2017. Prior to her retirement in March 2014, Ms. Robeson was Senior Vice President & Chief Financial Officer of DCP Midstream GP, LLC, the general partner of DCP Midstream Partners, LP from May 2012 until January 2014. Ms. Robeson also served as Group Vice President and Chief Financial Officer of DCP Midstream LLC from January 2002 to May 2012. Ms. Robeson served as a director of American Midstream GP, LLC, the general partner of American Midstream Partners, LP from June 2014 to June 2016. Ms. Robeson served as a

director of Tesco Corporation from November 2015 to December 2017. Ms. Robeson earned her B.S. degree in accounting from Northwest Missouri State University. Ms. Robeson became a certified public accountant in 1983 and her license is currently inactive. Ms. Robeson is a member of the board of directors of SM Energy, an independent energy company engaged in the acquisition, development, and production of crude oil, natural gas and natural gas liquids in onshore North America, and serves as Audit Committee Chair and serves on the Nominating and Governance Committee. Ms. Robeson is also a director of Newpark Resources, a worldwide provider of drilling fluids systems and composite matting systems used in oilfield services, and serves on the Audit, Nominating and Governance and Compensation committees.

Ms. Robeson brings to the Board over 30 years of experience in various aspects of the oil and gas industry, including exploration and production, midstream and refining and marketing. She also has significant financial management, risk management and accounting oversight experience. We believe her background and skill set make Ms. Robeson well-suited to serve as a member of our board of directors.

Code of Ethics

We intend to satisfy the disclosure requirement under Item 5.05 of Form 8-K relating to amendments to or waivers from any provision of our Corporate Code of Business Conduct and Ethics applicable to our principal executive officer, principal financial officer, principal accounting officer and other persons performing similar functions by posting such information in the “Governance” subsection of our website at www.ateromidstream.com.

Item 11. Executive Compensation

Pursuant to General Instruction G(3) to Form 10-K, we incorporate by reference into this Item the information to be disclosed in our definitive proxy statement for our 2020 Annual Meeting of Stockholders.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Unitholder Matters

Pursuant to General Instruction G(3) to Form 10-K, we incorporate by reference into this Item the information to be disclosed in our definitive proxy statement for our 2020 Annual Meeting of Stockholders.

Item 13. Certain Relationships and Related Transactions and Director Independence

Pursuant to General Instruction G(3) to Form 10-K, we incorporate by reference into this Item the information to be disclosed in our definitive proxy statement for our 2020 Annual Meeting of Stockholders.

Item 14. Principal Accountant Fees and Services

Pursuant to General Instruction G(3) to Form 10-K, we incorporate by reference into this Item the information to be disclosed in our definitive proxy statement for our 2020 Annual Meeting of Stockholders.

PART IV**Item 15. Exhibits and Financial Statement Schedules****(a)(1) and (a)(2) Financial Statements and Financial Statement Schedules**

The consolidated financial statements are listed on the Index to Financial Statements to this Annual Report on Form 10-K beginning on page F-1.

(a)(3) Exhibits.

Exhibit Number	Description of Exhibit
2.1	Simplification Agreement, dated as of October 9, 2018, by and among AMGP GP LLC, Antero Midstream GP LP, Antero IDR Holdings LLC, Arkrose Midstream Preferred Co LLC, Arkrose Midstream NewCo Inc., Arkrose Midstream Merger Sub LLC, Antero Midstream Partners GP LLC and Antero Midstream Partners LP (incorporated by reference to Exhibit 2.1 to Antero Midstream GP LP's Current Report on Form 8-K (Commission File No. 001-38075) filed on October 10, 2018).
3.1	Certificate of Conversion of Antero Midstream Corporation, dated March 12, 2019 (incorporated by reference to Exhibit 3.2 to the Company's Current Report on Form 8-K (Commission File No. 001-38075) filed on March 12, 2019).
3.2	Certificate of Incorporation of Antero Midstream Corporation, dated March 12, 2019 (incorporated by reference to Exhibit 3.3 to the Company's Current Report on Form 8-K (Commission File No. 001-38075) filed on March 12, 2019).
3.3	Bylaws of Antero Midstream Corporation, dated March 12, 2019 (incorporated by reference to Exhibit 3.4 to the Company's Current Report on Form 8-K (Commission File No. 001-38075) filed on March 12, 2019).
3.4	Certificate of Designations of Antero Midstream Corporation, dated March 12, 2019 (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K (Commission File No. 001-38075) filed on March 12, 2019).
4.1	Indenture, dated as of September 13, 2016, by and among Antero Midstream Partners LP, Antero Midstream Finance Corporation, the subsidiary guarantors party thereto and Wells Fargo Bank, National Association, as trustee (incorporated by reference to Exhibit 4.1 to Antero Midstream Partners LP's Current Report on Form 8-K (Commission File No. 001-36719) filed on September 13, 2016).
4.2	Form of 5.375% Senior Note due 2024 (incorporated by reference to Exhibit 4.2 to Antero Midstream Partners LP's Current Report on Form 8-K (Commission File No. 001-36719) filed on September 13, 2016).
4.3*	First Supplemental Indenture, dated as of January 17, 2017, among Antero Midstream Partners LP, Antero Midstream Finance Corporation, Antero Midstream Corporation, each of the other parties identified therein and Wells Fargo Bank, National Association, a national banking association to the indenture governing the 2024 Notes.
4.4	Second Supplemental Indenture, dated as of April 15, 2019, among Antero Midstream Partners LP, Antero Midstream Finance Corporation, Antero Midstream Corporation, each of the other parties identified therein and Wells Fargo Bank, National Association, a national banking association to the indenture governing the 2024 Notes (incorporated by reference to Exhibit 4.2 to the Company's Current Report on Form 8-K (Commission File No. 001-38075) filed on April 16, 2019).
4.5	Indenture, dated as of February 25, 2019, by and among Antero Midstream Partners LP, Antero Midstream Finance Corporation, the subsidiary guarantors party thereto and Wells Fargo Bank, National Association, as trustee (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K (Commission File No. 001-38075) filed on February 25, 2019).
4.6	Form of 5.75% Senior Note due 2027 (incorporated by reference to Exhibit 4.2 to the Company's Current Report on Form 8-K (Commission File No. 001-38075) filed on February 25, 2019).
4.7	First Supplemental Indenture, dated as of April 15, 2019, among Antero Midstream Partners LP, Antero Midstream Finance Corporation, Antero Midstream Corporation, each of the other parties identified therein and Wells Fargo

	Bank, National Association, a national banking association, to the indenture governing the 2027 Notes (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K (Commission File No. 001-38075) filed on April 16, 2019).
4.8	Indenture, dated as of June 28, 2019, by and among Antero Midstream Partners LP, Antero Midstream Finance Corporation, the guarantors party thereto and Wells Fargo Bank, National Association, as trustee (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K (Commission File No. 001-38075) filed on June 28, 2019).
4.9	Form of 5.75% Senior Note due 2028 (incorporated by reference to Exhibit 4.2 to the Company's Current Report on Form 8-K (Commission File No. 001-38075) filed on June 28, 2019).
4.10	Registration Rights Agreement, dated March 12, 2019, by and among the Company, Antero Resources Corporation, Arkrose Subsidiary Holdings LLC, Glen C. Warren, Jr., Canton Investment Holdings LLC, Paul M. Rady, Mockingbird Investments, LLC and the other holders named therein (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K (Commission File No. 001-38075) filed on March 12, 2019).
4.11*	Description of Securities Registered Under Section 12 of the Securities Exchange Act of 1934, as amended.
10.1*	Second Amended and Restated Gathering and Compression Agreement, dated as of December 8, 2019, by and between Antero Resources Corporation and Antero Midstream LLC.
10.2*	Amended and Restated Secondment Agreement, effective as of March 13, 2019, by and between Antero Midstream Corporation, Antero Midstream Partners LP, Antero Midstream Partners GP LLC, Antero Midstream LLC, Antero Water LLC, Antero Treatment LLC and Antero Resources Corporation.
10.3*	Second Amended and Restated Services Agreement, effective as of March 13, 2019, by and among Antero Midstream Partners LP, Antero Midstream Corporation, Antero Midstream Partners GP LLC and Antero Resources Corporation.
10.4**	Amended and Restated Water Services Agreement, dated as of February 12, 2019, by and between Antero Resources Corporation and Antero Water LLC (incorporated by reference to Exhibit 10.4 to Antero Midstream Partners LP's Annual Report on Form 10-K (Commission File No. 001-36719) filed on February 13, 2019).
10.5	Amended and Restated Contribution Agreement, dated as of November 10, 2014, by and between Antero Resources Corporation and Antero Midstream Partners LP (incorporated by reference to Exhibit 10.1 to Antero Midstream Partners LP's Current Report on Form 8-K (Commission File No. 001-36719) filed on November 17, 2014).
10.6	Second Amended and Restated Right of First Offer Agreement, dated as of February 13, 2018, by and between Antero Resources Corporation and Antero Midstream LLC (incorporated by reference to Exhibit 10.2 to Antero Midstream Partners LP's Quarterly Report on Form 10-Q (Commission File No. 001-36719) filed on April 25, 2018).
10.7	License Agreement, dated as of November 10, 2014, by and between Antero Resources Corporation and Antero Midstream Partners LP (incorporated by reference to Exhibit 10.4 to Antero Midstream Partners LP's Current Report on Form 8-K (Commission File No. 001-36719) filed on November 17, 2014).
10.8	First Amendment and Joinder Agreement, dated as of October 31, 2018 (incorporated by reference to Exhibit 10.1 to Antero Midstream Partners LP's Current Report on Form 8-K (Commission File No. 001-36719) filed on November 2, 2018).
10.9*	Second Amendment, dated as of February 26, 2019, by and among the Lenders party thereto, Antero Midstream Partners LP, and Wells Fargo Bank, National Association, as Administrative Agent.
10.10*	Joinder Agreement, dated as of November 19, 2019, by and among the Lenders party thereto, Antero Midstream Partners LP, and Wells Fargo Bank, National Association, as Administrative Agent.
10.11	Amended and Restated Credit Agreement, by and among Antero Midstream Partners LP, the lenders party thereto, and Wells Fargo Bank, National Association, as Administrative Agent (incorporated by reference to Exhibit 10.1 to Antero Midstream Partners LP's Quarterly Report on Form 10-Q (Commission File No. 001-36719) filed on November 1, 2017).
10.12†	Form of Indemnification Agreement (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K (Commission File No. 001-38075) filed on March 12, 2019).

10.13†	Antero Midstream Corporation Long Term Incentive Plan, effective as of March 12, 2019 (incorporated by reference to Exhibit 10.3 to the Company’s Current Report on Form 8-K/A (Commission File No. 001-38075) filed on March 12, 2019).
10.14†	Letter to Phantom Unitholders under the Antero Midstream Partners LP Long-Term Incentive Plan Regarding the Phantom Unit Exchange (incorporated by reference to Exhibit 10.7 to the Company’s Quarterly Report on Form 10-Q (Commission File No. 001-38075) filed on May 1, 2019).
10.15†	Form of Performance Share Unit Grant Notice and Performance Share Unit Agreement under the Antero Midstream Corporation Long Term Incentive Plan (incorporated by reference to Exhibit 10.1 to the Company’s Quarterly Report on Form 10-Q (Commission File No. 001-38075) filed on July 31, 2019).
10.16†	Form of Restricted Stock Unit Grant Notice and Restricted Stock Unit Agreement under the Antero Midstream Corporation Long Term Incentive Plan (incorporated by reference to Exhibit 10.2 to the Company’s Quarterly Report on Form 10-Q (Commission File No. 001-38075) filed on July 31, 2019).
10.17†	Form of Phantom Unit Agreement under the Antero Midstream Partners LP Long-Term Incentive Plan (incorporated by reference to Exhibit 4.4 to Antero Midstream Partners LP’s Registration Statement on Form S-8 (Commission File No. 333-200111) filed on November 12, 2014).
10.18†	Global Grant Amendment to Grant Notices and Award Agreements Under the Antero Midstream Partners LP Long-Term Incentive Plan, effective as of October 24, 2016 (incorporated by reference to Exhibit 10.1 to Antero Midstream Partners LP’s Quarterly Report on Form 10-Q (Commission File No. 001-36719) filed on October 26, 2016).
10.19	Voting Agreement, dated as of October 9, 2018, by and among Antero Midstream Partners LP and the shareholders of Antero Midstream GP LP named on Schedule I thereto (incorporated by reference to Exhibit 10.1 to Antero Midstream GP LP’s Current Report on Form 8-K (Commission File No. 001-38075) filed on October 10, 2018).
10.20	Voting Agreement, dated as of October 9, 2018, by and between Antero Midstream GP LP and Antero Resources Corporation (incorporated by reference to Exhibit 10.2 to Antero Midstream GP LP’s Current Report on Form 8-K (Commission File No. 001-38075) filed on October 10, 2018).
10.21	Amendment No. 1 to the Voting Agreement by and between Antero Midstream GP LP and Antero Resources Corporation, dated as of March 11, 2019 (incorporated by reference to Exhibit 10.2 to the Company’s Current Report on Form 8-K (Commission File No. 001-38075) filed on March 12, 2019).
10.22	Stockholders’ Agreement, dated as of October 9, 2018, by and among Antero Midstream GP LP, Arkrose Subsidiary Holdings LLC, Paul M. Rady, Mockingbird Investment, LLC, Glen C. Warren, Jr., Canton Investment Holdings LLC and the other holders named therein (incorporated by reference to Exhibit 10.3 to Antero Midstream GP LP’s Current Report on Form 8-K (Commission File No. 001-38075) filed on October 10, 2018).
21.1*	Subsidiaries of Antero Midstream Corporation.
23.1*	Consent of KPMG LLP.
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).
99.1*	Unaudited pro forma condensed combined financial statements of Antero Midstream Corporation.

101* The following financial information from this Form 10-K of Antero Midstream Corporation for the year ended December 31, 2019, formatted in iXBRL (Inline eXtensible Business Reporting Language): (i) Consolidated Balance Sheets, (ii) Consolidated Statements of Operations and Comprehensive Income (Loss), (iii) Consolidated Statements of Equity, (iv) Consolidated Statements of Cash Flows, and (v) Notes to the Consolidated Financial Statements, tagged as blocks of text.

104* Cover Page Interactive Data File (embedded within the Inline XBRL document).

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

** Portions of this exhibit have been omitted pursuant to a request for confidential treatment.

† Management contract or compensatory plan or arrangement

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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 CORPORATION

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

Date: February 12, 2020

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed by the following persons on behalf of the registrant in the capacities and on the dates indicated.

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>/s/ PAUL M. RADY</u> Paul M. Rady	Chairman of the Board, Director and Chief Executive officer (principal executive officer)	February 12, 2020
<u>/s/ MICHAEL N. KENNEDY</u> Michael N. Kennedy	Chief Financial Officer (principal financial officer)	February 12, 2020
<u>/s/ K. PHIL YOO</u> K. Phil Yoo	Vice President, Accounting and Chief Accounting Officer (principal accounting officer)	February 12, 2020
<u>/s/ GLEN C. WARREN, JR.</u> Glen C. Warren, Jr.	President, Director, and Secretary	February 12, 2020
<u>/s/ PETER A. DEA</u> Peter A. Dea	Director	February 12, 2020
<u>/s/ W. HOWARD KEENAN, JR.</u> W. Howard Keenan, Jr.	Director	February 12, 2020
<u>/s/ DAVID H. KEYTE</u> David H. Keyte	Director	February 12, 2020
<u>/s/ BROOKS J. KLIMLEY</u> Brooks J. Klimley	Director	February 12, 2020
<u>/s/ JOHN C. MOLLENKOPF</u> John C. Mollenkopf	Director	February 12, 2020
<u>/s/ ROSE M. ROBESON</u> Rose M. Robeson	Director	February 12, 2020

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Report of Independent Registered Public Accounting Firm

To the Stockholders and Board of Directors or
Antero Midstream Corporation:

Opinions on the Consolidated Financial Statements and Internal Control Over Financial Reporting

We have audited the accompanying consolidated balance sheets of Antero Midstream Corporation and subsidiaries (the Company) as of December 31, 2018 and 2019, the related consolidated statements of operations and comprehensive income, partners' capital and stockholders' equity, and cash flows for each of the years in the three-year period ended December 31, 2019, and the related notes (collectively, the consolidated financial statements). We also have audited the Company's internal control over financial reporting as of December 31, 2019, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2018 and 2019, and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 2019, in conformity with U.S. generally accepted accounting principles. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2019 based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

Basis for Opinions

The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Annual Report on Internal Control Over Financial Reporting within *Item 9A Controls and Procedures*. Our responsibility is to express an opinion on the Company's consolidated financial statements and an opinion on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding

prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the consolidated financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Evaluation of lease classification for ongoing modifications to the gathering and compression assets

As discussed in Note 7 to the consolidated financial statements, the Company determined that the gathering and compression agreement with Antero Resources is an operating lease. The Company continues to expand its gathering and compression system to serve its customer and, as a result, the minimum volume commitments and the lease payments increase for the expanded system. The increases in volume commitments and lease payments are modifications of the arrangement that require reconsideration of the lease classification.

We identified the evaluation of lease classification for ongoing modifications to the gathering and compression assets as a critical audit matter. The evaluation of lease classification for these modified leases, including evaluating economic life as a key estimate, required significant judgment.

The primary procedures we performed to address this critical audit matter included the following. We tested certain internal controls over the Company's process for identifying lease modifications and determining lease classification for those modifications, including controls related to the review and approval of the Company's lease modifications and the Company's review of the lease classification. We evaluated the Company's accounting memoranda and other documentation underlying the accounting conclusions reached, including application of relevant accounting guidance in regards to the modification accounting and subsequent lease classification. We evaluated the economic life used in the determination of lease classification. We evaluated fixed assets that are placed in service for new minimum volume commitments which would require reassessment of the lease.

Evaluation of the initial measurement of property and equipment and customer relationships acquired in the Antero Midstream Partners LP business combination

As discussed in Note 3 to the consolidated financial statements, on March 12, 2019, the Company acquired Antero Midstream Partners LP in a business combination. As a result of the transaction, the Company recognized property and equipment of \$3,371,427 thousand and customer relationships intangible assets of \$1,567,000 thousand.

We identified the evaluation of the initial measurement of property and equipment and the customer relationships acquired in the Antero Midstream Partners LP business combination as a critical audit matter. There was a high degree of subjectivity in evaluating the key assumptions used to calculate the acquisition date fair value of the property and equipment and the customer relationships intangible assets. The Company used the indirect cost and market approaches to value the property and equipment. The key assumptions included the inflationary trend and the useful lives of the underlying assets for the indirect cost method and comparable price per acre for the market approach. The Company used a discounted cash flow to value the customer relationships for which the key assumptions included forecasted revenue and the discount rate.

The primary procedures we performed to address this critical audit matter included the following. We tested certain internal controls over the Company's business combination process, including controls related to the selection of the key assumptions used to determine the acquisition date fair value of property and equipment and customer relationships intangible assets. For the customer relationships intangible assets we evaluated the Company's forecasts of revenues based on the Company's

budgets and the Antero Midstream Partners LP historical performance. In addition, we involved valuation professionals with specialized skills and knowledge who assisted in:

- Evaluating the approaches used to value the respective assets;
- Evaluating the inflationary trends, useful lives, and recent transactions based on publicly available information related to the estimated values for the property and equipment;
- Independently developing range of estimates of the fair value of the property and equipment and comparing it to the Company's estimated fair values for the property and equipment;
- Evaluating the Company's discount rate applied in the valuation of the customer relationships intangible assets by comparing the Company's inputs to publicly available data, the implied rate of return on the transaction, and the return on other acquired assets; and
- Testing the estimate of the customer relationships intangible assets fair value using the Company's cash flow assumptions and discount rate, and evaluated the result with the Company's fair value estimate.

/s/ KPMG LLP

We have served as the Company's auditor since 2016.

Denver, Colorado
February 12, 2020

ANTERO MIDSTREAM CORPORATION

Consolidated Balance Sheets

December 31, 2018 and 2019

(In thousands)

	December 31,	
	2018	2019
Assets		
Current assets:		
Cash and cash equivalents	\$ 2,822	1,235
Accounts receivable—Antero Resources	—	101,029
Accounts receivable—third party	—	4,574
Other current assets	87	1,720
Total current assets	2,909	108,558
Property and equipment, net	—	3,273,410
Investments in unconsolidated affiliates	43,492	709,639
Deferred tax asset	1,304	103,231
Customer relationships	—	1,498,119
Goodwill	—	575,461
Other assets, net	—	14,460
Total assets	<u>\$ 47,705</u>	<u>6,282,878</u>
Liabilities and Equity		
Current liabilities:		
Accounts payable—Antero Resources	\$ 731	3,146
Accounts payable—third party	28	6,645
Accrued liabilities	407	104,188
Contingent acquisition consideration	—	125,000
Taxes payable	15,678	—
Other current liabilities	—	3,105
Total current liabilities	16,844	242,084
Long-term liabilities:		
Long-term debt	—	2,892,249
Other	—	5,131
Total liabilities	16,844	3,139,464
Partners' Capital and Stockholders' Equity:		
Common shareholders—186,219 shares issued and outstanding at December 31, 2018; none issued and outstanding at December 31, 2019	(41,969)	—
IDR LLC Series B units (66 units vested at December 31, 2018; none issued and outstanding at December 31, 2019)	72,830	—
Preferred stock, \$0.01 par value: none authorized or issued at December 31, 2018; 100,000 authorized at December 31, 2019		
Series A non-voting perpetual preferred stock; none designated, issued or outstanding at December 31, 2018; 12 designated and 10 issued and outstanding at December 31, 2019	—	—
Common stock, \$0.01 par value; none authorized, issued or outstanding at December 31, 2018; 2,000,000 authorized and 484,042 issued and outstanding at December 31, 2019	—	4,840
Additional paid-in capital	—	3,480,139
Accumulated loss	—	(341,565)
Total partners' capital and stockholders' equity	30,861	3,143,414
Total liabilities and partners' capital and stockholders' equity	<u>\$ 47,705</u>	<u>6,282,878</u>

See accompanying notes to consolidated financial statements.

ANTERO MIDSTREAM CORPORATION

Consolidated Statements of Operations and Comprehensive Income

Years Ended December 31, 2017, 2018, and 2019

(In thousands, except per unit amounts)

	Year Ended December 31,		
	2017	2018	2019
Revenue:			
Gathering and compression—Antero Resources	\$ —	—	543,538
Water handling—Antero Resources	—	—	306,010
Water handling—third party	—	—	50
Amortization of customer relationships	—	—	(57,010)
Total revenue	<u>—</u>	<u>—</u>	<u>792,588</u>
Operating expenses:			
Direct operating	—	—	195,818
General and administrative (including \$34,933, \$35,111 and \$73,517 of equity-based compensation in 2017, 2018 and 2019, respectively)	41,134	43,851	118,113
Facility idling	—	—	11,401
Impairment of property and equipment	—	—	409,739
Impairment of goodwill	—	—	340,350
Impairment of customer relationships	—	—	11,871
Depreciation	—	—	95,526
Accretion and change in fair value of contingent acquisition consideration	—	—	8,076
Accretion of asset retirement obligations	—	—	187
Total operating expenses	<u>41,134</u>	<u>43,851</u>	<u>1,191,081</u>
Operating loss	(41,134)	(43,851)	(398,493)
Interest expense, net	—	(136)	(110,402)
Equity in earnings of unconsolidated affiliates	69,720	142,906	51,315
Income (loss) before income taxes	28,586	98,919	(457,580)
Provision for income tax benefit (expense)	(26,261)	(32,311)	102,466
Net income (loss) and comprehensive income (loss)	<u>\$ 2,325</u>	<u>66,608</u>	<u>(355,114)</u>
Net income (loss) per share—basic and diluted	\$ 0.03	0.33	(0.80)
Weighted average common shares outstanding:			
Basic	186,176	186,203	442,640
Diluted	186,176	186,203	442,640

See accompanying notes to consolidated financial statements.

ANTERO MIDSTREAM CORPORATION
 Consolidated Statements of Partners' Capital and Stockholders' Equity
 Years Ended December 31, 2017, 2018, and 2019
 (In thousands)

	Common Stock		Common Shares Representing Limited Partner Interests	Antero Resources Midstream Management LLC Members' Equity	Series B Unitholders	Additional Paid-In Capital	Preferred Stock	Accumulated Loss	Total Equity
	Shares	Amount							
Balance at December 31, 2016	—	\$ —	—	10,269	—	—	—	—	10,269
Pre-IPO net loss and comprehensive loss	—	—	—	(4,939)	—	—	—	—	(4,939)
Pre-IPO equity-based compensation	—	—	—	10,237	—	—	—	—	10,237
Conversion of Antero Resources Midstream Management LLC to a limited partnership	—	—	15,567	(15,567)	—	—	—	—	—
Post-IPO net income and comprehensive income	—	—	6,480	—	784	—	—	—	7,264
Post-IPO equity-based compensation	—	—	24,696	—	—	—	—	—	24,696
Distributions to Antero Resources Investment LLC	—	—	(15,908)	—	—	—	—	—	(15,908)
Distributions to shareholders	—	—	(16,011)	—	—	—	—	—	(16,011)
Vesting of Series B units	—	—	(34,690)	—	34,690	—	—	—	—
Balance at December 31, 2017	—	—	(19,866)	—	35,474	—	—	—	15,608
Net income and comprehensive income	—	—	61,372	—	5,236	—	—	—	66,608
Equity-based compensation	—	—	35,111	—	—	—	—	—	35,111
Distributions to shareholders	—	—	(84,166)	—	—	—	—	—	(84,166)
Distributions to Series B unitholders	—	—	—	—	(2,300)	—	—	—	(2,300)
Vesting of Series B units	—	—	(34,420)	—	34,420	—	—	—	—
Balance at December 31, 2018	—	—	(41,969)	—	72,830	—	—	—	30,861
Distributions to unitholders	—	—	(30,543)	—	(3,720)	—	—	—	(34,263)
Net (loss) and comprehensive (loss) pre-acquisition	—	—	(13,549)	—	—	—	—	—	(13,549)
Equity-based compensation pre-acquisition	—	—	7,034	—	—	—	—	—	7,034
Exchange of common shares for shares of common stock and cash consideration paid	506,641	5,066	79,027	—	(69,110)	4,002,898	—	—	4,017,881
Issuance of Series A non-voting perpetual preferred stock	—	—	—	—	—	—	—	—	—
Dividends to stockholders	—	—	—	—	—	(461,934)	—	—	(461,934)
Equity-based compensation post-acquisition	—	—	—	—	—	66,483	—	—	66,483
Issuance of common stock upon vesting of equity-based compensation awards, net of common stock withheld for income taxes	297	3	—	—	—	(2,018)	—	—	(2,015)
Repurchases and retirement of common stock	(22,896)	(229)	—	—	—	(125,290)	—	—	(125,519)
Net loss and comprehensive loss post-acquisition	—	—	—	—	—	—	—	(341,565)	(341,565)
Balance at December 31, 2019	484,042	\$ 4,840	—	—	—	3,480,139	—	(341,565)	3,143,414

See accompanying notes to consolidated financial statements.

ANTERO MIDSTREAM CORPORATION
Consolidated Statements of Cash Flows
Years Ended December 31, 2017, 2018, and 2019
(In thousands)

	Year Ended December 31,		
	2017	2018	2019
Cash flows provided by (used in) operating activities:			
Net income (loss)	\$ 2,325	66,608	(355,114)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Distributions from Antero Midstream Partners LP, prior to the Transactions	53,491	123,186	43,492
Depreciation	—	—	95,526
Accretion and change in fair value of contingent acquisition consideration	—	—	8,263
Impairment	—	—	761,960
Deferred income tax benefit	—	(1,304)	(101,927)
Equity-based compensation	34,933	35,111	73,517
Equity in earnings of unconsolidated affiliates	(69,720)	(142,906)	(51,315)
Distributions from unconsolidated affiliates	—	—	64,320
Amortization of customer relationships	—	—	57,010
Amortization of deferred financing costs	—	148	3,183
Changes in assets and liabilities:			
Accounts receivable—Antero Resources	—	—	42,484
Accounts receivable—third party	—	—	185
Other current assets	—	(5)	(335)
Accounts payable—Antero Resources	57	674	(2,103)
Accounts payable—third party	—	28	(9,762)
Accrued liabilities	(190)	171	8,681
Income taxes payable	7,184	1,820	(15,678)
Net cash provided by operating activities	28,080	83,531	622,387
Cash flows used in investing activities:			
Additions to gathering systems and facilities	—	—	(267,383)
Additions to water handling systems	—	—	(124,607)
Investments in unconsolidated affiliates	—	—	(154,359)
Cash received on acquisition of Antero Midstream Partners LP	—	—	619,532
Cash consideration paid to Antero Midstream Partners LP unitholders	—	—	(598,709)
Change in other assets	—	—	901
Change in other liabilities	—	—	(1,050)
Net cash used in investing activities	—	—	(525,675)
Cash flows provided by (used in) financing activities:			
Distributions to Antero Resources Investment LLC	(15,691)	—	—
Distributions to unitholders and dividends to stockholders	(16,011)	(84,166)	(492,103)
Distributions to Series B unitholders	—	(2,300)	(3,720)
Distributions to preferred stockholders	—	—	(374)
Repurchases of common stock	—	—	(125,519)
Issuance of senior notes	—	—	650,000
Payments of deferred financing costs	—	(230)	(8,894)
Payments on bank credit facilities, net	—	—	(115,500)
Employee tax withholding for settlement of equity compensation awards	—	—	(2,015)
Other	—	—	(174)
Net cash used in financing activities	(31,702)	(86,696)	(98,299)
Net decrease in cash and cash equivalents	(3,622)	(3,165)	(1,587)
Cash and cash equivalents, beginning of period	9,609	5,987	2,822
Cash and cash equivalents, end of period	\$ 5,987	2,822	1,235
Supplemental disclosure of cash flow information:			
Cash paid during the period for interest	\$ —	3	83,016
Cash paid during the period for income taxes	\$ 19,077	31,795	16,079
Decrease in accrued capital expenditures and accounts payable for property and equipment	\$ —	—	(6,215)

See accompanying notes to consolidated financial statements.

ANTERO MIDSTREAM CORPORATION

Notes to Consolidated Financial Statements

Years Ended December 31, 2016, 2017, and 2018

(1) Organization

Antero Midstream Corporation was originally formed as Antero Resources Midstream Management LLC in 2013 to become the general partner of Antero Midstream Partners LP (“Antero Midstream Partners”). On May 4, 2017, Antero Resources Midstream Management LLC converted from a limited liability company to a limited partnership under the laws of the State of Delaware and changed its name to Antero Midstream GP LP (“AMGP”) in connection with its initial public offering. On March 12, 2019, pursuant to the Simplification Agreement, dated as of October 9, 2018, by and among AMGP, Antero Midstream Partners and certain of their affiliates (the “Simplification Agreement”), (i) AMGP was converted from a limited partnership to a corporation under the laws of the State of Delaware and changed its name to Antero Midstream Corporation (the “Conversion”), (ii) an indirect, wholly owned subsidiary of Antero Midstream Corporation was merged with and into Antero Midstream Partners, with Antero Midstream Partners surviving the merger as an indirect, wholly owned subsidiary of Antero Midstream Corporation (the “Merger”), and (iii) Antero Midstream Corporation exchanged (the “Series B Exchange”) and, together with the Conversion, the Merger and the other transactions pursuant to by the Simplification Agreement, the “Transactions”) each issued and outstanding Series B Unit (the “Series B Units”) representing a membership interest in Antero IDR Holdings LLC (“IDR Holdings”) for 176,0041 shares of its common stock, par value \$0.01 per share (“AMC common stock”). As a result of the Transactions, Antero Midstream Partners is now a wholly owned subsidiary of Antero Midstream Corporation and former shareholders of AMGP, unitholders of Antero Midstream Partners, including Antero Resources Corporation (“Antero Resources”), and holders of Series B Units now own AMC common stock. Unless the context otherwise requires, references to the “Company,” “we,” “us” or “our” refer to (i) for the period prior to March 13, 2019, AMGP and its consolidated subsidiaries, which did not include Antero Midstream Partners and its subsidiaries, and (ii) for the period beginning on March 13, 2019, Antero Midstream Corporation and its consolidated subsidiaries, including Antero Midstream Partners and its subsidiaries Antero Midstream LLC, Antero Water LLC (“Antero Water”), Antero Treatment LLC and Antero Midstream Finance Corporation (“Finance Corp”).

We are a growth-oriented midstream company formed to own, operate and develop midstream energy infrastructure primarily to service Antero Resources and its production and completion activity in the Appalachian Basin’s Marcellus Shale and Utica Shale located in West Virginia and Ohio. Our assets consist of gathering pipelines, compressor stations, interests in processing and fractionation plants, and water handling assets. The Company, through Antero Midstream Partners and its affiliates, provides midstream services to Antero Resources under long-term contracts.

The Company’s gathering and compression assets comprise of high and low pressure gathering pipelines, compressor stations, and processing and fractionation plants that collect and process natural gas and NGLs from Antero Resources’ wells in West Virginia and Ohio. The Company’s water handling assets include two independent systems that deliver fresh water from sources including the Ohio River, local reservoirs and several regional waterways.

The Company, through Antero Midstream Partners, 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 with MarkWest Energy Partners, L.P. (“MarkWest”), a wholly owned subsidiary of MPLX, LP (“MPLX”) (the “Joint Venture”). See Note 16—Investments in Unconsolidated Affiliates.

The Company’s corporate headquarters are located in Denver, Colorado.

(2) Summary of Significant Accounting Policies

(a) Basis of Presentation

The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States (“GAAP”). In the opinion of management, these consolidated statements include all adjustments (consisting of normal and recurring accruals) considered necessary for a fair presentation of the Company’s financial position as of December 31, 2018 and 2019, and the results of the Company’s operations and its cash flows for the years ended December 31, 2017, 2018 and 2019. The Company has no items of other comprehensive income (loss); therefore, net income (loss) is equal to comprehensive income (loss).

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Years Ended December 31, 2017, 2018, and 2019

Certain costs of doing business incurred and charged to the Company by Antero Resources have been reflected in the accompanying consolidated financial statements. These costs include general and administrative expenses provided to the Company 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 the Company and Antero Resources have been identified in the consolidated financial statements (see Note 6—Transactions with Affiliates).

(b) Principles of Consolidation

The accompanying consolidated financial statements include (i) for the period prior to March 13, 2019, the accounts of AMGP and its consolidated subsidiaries, which did not include Antero Midstream Partners and its subsidiaries, and (ii) for the period beginning on March 13, 2019, the accounts of Antero Midstream Corporation and its consolidated subsidiaries, including Antero Midstream Partners and its subsidiaries, which were acquired in the Transactions. See Note 3—Business Combination. All significant intercompany accounts and transactions have been eliminated in the Company's consolidated financial statements.

Prior to the Transactions on March 12, 2019, AMGP had determined that Antero Midstream Partners was a variable interest entity ("VIE") for which AMGP was not the primary beneficiary and therefore did not consolidate. AMGP concluded that Antero Resources was the primary beneficiary of Antero Midstream Partners and Antero Resources consolidated its financial results. Antero Resources was the primary beneficiary based on its power to direct the activities that most significantly impacted Antero Midstream Partners' economic performance and its obligations to absorb losses or receive benefits of Antero Midstream Partners that would be significant to Antero Midstream Partners. Antero Resources owned approximately 53% of the outstanding limited partner interests in Antero Midstream Partners prior to the Transactions and its officers and management group also acted as management of Antero Midstream Partners. AMGP did not own any limited partnership interests in Antero Midstream Partners and had no capital interests in Antero Midstream Partners. AMGP did not provide financial support to Antero Midstream Partners.

AMGP's ownership of the non-economic general partner interest in Antero Midstream Partners prior to the Transactions provided AMGP with significant influence over Antero Midstream Partners, but not control over the decisions that most significantly impacted the economic performance of Antero Midstream Partners. AMGP's indirect ownership of the IDRs of Antero Midstream Partners prior to the Transactions entitled AMGP to receive cash distributions from Antero Midstream Partners when distributions exceeded certain target amounts. AMGP's ownership of these interests prior to the Transactions did not require AMGP to provide financial support to Antero Midstream Partners. AMGP obtained these interests upon its formation for no consideration. Therefore, AMGP had no cost basis and classified its investment in Antero Midstream Partners as a long term investment. Prior to the Transactions, AMGP's share of Antero Midstream Partner's earnings were a result of AMGP's ownership of the IDRs was accounted for using the equity method of accounting. AMGP recognized distributions earned from Antero Midstream Partners as "Equity in earnings of unconsolidated affiliates" on its statement of operations in the period in which they were earned and were allocated to AMGP's capital account. AMGP's long-term interest in the IDRs on the balance sheet was recorded in "Investment in unconsolidated affiliates." The ownership of the general partner interests and IDRs did not provide AMGP with any claim to the assets of Antero Midstream Partners other than the balance in its Antero Midstream Partners capital account. Income related to the IDRs was recognized as earned and increased AMGP's capital account and equity investment. When these distributions were paid to AMGP, they reduced its capital account and its equity investment in Antero Midstream Partners.

Investments in entities for which the Company exercises significant influence, but not control, are accounted for under the equity method. The Company's judgment regarding the level of influence over its equity investments includes considering key factors such as Antero Midstream's ownership interest, representation on the board of directors, and participation in the policy-making decisions of equity method investees. Such investments are included in Investments in unconsolidated affiliates on the Company's consolidated balance sheets. Income from investees that are accounted for under the equity method is included in Equity in earnings

ANTERO MIDSTREAM CORPORATION

Notes to Consolidated Financial Statements (Continued)

Years Ended December 31, 2017, 2018, and 2019

of unconsolidated affiliates on the Company's consolidated statements of operations and cash flows. When the Company records its proportionate share of net income, it increases equity income in the statements of operations and comprehensive income (loss) and the carrying value of that investment on the Company's balance sheet. When a distribution is received, it is recorded as a reduction to the carrying value of that investment on the balance sheet.

The Company accounts for distributions received from equity method investees under the "nature of the distribution" approach. Under this approach, distributions received from equity method investees are classified on the basis of the nature of the activity or activities of the investee that generated the distribution as either a return on investment (classified as cash inflows from operating activities) or a return of investment (classified as cash inflows from investing activities).

(c) Revenue Recognition

The Company, through Antero Midstream Partners and its affiliates, provides gathering and compression and water handling services under fee-based contracts primarily based on throughput or at cost plus a margin. Certain of these contracts contain operating leases of the Company's assets under GAAP. Under these arrangements, the Company receives fees for gathering gas products, compression services, and water handling services. The revenue the Company earns from these arrangements is directly related to (1) in the case of natural gas gathering and compression, the volumes of metered natural gas that it gathers, compresses, and delivers to natural gas compression sites or other transmission delivery points, (2) in the case of fresh water services, the quantities of fresh water delivered to its customers for use in their well completion operations, (3) in the case of wastewater treatment services performed by the Company prior to idling of the Clearwater Facility (as defined below) in September 2019, the quantities of wastewater treated for our customers, (4) in the case of wastewater services provided by third parties, the third-party costs the Company incurs plus 3%, or (5) in the case of flowback and produced water performed by the Company, a cost of service fee based on the costs incurred by the Company. The Company recognizes revenue when it satisfies a performance obligation by delivering a service to a customer or the use of leased assets to a customer. See Note 7—Revenue for the Company's required disclosures under Accounting Standards Codification ("ASC") Topic 606, *Revenue from Contracts with Customers*. The Company includes lease revenue within revenues by service.

(d) Use of Estimates

The preparation of the 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 liabilities. Items subject to estimates and assumptions include the useful lives of property and equipment, the valuation of assets and liabilities acquired from Antero Midstream Partners, as well as the valuation of accrued liabilities, among others. Although management believes these estimates are reasonable, actual results could differ from these estimates.

(e) Cash and Cash Equivalents

The Company considers 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.

(f) Property and Equipment

Property and equipment primarily consists of gathering pipelines, compressor stations and the wastewater treatment facility and related landfill (collectively, the "Clearwater Facility") used for the disposal of salt therefrom and fresh water delivery pipelines and facilities stated at historical cost less accumulated depreciation, amortization and impairment. The Company capitalizes construction-related direct labor and material costs. 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 operating 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 the Company's services in the areas in which it operates. When assets are placed into service, management

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Notes to Consolidated Financial Statements (Continued)

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makes estimates with respect to useful lives and salvage values that management believes are reasonable.

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.

The Company evaluates its long-lived assets for impairment when events or changes in circumstances indicate that the related carrying values of the assets may not be recoverable. Generally, the basis for making such assessments is undiscounted future cash flow projections for the assets being assessed. If the carrying values of the assets are deemed not recoverable, the carrying values are reduced to the estimated fair values, which are based on discounted future cash flows using assumptions as to revenues, costs, and discount rates typical of third-party market participants, which is a Level 3 fair value measurement. The Company recognized an impairment with respect to the Clearwater Facility during the year ended December 31, 2019. See Note 4—Clearwater Facility Impairment.

(g) Asset Retirement Obligations

The Company's asset retirement obligations include its obligation to close, maintain, and monitor landfill cells and support facilities. After the entire landfill reaches capacity and is certified closed, the Company must continue to maintain and monitor the landfill for a post-closure period, which generally extends for 30 years. The Company records the fair value of its landfill retirement obligations as a liability in the period in which the regulatory obligation to retire a specific asset is triggered. For the Company's individual landfill cells, the required closure and post-closure obligations under the terms of its permits and its intended operation of the landfill cell are triggered and recorded when the cell is placed into service and salt 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 salt. 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.

Asset retirement obligations are recorded for fresh water impoundments and waste water pits when an abandonment date is identified. The Company records the fair value of its freshwater impoundment and waste water pit retirement obligations as liabilities in the period in which the regulatory obligation to retire a specific asset is triggered. The fair value is based on the total reclamation costs of the assets. 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 remediation 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. Fresh water impoundments and wastewater pit retirement assets are capitalized as the related retirement obligations are incurred, and are amortized on a straight-line basis until reclamation.

The Company is under no legal obligations, neither contractually nor under the doctrine of promissory estoppel, to restore or dismantle its gathering pipelines, compressor stations, water delivery pipelines and facilities, flowback and produced water facilities and the wastewater treatment facility upon abandonment. See Note 4—Clearwater Facility Impairment.

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Notes to Consolidated Financial Statements (Continued)

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(h) *Litigation and Other Contingencies*

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

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

As of December 31, 2018 and 2019, the Company had not recorded any liabilities for litigation, environmental, or other contingencies.

(i) *Equity-Based Compensation*

The Company's consolidated financial statements include equity-based compensation costs related to awards granted by its own plans, as in place before and after the Transactions, as well as costs allocated by Antero Resources for grants made prior to the Transactions. Costs allocated from Antero Resources are offset to additional paid in capital on the consolidated balance sheet. See Note 6—Transactions with Affiliates for additional information regarding Antero Resources' allocation of expenses to the Company. For awards granted under its own plan, the Company recognizes compensation cost related to all equity-based awards in the financial statements based on the estimated grant date fair value. The Company is authorized to grant various types of equity-based compensation awards, including stock options, stock appreciation rights, restricted stock awards, restricted stock unit awards, dividend equivalent awards and other types of awards. The grant date fair values are determined based on the type of award and may utilize market prices on the date of grant, Black-Scholes option-pricing model, Monte Carlo simulations or other acceptable valuation methodologies, as appropriate for the type of equity-based award. Compensation cost is recognized ratably over the applicable vesting or service period. Forfeitures are accounted for as they occur by reversing the expense previously recognized for awards that were forfeited during the period. See Note 12—Equity-Based Compensation.

(j) *Income Taxes*

The Company recognizes deferred tax assets and liabilities for temporary differences resulting from net operating loss carryforwards for income tax purposes and the differences between the financial statement and tax basis of assets and liabilities. The effect of changes in tax laws or tax rates is recognized in income during the period such changes are enacted. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion, or all, of the deferred tax assets will not be realized. The Company regularly reviews its tax positions in each significant taxing jurisdiction during the process of evaluating its tax provision. The Company makes adjustments to its 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.

(k) *Fair Value Measures*

The Financial Accounting Standards Board (the "FASB") ASC 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 the Company estimates 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. The Company's 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

ANTERO MIDSTREAM CORPORATION

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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 the consolidated balance sheet of the Company's cash and cash equivalents, accounts receivable—Antero Resources, accounts receivable—third party, other current assets, accounts payable—Antero Resources, accounts payable—third party, accrued liabilities, other current liabilities, other liabilities and the Credit Facility (as defined in Note 10—Long-Term Debt) approximate fair values due to their short-term maturities. The assets and liabilities of Antero Midstream Partners were recorded at fair value as of the acquisition date, March 12, 2019 (see Note 3—Business Combination). Additionally, the Company uses certain fair valuation techniques in performing its annual goodwill impairment test described below.

**(l) Investments in Unconsolidated
Affiliates**

The Company uses the equity method to account for its investments in companies if the investment provides the Company with the ability to exercise significant influence over, but not control of, the operating and financial policies of the investee. The Company's consolidated net income includes the Company's proportionate share of the net income or loss of such companies. The Company's judgment regarding the level of influence over each equity method investee includes considering key factors such as the Company's ownership interest, representation on the board of directors and participation in policy-making decisions of the investee and material intercompany transactions. See Note 16—Investments in Unconsolidated Affiliates.

**(m) Business
Combinations**

The Company recognizes and measures the assets acquired and liabilities assumed in a business combination based on their estimated fair values at the acquisition date, with any remaining difference recorded as goodwill. For acquisitions, management engages an independent valuation specialist, as applicable, to assist with the determination of fair value of the assets acquired, liabilities assumed, and goodwill, based on recognized business valuation methodologies. If the initial accounting for the business combination is incomplete by the end of the reporting period in which the acquisition occurs, an estimate will be recorded. Subsequent to the acquisition, and not later than one year from the acquisition date, the Company will record any material adjustments to the initial estimate based on new information obtained that would have existed as of the acquisition date. An adjustment that arises from information obtained that did not exist as of the date of the acquisition will be recorded in the period of the adjustment. Acquisition-related costs are expensed as incurred in connection with each business combination. See Note 3—Business Combination.

**(n) Goodwill and Intangible
Assets**

Goodwill represents the excess of the purchase price over the estimated fair value of the net assets acquired in the acquisition of a business. Goodwill is not amortized, but rather is tested for impairment annually in the fourth quarter and when events or changes in circumstances indicate that the fair value of a reporting unit with goodwill has been reduced below its carrying value. The impairment test requires allocating goodwill and other assets and liabilities to reporting units. The fair value of each reporting unit is determined and compared to the carrying value of the reporting unit. The fair value is calculated using the expected present value of future cash flows method. Significant assumptions used in the cash flow forecasts include future net operating margins, future volumes, discount rates and future capital requirements. If the fair value of the reporting unit is less than the carrying value, including goodwill, the excess of the book value over the fair value of goodwill is charged to net income as an impairment expense.

Amortization of intangible assets with definite lives is calculated using the straight-line method, which is reflective of the benefit pattern in which the estimated economic benefit is expected to be received over the estimated useful life of the intangible asset. Intangible assets subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the intangible asset may not be recoverable. If the sum of the expected undiscounted future cash flows related to the asset is less than the carrying amount of the asset, an impairment loss is recognized based on the fair value of the asset. See Note 4—Clearwater Facility Impairment and Note 5—Goodwill and Intangibles.

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**(o) Treasury Share
Retirement**

The Company periodically retires treasury shares acquired through share repurchases and returns those shares to the status of authorized but unissued. When treasury shares are retired, the Company's policy is to allocate the excess of the repurchase price over the par value of shares acquired first, to additional paid-in capital, and then to accumulated earnings. The portion allocable to additional paid-in capital is determined by applying a percentage, determined by dividing the number of shares to be retired by the number of shares outstanding, to the balance of additional paid-in capital as of retirement.

**(p) Recently Issued Accounting
Standards**

In August 2018, the FASB issued ASU No. 2018-13, "Fair Value Measurement: Disclosure Framework-Changes to the Disclosure Requirements for Fair Value Measurement," which provides changes to certain fair value disclosure requirements. This ASU is effective for annual reporting periods beginning after December 15, 2019 and interim periods within those annual periods, with early adoption permitted. The adoption of this update is not expected to have a material impact on the Company's consolidated financial statements.

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Notes to Consolidated Financial Statements (Continued)
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(3) Business Combination

On March 12, 2019, AMGP and Antero Midstream Partners completed the Transactions. The Transactions have been accounted for using the acquisition method of accounting with Antero Midstream Corporation identified as the acquirer of Antero Midstream Partners.

The components of the fair value of consideration transferred are as follows (in thousands):

Fair value of shares of AMC common stock issued ⁽¹⁾	\$	4,017,881
Cash		598,709
Total fair value of consideration transferred	\$	4,616,590

(1) The fair value of each share of AMC common stock issued in connection with the Transactions was determined to be \$2.54, the closing price of AMGP common shares on March 12, 2019.

The final purchase price allocation of the Transactions, and final adjustments thereto, are summarized in the table below. The fair value of assets acquired and liabilities assumed at March 12, 2019 were as follows (in thousands):

	As Originally Reported	Adjustments	As Adjusted
Cash and cash equivalents	\$ 619,532	—	619,532
Accounts receivable—Antero Resources	142,312	—	142,312
Accounts receivable—third party	117	—	117
Other current assets	1,150	—	1,150
Property and equipment, net	3,639,148	(267,721)	3,371,427
Investments in unconsolidated affiliates	1,090,109	(521,824)	568,285
Customer relationships	558,000	1,009,000	1,567,000
Other assets, net	42,887	—	42,887
Total assets acquired	6,093,255	219,455	6,312,710
Accounts payable—Antero Resources	3,316	—	3,316
Accounts payable—third party	30,674	—	30,674
Accrued liabilities	87,021	—	87,021
Other current liabilities	537	—	537
Long-term debt	2,364,935	—	2,364,935
Contingent acquisition consideration	116,924	—	116,924
Other liabilities	8,524	—	8,524
Total liabilities assumed	2,611,931	—	2,611,931
Net assets acquired, excluding goodwill	3,481,324	219,455	3,700,779
Goodwill	1,135,266	(219,455)	915,811
Net assets acquired	\$ 4,616,590	\$ —	\$ 4,616,590

Adjustments to the preliminary purchase price allocation stem mainly from additional information obtained by the Company in between the closing of the Transactions on March 12, 2019 and December 31, 2019 about facts and circumstances that existed as of the date of the Transactions, including updates to the completion of certain valuations to determine the underlying fair value of certain assets. The decrease in the fair value of the property and equipment resulted in a \$10 million reversal of Depreciation in the consolidated statement of operations. The increase in the fair value of customer relationships resulted in a \$21 million increase in Amortization of customer relationships in the consolidated statement of operations. All customer relationships are subject to amortization, which will be recognized over a weighted-average period of 23 years.

The purchase price allocation resulted in the recognition of \$575 million of goodwill in three reporting units within the Company's gathering and processing segment and \$340 million of goodwill in two reporting units within its water handling segment.

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Substantially all of goodwill is expected to be deductible for tax purposes. Goodwill represents the efficiencies realized with simplifying our corporate structure to own, operate and develop midstream energy infrastructure primarily to service Antero Resources.

The Company's financial statements include \$6 million of acquisition-related costs associated with the Transactions. These costs were expensed as general and administrative costs.

(4) Clearwater Facility Impairment

On September 18, 2019, the Company commenced a strategic evaluation of the Clearwater Facility at which time, such facility was idled. Based on the preliminary results of the evaluation and ongoing discussions with the facility's contractor, the Company determined that the facility is expected to be idled for the foreseeable future. Accordingly, the Company performed an interim impairment analysis of the facility and determined: (i) to reduce the carrying value of the facility to its estimated salvage value, which included the land associated with the Clearwater Facility; (ii) the fair value of the goodwill assigned to the wastewater treatment reporting unit was less than its carrying value resulting in an impairment charge to goodwill; and (iii) the customer relationships intangible asset was impaired. The following table shows the impairment charges for the year ended December 31, 2019 related to the Clearwater Facility as updated to reflect the final purchase price allocation of the Transactions (in thousands):

Impairment of property and equipment	\$	408,882
Impairment of goodwill		42,290
Impairment of customer relationships		11,871
Total impairment expense	\$	<u>463,043</u>

The Company incurred \$11 million in facility idling costs for the care and maintenance of the Clearwater Facility during the period from September 18, 2019 through December 31, 2019.

(5) Goodwill and Intangibles

The Company evaluates goodwill for impairment annually during the fourth quarter and whenever events or changes in circumstances indicate it is more likely than not that the fair value of a reporting unit with goodwill is less than its carrying amount. Significant assumptions used to estimate the reporting units' fair value include the discount rate as well as estimates of future cash flows, which are impacted primarily by commodity prices and producer customers' development plans (which impact volumes and capital requirements).

During the third quarter of 2019, the Company performed an interim impairment analysis of the goodwill related to the wastewater treatment reporting unit recorded in connection with the Transactions due to the Company's strategic evaluation of the Clearwater Facility. As a result of this evaluation, the Company incurred impairment charges to the goodwill and customer relationships intangible asset associated with the Clearwater Facility, which is in the water handling segment. See Note 4—Clearwater Facility Impairment.

The Company performed its annual goodwill impairment test in the fourth quarter of 2019. As a result of this test, the Company incurred impairment charges of \$298 million to its fresh water delivery and services reporting unit, which is in the water handling segment. This was primarily due to decreased water volumes driven by decreased drilling and increased use of water blending operations by Antero Resources.

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The changes in the carrying amount in goodwill for the year ended December 31, 2019 were as follows (in thousands):

	Gathering and Processing	Water Handling	Consolidated Total
Goodwill as of December 31, 2018	\$ —	—	—
Goodwill acquired ⁽¹⁾	575,461	340,350	915,811
Impairment of goodwill	—	(340,350)	(340,350)
Goodwill as of December 31, 2019	<u>\$ 575,461</u>	<u>—</u>	<u>575,461</u>

(1) See Note 3—Business Combination.

All customer relationships are subject to amortization and will be amortized over a weighted-average period of 23 years. The changes in the carrying amount of customer relationships for the year ended December 31, 2019 were as follows (in thousands):

Customer relationships as of December 31, 2018	\$ —
Customer relationships acquired ⁽¹⁾	1,567,000
Accumulated amortization	(57,010)
Impairment	(11,871)
Customer relationships as of December 31, 2019	<u>\$ 1,498,119</u>

(1) See Note 3—Business Combination.

Future amortization expense is as follows (in thousands):

Year ending December 31, 2020	\$ 70,672
Year ending December 31, 2021	70,672
Year ending December 31, 2022	70,672
Year ending December 31, 2023	70,672
Year ending December 31, 2024	70,672
Thereafter	1,144,759
Total	<u>\$ 1,498,119</u>

(6) Transactions with Affiliates

(a) Revenues

Substantially all revenues earned in the year ended December 31, 2019 were earned from Antero Resources, under various agreements for gathering and compression and water handling services. Revenues earned from gathering and processing services consists of lease income. There were no such revenues earned by AMGP for the years ended December 31, 2017 and 2018.

(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 services. Accounts payable—Antero Resources represents amounts due to Antero Resources for general and administrative and other costs.

(c) Allocation of Costs Charged by Antero Resources

The employees supporting the Company's operations are concurrently employed by Antero Resources and Antero Midstream Corporation. Direct operating expense includes costs charged to the Company of \$6 million during the year ended December 31, 2019, related to services provided by employees associated with the operation of the Company's gathering lines, compressor stations, and water handling assets. There were no such charges to AMGP during the years ended December 31, 2017 and 2018. For the years ended December 31, 2017, 2018 and 2019, general and administrative expenses charged to the Company by Antero Resources were

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\$0.7 million, \$0.5 million, and \$33 million, 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 certain equity-based compensation. These expenses are charged to the Company based on the nature of the expenses and are apportioned based on a combination of the Company's proportionate share of gross property and equipment, capital expenditures and labor costs, as applicable. The Company reimburses Antero Resources directly for all general and administrative costs charged to it, with the exception of noncash equity compensation attributed to the Company for awards issued prior to the Transactions under Antero Resources' long-term incentive plan and the Antero Midstream Corporation Long Term Incentive Plan (the "AMC LTIP"). See Note 12—Equity-Based Compensation.

(7) Revenue

(a) Revenue from Contracts with Customers

All of the Company's revenues are derived from service contracts with customers and are recognized when the Company satisfies a performance obligation by delivering a service to a customer. The Company derives substantially all of its revenues from Antero Resources. The following sets forth the nature, timing of satisfaction of performance obligations, and significant payment terms of the Company's contracts with Antero Resources.

Gathering and Compression Agreement

Pursuant to the gathering and compression agreement with Antero Resources, Antero Resources has dedicated substantially all of its current and future acreage in West Virginia, Ohio and Pennsylvania to the Company for gathering and compression services except for acreage subject to third-party commitments or pre-existing dedications. The Company also has an option to gather and compress natural gas produced by Antero Resources on any additional acreage it acquires during the term of the agreement outside of West Virginia, Ohio and Pennsylvania on the same terms and conditions. In December 2019, the Company and Antero Resources agreed to extend the initial term of the gathering and compression agreement to 2038 and established a growth incentive fee program whereby low pressure gathering fees will be reduced from 2020 through 2023 to the extent Antero Resources achieves certain volumetric targets. Upon completion of this term, the gathering and compression agreement will continue in effect from year to year until such time as the agreement is terminated, effective upon an anniversary of the effective date of the agreement, by either the Company or Antero Resources on or before the 180th day prior to the anniversary of such effective date.

Under the gathering and compression agreement, the Company receives a low pressure gathering fee, a high pressure gathering fee and a compression fee, in each case subject to CPI-based adjustments. In addition, the agreement stipulates that the Company receives a reimbursement for the actual cost of electricity used at its compressor stations.

The Company determined that the gathering and compression agreement is an operating lease as Antero Resources obtains substantially all of the economic benefit of the asset and has the right to direct the use of the asset. The gathering system is an identifiable asset within the gathering and compression agreement, and it consists of underground low pressure pipelines that generally connect and deliver gas from specific well pads to compressor stations to compress the gas before delivery to underground high pressure pipelines that transport the gas to a third-party pipeline or plant. The gathering system is considered a single lease due to the interrelated network of the assets. The Company accounts for its lease and non-lease components as a single lease component as the lease component is the predominant component. The non-lease components consist of operating, oversight and maintenance of the gathering system, which are performed on time-elapsed measures. All lease payments under the future Minimum Volume Commitments discussed below are considered to be in-substance fixed lease payments under the gathering and compression agreement.

The Company recognizes revenue when low pressure volumes are delivered to a compressor station, compression volumes are delivered to a high pressure line and high pressure volumes are delivered to a processing plant or transmission pipeline. The Company invoices the customer the month after each service is performed, and payment is due in the same month.

Water Services Agreement

The Company is party to a water services agreement with Antero Resources, which commenced on September 23, 2015,

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whereby the Company agreed to provide certain water handling services to Antero Resources within an area of dedication in defined service areas in West Virginia, Ohio and other locations. Upon completion of the initial term 20-year term, the water services agreement will continue in effect from year to year until such time as the agreement is terminated, effective upon an anniversary of the effective date of the agreement, by either the Company or Antero Resources on or before the 180th day prior to the anniversary of such effective date. Under the agreement, the Company receives a fixed fee per barrel in West Virginia, Ohio and all other locations for fresh water deliveries by pipeline directly to the well site. Additionally, the Company receives a fixed fee per barrel for fresh water delivered by truck to high-rate transfer facilities. For flowback and produced water blending services, the Company receives a cost of service fee based on the costs incurred by the Company. Antero Resources also agreed to pay the Company a fixed fee per barrel for wastewater treatment at the Clearwater Facility, which was idled in the third quarter of 2019 and we expect will remain idled for the foreseeable future. All such fees under the agreement are subject to annual CPI-based adjustments and additional fees based on certain costs. As of the start of 2020, there are no minimum volume commitments under the water services agreement.

Under the water services agreement, the Company may also contract with third parties to provide water services to Antero Resources. Antero Resources reimburses the Company for third-party out-of-pocket costs plus a 3% markup. On February 12, 2019, Antero Resources and Antero Midstream Partners amended and restated the water services agreement to, among other things, make certain clarifying changes with respect to the CPI adjustments. The initial term of the water services agreement runs to 2035. The Company satisfies its performance obligations and recognizes revenue when the fresh water volumes have been delivered to the hydration unit of a specified well pad, flowback and produced water blending services have been completed and the wastewater volumes have been delivered to the Clearwater Facility. The Company invoices the customer the month after water services are performed, and payment is due in the same month. For services contracted through third-party providers, the Company's performance obligation is satisfied when the service to be performed by the third-party provider has been completed. The Company invoices the customer after the third-party provider billing is received, and payment is due in the same month.

Minimum Volume Commitments

The gathering and compression agreement includes certain minimum volume commitment provisions. If and to the extent Antero Resources requests that the Company 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. The Company recognizes lease income from its minimum volume commitments under its gathering and compression agreement on a straight-line basis and additional operating lease income is earned when excess volumes are delivered under the contract. The Company is not party to any leases that have not commenced. Minimum volume commitments for fresh water deliveries under the water services agreement concluded at December 31, 2019.

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

2020	\$	204,988
2021		209,556
2022		209,556
2023		209,556
2024		210,130
Thereafter		584,167
Total	\$	<u>1,627,953</u>

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(b) Disaggregation of Revenue

In the following table, revenue is disaggregated by type of service and type of fee. The table also identifies the reportable segment to which the disaggregated revenues relate. AMGP did not earn revenue for the years ended December 31, 2017 and 2018. For more information on reportable segments, see Note 17—Reporting Segments.

(in thousands)	Year Ended December 31, 2019	Segment to which revenues relate
Revenue from contracts with customers		
Type of service		
Gathering—low pressure	\$ 254,350	Gathering and Processing ⁽¹⁾
Gathering—high pressure	151,283	Gathering and Processing ⁽¹⁾
Compression	137,905	Gathering and Processing ⁽¹⁾
Fresh water delivery	157,633	Water Handling
Wastewater treatment	25,058	Water Handling
Other fluid handling	123,369	Water Handling
Amortization of customer relationships ⁽²⁾	(29,850)	Gathering and Processing
Amortization of customer relationships ⁽²⁾	(27,160)	Water Handling
Total	<u>\$ 792,588</u>	
Type of contract		
Per Unit Fixed Fee	\$ 543,538	Gathering and Processing ⁽¹⁾
Per Unit Fixed Fee	182,691	Water Handling
Cost plus 3%	123,030	Water Handling
Cost of service fee	339	Water Handling
Amortization of customer relationships ⁽²⁾	(29,850)	Gathering and Processing
Amortization of customer relationships ⁽²⁾	(27,160)	Water Handling
Total	<u>\$ 792,588</u>	

(1) Revenue related to the gathering and processing segment is classified as lease income related to the gathering system.

(2) Fair value of customer contracts acquired as part of the Transactions discussed in Note 3—Business Combination.

(c) Transaction Price Allocated to Remaining Performance Obligations

The majority of the Company's service contracts have a term greater than one year. As such, the 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 the Company's service contracts, each unit of product delivered to the customer represents a separate performance obligation; therefore, future volumes are wholly unsatisfied and 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. Accordingly, the Company is exempt 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 the Company's service contracts, the Company invoices customers after its performance obligations have been satisfied, at which point payment is unconditional. Accordingly, the Company's service contracts do not give rise to contract assets or liabilities. At December 31, 2019, the Company's receivables with customers were \$101 million. There were no receivables from customers as of December 31, 2018.

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(8) Property and Equipment

The Company's investment in property and equipment for the period presented is summarized in the following table. AMGP had no property and equipment at December 31, 2018.

(in thousands)	Estimated useful lives	December 31, 2019
Land	n/a	\$ 23,549
Gathering systems and facilities	40-50 years ⁽¹⁾	2,375,241
Fresh water permanent buried pipelines and equipment	10-20 years	602,230
Fresh water surface pipelines and equipment	1-5 years	48,594
Landfill	n/a ⁽²⁾	1,244
Heavy trucks and equipment	3-5 years	6,617
Above ground storage tanks	5-10 years	3,418
Construction-in-progress	n/a	300,165
Total property and equipment		3,361,058
Less accumulated depreciation		(87,648)
Property and equipment, net		\$ 3,273,410

- (1) Gathering systems and facilities are recognized as a single-leased asset with no residual value.
(2) Amortization of landfill costs is recorded over the life of the landfill on a units-of-consumption basis.

(9) Income Taxes

For the years ended December 31, 2017, 2018, and 2019, income tax expense consisted of the following:

(in thousands)	Year Ended December 31,		
	2017	2018	2019
Current income tax expense (benefit)	\$ 26,261	33,615	(539)
Deferred income tax expense (benefit)	—	(1,304)	(101,927)
Total income tax expense (benefit)	\$ 26,261	32,311	(102,466)

Income tax expense differs from the amount that would be computed by applying the U.S. statutory federal income tax rate of 35% for the year ended December 31, 2017, and 21% for the years ended December 31, 2018 and 2019, to income before taxes as a result of the following:

(in thousands)	Year Ended December 31,		
	2017	2018	2019
Federal income tax expense (benefit)	\$ 10,005	20,773	(96,092)
State income tax expense (benefit), net of federal benefit	952	4,133	(17,089)
Non-deductible equity-based compensation	13,296	8,087	13,694
Non-deductible IPO expenses	1,948	1	—
Charitable contributions	—	—	(2,473)
Other	60	(683)	(506)
Total income tax expense (benefit)	\$ 26,261	32,311	(102,466)

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Deferred income taxes reflect the impact of temporary differences between assets and liabilities for financial reporting purposes and such amounts as measured by tax laws. The tax effect of the temporary differences giving rise to net deferred tax assets as follows:

(in thousands)	Year Ended December 31,	
	2018	2019
Deferred tax assets:		
Net operating loss carryforwards	\$ —	68,614
Investment in Antero Midstream Partners	—	28,381
Transaction costs	1,304	2,465
Equity-based compensation	—	1,298
Charitable contributions	—	2,473
Total deferred tax assets	1,304	103,231
Valuation allowance	—	—
Net deferred tax assets	1,304	103,231
Deferred tax liabilities:		
Net deferred tax liabilities	—	—
Net deferred tax assets (liabilities)	\$ 1,304	103,231

As of December 31, 2019, the Company has a deferred tax asset in its Investment in Antero Midstream Partners of \$8 million. At the time of the Transactions on March 12, 2019, the investment in Antero Midstream Partners was recorded at fair value for both GAAP and income tax purposes. The GAAP versus tax treatment of activity occurring after the transaction, such as the treatment of impairments and differing recovery rates of the underlying assets, gave rise to the deferred tax asset. Due to Antero Midstream Partners' strong history of pre-tax earnings, the Company believes the benefits of this deferred tax asset will be realized. Additionally, as of December 31, 2019, the Company has U.S. federal and state NOL carryforwards before the effect of income taxes of \$277 million and \$202 million, respectively, which have no expiration date.

In assessing the realizability of all of the deferred tax assets, management considers whether some portion or all of the deferred tax assets will be realized based on a more-likely-than-not standard of judgment. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which the Company's temporary differences become deductible. Management considers projected future taxable income and tax planning strategies in making this assessment. Based upon the projections of future taxable income over the periods in which the deferred tax assets are deductible, management believes that the Company will realize the benefits of these deductible differences and thus has not recorded a valuation allowance.

(10) Long-term Debt

On May 9, 2018, AMGP entered into a credit facility (the "AMGP Credit Facility") with a bank, which provided for a line of credit of up to \$2 million. At December 31, 2018, AMGP had no borrowings under the AMGP Credit Facility. In connection with the Transactions, the AMGP Credit Facility was terminated on March 12, 2019.

AMGP had no long-term debt at December 31, 2018. Antero Midstream Corporation's long-term debt was as follows at December 31, 2019:

(in thousands)	December 31, 2019	
Credit Facility (a)	\$	959,500
5.375% senior notes due 2024 (b)		652,600
5.75% senior notes due 2027 (c)		653,250
5.75% senior notes due 2028 (d)		650,000
Net unamortized debt issuance costs		(23,101)
Total long-term debt	\$	2,892,249

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(a) Antero Midstream Partners Revolving Credit Facility

Antero Midstream Partners, an indirect, wholly owned subsidiary of Antero Midstream Corporation, as borrower (the “Borrower”), has a senior secured revolving credit facility (the “Credit Facility”) with a consortium of banks. Lender commitments under the Credit Facility currently are \$2.13 billion. At December 31, 2019, the Borrower had borrowings under the Credit Facility of \$960 million with a weighted average interest rate of 3.15%. No letters of credit were outstanding at December 31, 2019 under the Credit Facility. The maturity date of the facility is October 26, 2022. The Credit Facility includes fall away covenants and lower interest rates that are triggered if and when the Borrower is assigned an Investment Grade Rating (as defined below).

Under the Credit Facility, “Investment Grade Period” is a period that, as long as no event of default has occurred and the Borrower is in pro forma compliance with the financial covenants under the Credit Facility, commences when the Borrower elects to give notice to the Administrative Agent that the Borrower 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 & Poor’s (an “Investment Grade Rating”). An Investment Grade Period can end at the Borrower’s election.

During a period that is not an Investment Grade Period, the Credit Facility is ratably secured by mortgages on substantially all of the Borrower’s properties, including the properties of its subsidiaries, and guarantees from its 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 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 Borrower. The Credit Facility permits distributions to the holders of the Borrower’s equity interests in accordance with the cash distribution policy previously adopted by the board of directors of the general partner of the Borrower, provided that no event of default exists or would be caused thereby, and only to the extent permitted by our organizational documents. The Borrower was in compliance with all of the financial covenants under the Credit Facility as of December 31, 2019.

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 Borrower’s then-current leverage ratio and (ii) during an Investment Grade Period, with reference to the rating given to the Borrower by Moody’s or Standard and Poor’s. During an Investment Grade Period, the applicable margin rates are reduced by 25 basis points. Commitment fees on the unused portion of the 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 Borrower’s rating during an Investment Grade Period.

(b) 5.375% Senior Notes Due 2024

On September 13, 2016, Antero Midstream Partners and its wholly owned subsidiary, Finance Corp (together with Antero Midstream Partners, the “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 Credit Facility to the extent of the value of the collateral securing the Credit Facility. The 2024 Notes are fully and unconditionally guaranteed on a joint and several senior unsecured basis by Antero Midstream Corporation, Antero Midstream Partners’ 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. Antero Midstream Partners may redeem all or part of the 2024 Notes at any time at redemption prices ranging from 104.031% as of September 30, 2019 to 100.00% on or after September 15, 2022. If Antero Midstream Partners undergoes a change of control followed by a rating decline, the holders of the 2024 Notes will have the right to require Antero Midstream Partners to repurchase all or a portion of the 2024 Notes at a price equal to 101% of the principal amount of the 2024 Notes, plus accrued and unpaid interest.

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(c) 5.75% Senior Notes Due 2027

On February 25, 2019, the Issuers issued \$650 million in aggregate principal amount of 5.75% senior notes due March 1, 2027 (the “2027 Notes”) at par. The 2027 Notes are unsecured and effectively subordinated to the Credit Facility to the extent of the value of the collateral securing the Credit Facility. The 2027 Notes are fully and unconditionally guaranteed on a joint and several senior unsecured basis by Antero Midstream Corporation, Antero Midstream Partners’ wholly owned subsidiaries (other than Finance Corp) and certain of its future restricted subsidiaries. Interest on the 2027 Notes is payable on March 1 and September 1 of each year. Antero Midstream Partners may redeem all or part of the 2027 Notes at any time on or after March 1, 2022 at redemption prices ranging from 102.875% on or after March 1, 2022 to 100.00% on or after March 1, 2025. In addition, prior to March 1, 2022, Antero Midstream Partners may redeem up to 35% of the aggregate principal amount of the 2027 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 105.75% of the principal amount of the 2027 Notes, plus accrued and unpaid interest. At any time prior to March 1, 2022, Antero Midstream Partners may also redeem the 2027 Notes, in whole or in part, at a price equal to 100% of the principal amount of the 2027 Notes plus a “make-whole” premium and accrued and unpaid interest. If Antero Midstream Partners undergoes a change of control followed by a rating decline, the holders of the 2027 Notes will have the right to require Antero Midstream Partners to repurchase all or a portion of the 2027 Notes at a price equal to 101% of the principal amount of the 2027 Notes, plus accrued and unpaid interest.

(d) 5.75% Senior Notes Due 2028

On June 28, 2019, the Issuers issued \$650 million in aggregate principal amount of 5.75% senior notes due January 15, 2028 (the “2028 Notes”) at par. The 2028 Notes are unsecured and effectively subordinated to the Credit Facility to the extent of the value of the collateral securing the Credit Facility. The 2028 Notes are fully and unconditionally guaranteed on a joint and several senior unsecured basis by Antero Midstream Corporation, Antero Midstream Partners’ wholly owned subsidiaries (other than Finance Corp) and certain of its future restricted subsidiaries. Interest on the 2028 Notes is payable on January 15 and July 15 of each year. Antero Midstream Partners may redeem all or part of the 2028 Notes at any time on or after January 15, 2023 at redemption prices ranging from 102.875% on or after January 15, 2023 to 100.00% on or after January 15, 2026. In addition, prior to January 15, 2023, Antero Midstream Partners may redeem up to 35% of the aggregate principal amount of the 2028 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 105.75% of the principal amount of the 2028 Notes, plus accrued and unpaid interest. At any time prior to January 15, 2023, Antero Midstream Partners may also redeem the 2028 Notes, in whole or in part, at a price equal to 100% of the principal amount of the 2028 Notes plus a “make-whole” premium and accrued and unpaid interest. If Antero Midstream Partners undergoes a change of control followed by a rating decline, the holders of the 2028 Notes will have the right to require Antero Midstream Partners to repurchase all or a portion of the 2028 Notes at a price equal to 101% of the principal amount of the 2028 Notes, plus accrued and unpaid interest.

(11) Accrued Liabilities

Accrued liabilities as of December 31, 2018 and 2019 consisted of the following items:

(in thousands)	December 31,	
	2018	2019
Capital expenditures	\$ —	27,427
Operating expenses	—	24,980
Interest expense	—	44,440
Other	407	7,341
Total accrued liabilities	\$ 407	104,188

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(12) Equity-Based Compensation

The Company's general and administrative expenses include equity-based compensation costs related to the Antero Midstream GP LP Long-Term Incentive Plan ("AMGP LTIP") and the Series B Units prior to the Transactions. Equity-based compensation after the Transactions include (i) costs allocated to Antero Midstream Partners by Antero Resources for grants made prior to the Transactions pursuant to Antero Resources' long-term incentive plan, (ii) costs due to Antero Midstream Corporation LTIP (the "AMC LTIP") and (iii) the Exchanged B Units (as defined below). Antero Midstream Partners' portion of the equity-based compensation expense is included in general and administrative expenses, and recorded as a credit to the applicable classes of equity. Equity-based compensation expense allocated to Antero Midstream Partners was \$4.9 million for the period from March 13, 2019 to December 31, 2019. For grants made prior to the Transactions, Antero Resources has total unamortized expense related to its various equity-based compensation plans that can be allocated to the Company of approximately \$26 million as of December 31, 2019, which includes grants made under the AMP LTIP (as defined below) prior to the Transactions, which were converted into awards under the AMC LTIP. A portion of this will be allocated to Antero Midstream Partners as it is amortized over the remaining service period of the related awards. Antero Midstream Partners does not reimburse Antero Resources for noncash equity compensation allocated to it for awards issued under the Antero Resources long-term incentive plan.

Exchanged B Units

As of December 31, 2018, IDR Holdings had 98,600 Series B Units authorized and outstanding that entitled the holders to receive up to 6% of the amount of the distributions that Antero Midstream Partners made on its incentive distribution rights ("IDRs") in excess of \$7.5 million per quarter, subject to certain vesting conditions. On December 31, 2018, 65,745 Series B Units were vested. The holders of vested Series B Units had 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 AMGP's equity value in excess of \$2.0 billion.

Upon Closing of the Transactions, each Series B Unit, vested and unvested, was exchanged for 176.0041 shares of our common stock (the "Series B Exchange"). A total of 17,353,999 shares of AMC common stock were issued in exchange for the 98,600 Series B Units then outstanding (the "Exchanged B Units"), which included 5,782,601 restricted shares of AMC common stock issued in exchange for the 32,855 unvested Series B Units.

The Company accounted for the Series B Exchange as a share-based payment modification under ASC 718, *Stock Compensation*. On March 12, 2019, which is the modification date, the Company determined the estimated fair value of the unvested Series B Unit awards using a Monte Carlo simulation using various assumptions including a floor equity value of \$2.0 billion, expected volatility of 40% based on historical volatility of a peer group of publicly traded partnerships, a risk free rate of 2.51%, 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 \$1,257 when exchanged for shares of AMC common stock. 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 unvested Exchanged B Units retained the same vesting conditions as the Series B Units and vested on December 31, 2019. No awards were issued and outstanding as of December 31, 2019. Expenses related to Exchanged B Units were recognized on a straight-line basis over the requisite service period of the entire award. Forfeitures were accounted for as they occur by reversing the expense previously recognized for awards that were forfeited during the period.

The Company recognized \$66 million of equity-based compensation expense related to the Series B awards, including the Series B Units prior to the Closing of the Transactions and the Exchanged B Units following the Closing of the Transactions, for the year ended December 31, 2019. For the years ended December 31, 2017 and 2018, the Company recognized \$35 million and \$34 million, respectively, of equity-based compensation expense related to the Series B Units. As of December 31, 2019, there is no unamortized expense related to these awards.

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AMGP LTIP

On April 17, 2017, Antero Midstream GP LP adopted the AMGP LTIP pursuant to which certain non-employee directors of Antero Midstream GP LP's general partner and certain officers, employees and consultants of Antero Resources were eligible to receive awards representing equity interests in Antero Midstream GP LP. For the years ended December 31, 2017, 2018 and 2019, the Company recognized expense of \$0.2 million, \$0.7 million and \$0.2 million, respectively, related to these awards. Expenses related to these awards were recognized on a straight-line basis over the requisite service period of the entire award. Forfeitures were accounted for as they occur by reversing the expense previously recognized for awards that were forfeited during the period. In connection with the Transactions, the AMGP LTIP was terminated on March 12, 2019.

AMC LTIP

Effective March, 12, 2019, the Board of Directors of Antero Midstream Corporation (the "Board") adopted the AMC LTIP under which awards may be granted to employees, directors and other service providers of the Company and its affiliates. The AMC LTIP provides for the grant of stock options, stock appreciation rights, restricted stock, restricted stock units, dividend equivalents, other stock-based awards, cash awards and substitute awards. The terms and conditions of the awards granted are established by the compensation committee of the Board. The Company is authorized to grant up to 15,398,901 shares of common stock to employees and directors under the AMC LTIP. As of December 31, 2019, a total of 13,596,444 shares were available for future grant under the AMC LTIP. For the year ended December 31, 2019, the Company recognized expense of \$2.7 million related to these awards. Expenses related to restricted stock units are recognized on a straight-line basis over the requisite service period of the entire award. Forfeitures are accounted for as they occur by reversing the expense previously recognized for awards that were forfeited during the period.

Restricted Stock Unit Awards

As part of the Transactions, each of the unvested outstanding phantom units in the Antero Midstream Partners Long Term Incentive Plan ("AMP LTIP") was assumed by Antero Midstream Corporation and converted into 1.8926 restricted stock units under the AMC LTIP representing a right to receive shares of AMC common stock for each converted phantom unit.

Restricted stock unit ("RSU") awards vest subject to the satisfaction of service requirements. Expense related to each RSU award is recognized on a straight-line basis over the requisite service period of the entire award. Forfeitures are accounted for as they occur by reversing the expense previously recognized for awards that were forfeited during the period. The grant date fair values of these awards are determined based on the closing price of Antero's common stock on the date of the grant.

Summary Information for Restricted Stock Unit Awards

A summary of RSU awards activity during the year ended December 31, 2019 is as follows:

	Number of units	Weighted Average grant date fair value	Aggregate intrinsic value (in thousands)
Total AMC LTIP RSUs awarded and unvested—December 31, 2018	—	\$ —	\$ —
AMP LTIP Awards converted into AMC LTIP Awards ⁽¹⁾	1,068,900	\$ 14.58	
Granted	729,755	\$ 13.60	
Vested	(443,036)	\$ 13.57	
Forfeited	(79,629)	\$ 14.37	
Total AMC LTIP RSUs awarded and unvested—December 31, 2019	<u>1,275,990</u>	\$ 14.38	\$ 9,685

⁽¹⁾ Effective as of March 12, 2019, all unvested outstanding phantom units in the AMP LTIP were assumed by the Company and converted into restricted stock units under the AMC LTIP at a conversion rate of 1.8926 restricted stock units for each phantom unit.

Intrinsic values are based on the closing price of the Company's common shares on the referenced dates. At December 31,

ANTERO MIDSTREAM CORPORATION

Notes to Consolidated Financial Statements (Continued)

Years Ended December 31, 2017, 2018, and 2019

2019, unamortized expense of \$13 million related to the unvested RSUs is expected to be recognized over a weighted average period of approximately 2.5 years and the Company's proportionate share will be allocated to it as it is recognized.

Performance Share Unit Awards Based on Return on Invested Capital ("ROIC")

In 2019, the Company granted performance share units ("PSUs") to certain of its employees and executive officers, a portion of which vest based on the Company's actual ROIC (as defined in the award agreement) over a three-year period as compared to a targeted ROIC ("ROIC PSUs"). The number of shares of common stock that may ultimately be earned with respect to the ROIC PSUs ranges from zero to 200% of the target number of ROIC PSUs originally granted. Expense related to the ROIC PSUs is recognized based on the number of shares of common stock that are expected to be issued at the end of the measurement period, and such expense is reversed if the likelihood of achieving the performance condition decreases.

On December 17, 2019, the compensation committee of the Board modified the terms for the ROIC PSU agreement. Accordingly, the Company accounted for the amended agreement as a share-based payment modification under ASC 718, *Stock Compensation* and revalued the awards as of the modification date. Expense for the awards are recognized on a straight-line basis over the requisite service period of the entire award. For the year ended December 31, 2019, the Company recognized \$0.2 million of expense related to these awards.

Summary Information for Performance Share Unit Awards

A summary of PSU activity for the year ended December 31, 2019 is as follows:

	Number of units	Weighted Average grant date fair value
Total awarded and unvested—December 31, 2018	—	\$ —
Granted	164,196	\$ 6.32
Vested	—	\$ —
Forfeited	(15,890)	\$ 6.32
Total awarded and unvested—December 31, 2019	<u>148,306</u>	\$ 6.32

The grant-date fair value for the ROIC PSUs is based on the closing price of the Company's common stock on the date of the modified terms for the ROIC PSU agreement, assuming the achievement of the performance condition.

As of December 31, 2019, there was \$0.7 million of unamortized equity-based compensation expense related to unvested PSUs that is expected to be recognized over a weighted average period of 2.3 years.

ANTERO MIDSTREAM CORPORATION

Notes to Consolidated Financial Statements (Continued)

Years Ended December 31, 2017, 2018, and 2019

(13) Cash Distributions and Dividends

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

Quarter and Year	Record Date	Distribution Date	Distributions/ Dividends	Antero Resources Investment	Distributions/ Dividends per share
*	May 9, 2017	September 13, 2017	\$ —	15,908	*
Q2 2017	August 3, 2017	August 23, 2017	5,026	—	\$ 0.027
Q3 2017	November 1, 2017	November 23, 2017	10,985	—	\$ 0.059
	Total 2017		\$ 16,011	15,908	
Q4 2017	February 1, 2018	February 20, 2018	\$ 13,964	—	\$ 0.075
Q1 2018	May 3, 2018	May 23, 2018	20,109	—	\$ 0.108
Q2 2018	August 2, 2018	August 22, 2018	23,276	—	\$ 0.125
Q3 2018	November 2, 2018	November 21, 2018	26,817	—	\$ 0.144
	Total 2018		\$ 84,166	—	
Q4 2018	February 1, 2019	February 21, 2019	\$ 30,543	—	\$ 0.164
Q1 2019	April 26, 2019	May 8, 2019	152,082	—	\$ 0.3025
Q1 2019	May 15, 2019	May 15, 2019	98	—	**
Q2 2019	July 26, 2019	August 7, 2019	154,146	—	\$ 0.3075
Q2 2019	August 14, 2019	September 18, 2019	138	—	**
Q3 2019	November 1, 2019	November 13, 2019	153,033	—	\$ 0.3075
Q3 2019	November 14, 2019	November 14, 2019	138	—	**
***	December 31, 2019	December 31, 2019	2,299	—	***
	Total 2019		\$ 492,477	—	

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

** Dividends are paid in accordance with the terms of the Series A Preferred Stock as discussed in Note 14—Equity and Earnings Per Common Share.

*** Distributions declared on unvested Series B Units prior to the closing date of the Transactions that were paid upon the vesting date to the holders of the Exchanged B Units.

On January 15, 2020, the Board declared a cash dividend on the shares of AMC common stock of \$0.3075 per share for the quarter ended December 31, 2019. The dividend will be payable on February 12, 2020 to stockholders of record as of January 31, 2020. The Company pays dividends (1) out of surplus or (2) if there is no surplus, out of the net profits for the fiscal year in which the dividend is declared and/or the preceding fiscal year, as provided under Delaware law.

The Board also declared a cash dividend of \$138 thousand on the shares of Series A Preferred Stock of Antero Midstream Corporation to be paid on February 14, 2020 in accordance with the terms of the Series A Preferred Stock, which are discussed in Note 14—Equity and Earnings Per Common Share. As of December 31, 2019, there were dividends in the amount of \$69 thousand accumulated in arrears on the Company's Series A Preferred Stock.

(14) Equity and Earnings Per Common Share

(a) Preferred Stock

The Board authorized 100,000,000 shares of preferred stock in connection with the closing of the Transactions (see Note 3—Business Combination) on March 12, 2019, and issued 10,000 shares of preferred stock designated as "5.5% Series A Non-Voting Perpetual Preferred Stock" (the "Series A Preferred Stock"), to The Antero Foundation on that date. Dividends on the Series A

ANTERO MIDSTREAM CORPORATION

Notes to Consolidated Financial Statements (Continued)

Years Ended December 31, 2017, 2018, and 2019

Preferred Stock are cumulative from the date of original issue and payable in cash on the 45th day following the end of each fiscal quarter, or such other dates as the Board will approve, at a rate of 5.5% per annum on (i) the liquidation preference per share of Series A Preferred Stock (as described below) and (ii) the amount of accrued and unpaid dividends for any prior dividend period on such share of Series A Preferred Stock, if any. At any time following the date of issue, in the event of a change of control, or at any time on or after March 12, 2029, the Company may redeem the Series A Preferred Stock at a price equal to \$1,000 per share, plus any accrued and unpaid dividends, payable in cash; provided that if any shares of the Series A Preferred Stock are held by The Antero Foundation at the time of such redemption, the price for redemption of each share of Series A Preferred Stock will be the greater of (i) \$1,000 per share, plus any accrued but unpaid dividends, and (ii) the fair market value of the Series A Preferred Stock. On or after March 12, 2029, the holder of each share of Series A Preferred Stock (other than The Antero Foundation) may convert such shares, at any time and from time to time, at the option of the holder into a number of shares of AMC common stock equal to the conversion ratio in effect on the applicable conversion date, subject to certain limitations. The Series A Preferred Stock ranks senior to the AMC common stock as to dividend rights, as well as with respect to rights upon liquidation, winding-up or dissolution of the Company. Holders of the Series A Preferred Stock do not have any voting rights in the Company, except as required by law, or any preemptive rights.

(b) Weighted Average Shares Outstanding

The following is a reconciliation of the Company's basic weighted average shares outstanding to diluted weighted average shares outstanding during the periods presented:

(in thousands)	Year Ended December 31,		
	2017	2018	2019
Basic weighted average number of shares outstanding	186,176	186,203	442,640
Add: Dilutive effect of restricted stock units	—	—	—
Add: Dilutive effect of Series A preferred stock	—	—	—
Diluted weighted average number of shares outstanding	186,176	186,203	442,640
Weighted average number of outstanding equity awards excluded from calculation of diluted earnings per common share ⁽¹⁾ :			
Restricted stock units	—	—	53
Preferred shares	—	—	1,318

⁽¹⁾ The potential dilutive effects of these awards were excluded from the computation of earnings (loss) per common shares, assuming dilution because the inclusion of these awards would have been anti-dilutive.

(c) Earnings Per Common Share

Earnings per common share—basic for (i) the years ended December 31, 2017 and 2018 is computed by dividing net income attributable to AMGP by the basic weighted average number of common shares representing limited partner interest in AMGP outstanding during the period and (ii) the year ended December 31, 2019 is computed by dividing net income (loss) attributable to Antero Midstream Corporation by the basic weighted average number of shares of AMC common stock outstanding during the period. Earnings per common share—assuming dilution for each period is computed after giving consideration to the potential dilution from outstanding equity awards, calculated using the treasury stock method. During periods in which the Company incurs a net loss, diluted weighted average shares outstanding are equal to basic weighted average shares outstanding because the effect of all equity awards is anti-dilutive.

ANTERO MIDSTREAM CORPORATION

Notes to Consolidated Financial Statements (Continued)

Years Ended December 31, 2017, 2018, and 2019

(in thousands, except per share amounts)	Year Ended December 31,		
	2017	2018	2019
Net income (loss)	\$ 2,325	66,608	(355,114)
Pre-IPO net income attributed to parent	4,939	—	—
Less net income attributable to Series B Units	(784)	(5,236)	—
Less preferred stock dividends	—	—	(442)
Net income (loss) available to common shareholders	\$ 6,480	61,372	(355,556)
Net income (loss) per share—basic and diluted	\$ 0.03	0.33	(0.80)
Weighted average common shares outstanding—basic	186,176	186,203	442,640
Weighted average common shares outstanding—diluted	186,176	186,203	442,640

(15) Fair Value Measurement*Business Combination*

As the Transactions were accounted for under the acquisition method of accounting, the Company estimated the fair value of assets acquired and liabilities assumed at March 12, 2019. See Note 3—Business Combination. In connection with the Transactions, the Company, among other things, issued shares of common stock valued at the closing market price of the common shares at the effective time of the Transactions, which was a Level 1 measurement.

The Company used the discounted cash flow approach, which is an income statement technique, to estimate the fair value of the customer relationships and investments in unconsolidated affiliates using a weighted-average cost of capital of 14.1% as of March 12, 2019, which is based on significant inputs not observable in the market, and thus represents a Level 3 measurement within the fair value hierarchy. The Company also used this approach in combination with the cost approach to estimate the fair value of property and equipment whereby certain property and equipment was adjusted for recent purchases of similar items, economic and functional obsolescence, location, normal useful lives, and capacity (if applicable). To estimate the fair value of the long-term debt, the Company used Level 2 market data inputs.

Goodwill

The Company estimated the fair value of its assets in performing its annual goodwill analysis. The Company utilized a combination of approaches to discounted cash flow approach, comparable company method and the cost approach, whereby certain property and equipment was adjusted for recent purchases of similar items, economic and functional obsolescence, location, normal useful lives, and capacity (if applicable). The Company performed its fourth quarter quantitative analysis using a weighted-average cost of capital of 10.0% as of December 31, 2019, which is based on significant inputs not observable in the market, and thus represents a Level 3 measurement within the fair value hierarchy.

Contingent Acquisition Consideration

In connection with Antero Resources' contribution of Antero Water and certain water handling assets to Antero Midstream Partners in September 2015 (the "Water Acquisition"), Antero Midstream Partners agreed to pay Antero Resources (a) \$125 million in cash if Antero Midstream Partners delivered 176,295,000 barrels or more of fresh water during the period between January 1, 2017 and December 31, 2019 and (b) an additional \$25 million in cash if Antero Midstream Partners 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.

ANTERO MIDSTREAM CORPORATION

Notes to Consolidated Financial Statements (Continued)

Years Ended December 31, 2017, 2018, and 2019

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, 2018	\$	—
Contingent acquisition consideration assumed from Antero Midstream Partners		116,924
Accretion and change in fair value of contingent acquisition consideration		8,076
Contingent acquisition consideration—December 31, 2019	\$	<u>125,000</u>

The Company accounts for contingent consideration in accordance with applicable accounting guidance pertaining to business combinations. Antero Midstream Partners is contractually obligated to pay Antero Resources contingent consideration in connection with the Water Acquisition. The Company updates its assumptions each reporting period based on new developments and adjusts 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 December 31, 2019, Antero Midstream Partners had delivered more than 176,295,000 barrels of fresh water during the period between January 1, 2017 and December 31, 2019. As a result, Antero Midstream Partners paid Antero Resources \$125 million in January 2020. The Company does not expect to pay for the contingent consideration for delivery of 219,200,000 barrels or more barrels of fresh water during the period between January 1, 2018 and December 31, 2020 based on Antero Resources' disclosed 2020 budget. 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.

Senior Unsecured Notes

As of December 31, 2019 the fair value of the Company's 2024 Notes, 2027 Notes and 2028 Notes was approximately \$03 million, \$571 million and \$569 million, respectively, based on Level 2 market data inputs.

Other Assets and Liabilities

The carrying values of accounts receivable and accounts payable at December 31, 2018 and 2019 approximated fair value because of their short-term nature. The carrying value of the amounts under the Credit Facility at December 31, 2018 and 2019 approximated fair value because the variable interest rates are reflective of current market conditions.

(16) Investments in Unconsolidated Affiliates*Investment in Antero Midstream Partners*

Prior to the closing of the Transactions, AMGP did not consolidate Antero Midstream Partners, and AMGP's share of Antero Midstream Partners' earnings as a result of AMGP's ownership of the IDRs was accounted for using the equity method of accounting. AMGP recognized distributions earned from Antero Midstream Partners as "Equity in earnings of unconsolidated affiliates" on its statement of operations in the period in which they were earned and were allocated to AMGP's capital account. AMGP's long-term interest in the IDRs on the balance sheet is recorded in "Investment in unconsolidated affiliates." The ownership of the general partner interests and IDRs did not provide AMGP with any claim to the assets of AMGP other than the balance in its Antero Midstream Partners capital account. Income related to the IDRs was recognized as earned and increased AMGP's capital account and equity investment. When these distributions were paid to AMGP, they reduced its capital account and its equity investment in Antero Midstream Partners. As a result of the Transactions, Antero Midstream Corporation assumed financial control of Antero Midstream Partners and Antero Midstream Partners is now consolidated (see Note 3—Business Combination).

Investment in Stonewall and MarkWest Joint Venture

The Company has a 15% equity interest in the gathering system of Stonewall, which operates a 67-mile pipeline on which Antero Resources is an anchor shipper.

ANTERO MIDSTREAM CORPORATION

Notes to Consolidated Financial Statements (Continued)

Years Ended December 31, 2017, 2018, and 2019

Antero Midstream Partners has a 50% equity interest in the Joint Venture to develop processing and fractionation assets with MarkWest, a wholly owned subsidiary of MPLX, LP. The Joint Venture was formed to develop processing and fractionation assets in Appalachia. MarkWest operates the Joint Venture assets, which consist of processing plants in West Virginia and a one-third interest in two MarkWest fractionators in Ohio.

The Company's net income (loss) includes its proportionate share of the net income of the Joint Venture and Stonewall. When the Company records its proportionate share of net income, it increases equity income in the consolidated statements of operations and comprehensive income and the carrying value of that investment on its balance sheet. When distributions on the Company's 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. The Company uses the equity method of accounting to account for its investments in Stonewall and the Joint Venture because it exercises significant influence, but not control, over the entities. The Company's judgment regarding the level of influence over its equity investments includes considering key factors such as its ownership interest, representation on the applicable 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)	Antero Midstream Partners LP	Stonewall	MarkWest Joint Venture	Total Investment in Unconsolidated Affiliates
Balance at December 31, 2017	23,772	—	—	23,772
Equity in net income of unconsolidated affiliates	142,906	—	—	142,906
Distributions from unconsolidated affiliates	(123,186)	—	—	(123,186)
Balance at December 31, 2018	43,492	—	—	43,492
Distributions from unconsolidated affiliates	(43,492)	—	—	(43,492)
Balance at March 12, 2019	—	—	—	—
Investments in unconsolidated affiliates acquired from				
Antero Midstream Partners	—	142,071	426,214	568,285
Additional investments	—	—	154,359	154,359
Equity in net income of unconsolidated affiliates ⁽¹⁾	—	4,117	47,198	51,315
Distributions from unconsolidated affiliates	—	(5,730)	(58,590)	(64,320)
Balance at December 31, 2019	\$ —	140,458	569,181	709,639

⁽¹⁾ As adjusted for the amortization of the difference between the cost of the equity investments in Stonewall and the Joint Venture and the amount of the underlying equity in the net assets of Stonewall and the Joint Venture as of the date of the acquisition of Antero Midstream Partners.

(b) Summarized Financial Information of Unconsolidated Affiliates

The following tables present summarized financial information for the Company's investments in unconsolidated affiliates.

ANTERO MIDSTREAM CORPORATION
Notes to Consolidated Financial Statements (Continued)
Years Ended December 31, 2017, 2018, and 2019

Combined Balance Sheets

(in thousands)	December 31,	
	2018	2019
Current assets	\$ 90,481	\$ 61,641
Noncurrent assets	1,327,947	1,660,401
Total assets	\$ 1,418,428	\$ 1,722,042
Current liabilities	\$ 76,605	\$ 33,912
Noncurrent liabilities	6,986	5,521
Noncontrolling interest	172,865	175,021
Partners' capital	1,161,972	1,507,588
Total liabilities and partners' capital	\$ 1,418,428	\$ 1,722,042

Statements of Combined Operations

(in thousands)	Year Ended December 31,		
	2017	2018	2019
Revenues	\$ 119,371	189,222	254,868
Operating expenses	40,059	75,250	105,218
Income from operations	79,312	113,972	149,650
Net income attributable to the equity method investments	88,717	131,626	23,615

(17) Reporting Segments

Prior to the closing of the Transactions, AMGP had no reporting segment results. Following the completion of the Transactions, the Company's operations, which are located in the United States, are organized into two reporting segments: (1) gathering and processing and (2) water handling.

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 the Company's investments in the Joint Venture and Stonewall.

Water Handling

The Company's water handling segment includes two independent systems that deliver fresh water from sources including the Ohio River, local reservoirs and several regional waterways. The water handling segment also includes the Clearwater Facility that was placed in service in 2018 and idled in September 2019 (See Note 4—Clearwater Facility Impairment), as well as other fluid handling services, which includes high rate transfer, wastewater transportation, disposal and treatment. See Note 8—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. Management evaluates the performance of the Company's business segments based on operating income. Interest expense is primarily managed and evaluated on a consolidated basis.

ANTERO MIDSTREAM CORPORATION

Notes to Consolidated Financial Statements (Continued)

Years Ended December 31, 2017, 2018, and 2019

The operating results and assets of the Company's reportable segments were as follows for the year ended December 31, 2019 (in thousands):

	Gathering and Processing	Water Handling	Unallocated ⁽¹⁾	Consolidated Total
Year ended December 31, 2019				
Revenues:				
Revenue—Antero Resources	\$ 543,538	306,010	—	849,548
Revenue—third-party	—	50	—	50
Amortization of customer relationships	(29,850)	(27,160)	—	(57,010)
Total revenues	<u>513,688</u>	<u>278,900</u>	<u>—</u>	<u>792,588</u>
Operating expenses:				
Direct operating	41,546	154,272	—	195,818
General and administrative (excluding equity-based compensation)	20,660	10,898	13,038	44,596
Facility idling	—	11,401	—	11,401
Equity-based compensation	5,561	2,130	65,826	73,517
Impairment of property and equipment	592	409,147	—	409,739
Impairment of goodwill	—	340,350	—	340,350
Impairment of customer relationships	—	11,871	—	11,871
Depreciation	39,652	55,874	—	95,526
Accretion and change in fair value of contingent acquisition consideration	—	8,076	—	8,076
Accretion of asset retirement obligations	—	187	—	187
Total expenses	<u>108,011</u>	<u>1,004,206</u>	<u>78,864</u>	<u>1,191,081</u>
Operating income (loss)	<u>\$ 405,677</u>	<u>(725,306)</u>	<u>(78,864)</u>	<u>(398,493)</u>
Equity in earnings of unconsolidated affiliates	\$ 51,315	—	—	51,315
Total assets	\$ 4,891,114	1,287,245	104,519	6,282,878
Additions to property and equipment, net	\$ 267,383	124,607	—	391,990

⁽¹⁾ Certain expenses that are not directly attributable to gathering and processing and water handling are managed and evaluated on a consolidated basis.

ANTERO MIDSTREAM CORPORATION
Notes to Consolidated Financial Statements (Continued)
Years Ended December 31, 2017, 2018, and 2019

(18) Quarterly Financial Information (Unaudited)

The Company's quarterly consolidated unaudited financial information for the years ended December 31, 2018 and 2019 is summarized in the table below (in thousands, except per share data):

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Year ended December 31, 2018				
Total income	\$ 28,453	33,145	37,816	43,492
Total operating expenses	9,560	11,509	10,803	11,979
Net income and comprehensive income	12,805	14,387	18,028	21,388
Net income attributable to Series B units	(413)	(506)	(598)	(3,719)
Net income attributable to common shareholders	12,392	13,881	17,430	17,669
Net income per common share—basic and diluted	\$ 0.07	0.07	0.09	0.10
Year ended December 31, 2019				
Total operating revenues	\$ 54,108	255,618	243,795	239,067
Total operating expenses	43,500	138,027	577,884	431,670
Operating income (loss)	10,608	117,591	(334,089)	(192,603)
Net income (loss) and comprehensive income (loss)	9,648	69,274	(289,477)	(144,559)
Net income (loss) per common share—basic and diluted	\$ 0.04	0.14	(0.57)	(0.29)

FIRST SUPPLEMENTAL INDENTURE

This FIRST SUPPLEMENTAL INDENTURE (this “Supplemental Indenture”), dated as of January 17, 2017, is among Antero Midstream Partners LP, a Delaware limited partnership (the “Partnership”), Antero Midstream Finance Corporation, a Delaware corporation (“Finance Corp.” and, together with the Partnership, the “Issuers”), each of the other parties identified on the signature page hereto (the “Subsidiary Guarantors”) and Wells Fargo Bank, National Association, a national banking association, as Trustee.

RECITALS

WHEREAS, the Issuers, the Subsidiary Guarantors and the Trustee are parties to an Indenture, dated as of September 13, 2016 (the “Indenture”), pursuant to which the Issuers have issued \$650,000,000 in principal amount of 5.375% Senior Notes due 2024 (the “Notes”);

WHEREAS, Section 9.01 of the Indenture provides that the Issuers, the Subsidiary Guarantors and the Trustee may amend or supplement the Indenture in order to cure any ambiguity, defect or inconsistency, without the consent of the Holders of the Notes;

WHEREAS, Section 1.01 of the Indenture defines “Available Cash” as having the meaning assigned to such term in the Partnership Agreement (as defined in the Indenture) and each of clauses (a)(4)(1)(A), (a)(4)(1)(D) and (b)(2) of Section 4.07 of the Indenture refer to the term “Available Cash”;

WHEREAS, the Partnership Agreement does not assign a meaning to the term “Available Cash” and the reference to such term in Section 1.01 and in each of clauses (a)(1)(A), (a)(1)(D) and (b)(2) of Section 4.07 of the Indenture is manifestly defective and inconsistent with the intent of the Issuers, the Subsidiary Guarantors and the Trustee; and

WHEREAS, all acts and things prescribed by the Indenture, by law and by the Certificate of Incorporation and the Bylaws (or comparable constituent documents) of the Issuers, of the Subsidiary Guarantors and of the Trustee necessary to make this Supplemental Indenture a valid instrument legally binding on the Issuers, the Subsidiary Guarantors and the Trustee, in accordance with its terms, have been duly done and performed.

NOW, THEREFORE, to comply with the provisions of the Indenture and in consideration of the above premises, the Issuers, the Subsidiary Guarantors and the Trustee covenant and agree for the equal and proportionate benefit of the respective Holders of the Notes as follows:

ARTICLE I

This Supplemental Indenture is supplemental to the Indenture and does and shall be deemed to form a part of, and shall be construed in connection with and as part of, the Indenture for any and all purposes.

This Supplemental Indenture shall become effective immediately upon its execution and delivery by each of the Issuers, the Subsidiary Guarantors and the Trustee.

ARTICLE II

Section 1.01 of the Indenture is hereby amended by deleting the definition of the term “Available Cash” in its entirety.

Each of clauses (a)(1)(A), (a)(1)(D) and (b)(2) of Section 4.07 of the Indenture is hereby amended by deleting the words “Available Cash from” therefrom.

ARTICLE III

Except as specifically modified herein, the Indenture and the Notes are in all respects ratified and confirmed (*mutatis mutandis*) and shall remain in full force and effect in accordance with their terms with all capitalized terms used herein without definition having the same respective meanings ascribed to them as in the Indenture.

The Trustee accepts the amendments of the Indenture effected by this Supplemental Indenture and agrees to execute the trust created by the Indenture as hereby amended, but on the terms and conditions set forth in the Indenture, including the terms and provisions defining and limiting the liabilities and responsibilities of the Trustee, which terms and provisions shall in like manner define and limit its liabilities and responsibilities in the performance of the trust created by the Indenture as hereby amended, and without limiting the generality of the foregoing, the Trustee shall not be responsible in any manner whatsoever for or with respect to any of the recitals or statements contained herein, all of which recitals or statements are made solely by the Issuers and the Subsidiary Guarantors, and the Trustee makes no representation with respect to any such matters. Additionally, the Trustee makes no representations as to the validity or sufficiency of this Supplemental Indenture.

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

The parties may sign any number of copies of this Supplemental Indenture. Each signed copy shall be an original, but all of such executed copies together shall represent the same agreement.

[NEXT PAGE IS SIGNATURE PAGE]

First Supplemental Indenture

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

ANTERO MIDSTREAM PARTNERS LP

By: Antero Resources Midstream Management LLC,
its General Partner

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

ANTERO MIDSTREAM FINANCE CORPORATION

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

**ANTERO MIDSTREAM LLC
ANTERO TREATMENT LLC
ANTERO WATER LLC**

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

Signature Page to First Supplemental Indenture

**WELLS FARGO BANK, NATIONAL
ASSOCIATION, as Trustee**

By: /s/ Patrick Giordano

Name: Patrick Giordano

Title: Vice President

Signature Page to First Supplemental Indenture

DESCRIPTION OF CAPITAL STOCK

The following summary of Antero Midstream Corporation's ("we," "us," and "our") common stock, par value \$0.01 per share, does not purport to be complete and is subject to and qualified by reference to our Amended and Restated Certificate of Incorporation (the "Certificate of Incorporation"), our Amended and Restated Bylaws (the "Bylaws"), our certificate of designations for our Series A Preferred Stock (as defined below) (the "Certificate of Designations") and the provisions of applicable law.

Authorized Capital Stock

Our authorized capital stock consists of 2,100,000,000 shares of capital stock consisting of 2,000,000,000 shares of common stock and 100,000,000 shares of preferred stock, \$0.01 par value per share, including 12,000 shares designated as "5.5% Series A Non-Voting Perpetual Preferred Stock" (the "Series A Preferred Stock"), of which 10,000 shares were issued and outstanding.

Common Stock

Except as provided by law or in a preferred stock designation (including the Certificate of Designations), holders of common stock are entitled to one vote for each share held of record on all matters submitted to a vote of the stockholders, have the right to vote for the election of directors and do not have cumulative voting rights. Subject to preferences that may be applicable to any outstanding shares or series of preferred stock (including the Series A Preferred Stock), holders of common stock are entitled to receive ratably such dividends (payable in cash, stock or otherwise), if any, as may be declared from time to time by our board of directors out of funds legally available for dividend payments. All outstanding shares of our common stock are fully paid and non-assessable. The holders of common stock have no preferences or rights of conversion, exchange, pre-emption or other subscription rights. There are no redemption or sinking fund provisions applicable to the common stock. In the event of any liquidation, dissolution or winding-up of our affairs, holders of common stock will be entitled to share ratably in our assets that are remaining after payment or provision for payment of all of our debts and obligations and after liquidation payments to holders of outstanding shares of preferred stock, if any.

Preferred Stock

Our Certificate of Incorporation authorizes our board of directors, subject to any limitations prescribed by law, without further stockholder approval, to establish and to issue from time to time one or more series of preferred stock, par value \$0.01 per share, covering up to an aggregate of 100,000,000 shares of preferred stock. Each series of preferred stock will cover the number of shares and will have the powers, preferences, rights, qualifications, limitations and restrictions determined by our board of directors, which may include, among others, dividend rights, liquidation preferences, voting rights, conversion rights, preemptive rights and redemption rights. Except as provided by law or in a preferred stock designation (including the Certificate of Designations), the holders of preferred stock will not be entitled to vote at or receive notice of any meeting of stockholders.

Certificate of Incorporation and Bylaws

Among other things, our Certificate of Incorporation and Bylaws:

- provide advance notice procedures with regard to stockholder nominations of candidates for election as directors or other stockholder proposals to be brought before meetings of our stockholders, which may preclude our stockholders from bringing certain matters before our stockholders at an annual or special meeting;
 - provide that notice of stockholder proposals must be timely given in writing to our secretary prior to the meeting at which the action is to be taken;
 - provide that, generally, to be timely, notice must be delivered to our secretary at our principal executive offices not earlier than the close of business on the 120th day and not later than the close of business on the 90th day prior to the first anniversary of the preceding year's annual meeting (unless the date of the annual meeting is more than 30 days before or more than 60 days after such anniversary date, in which case such
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notice must be delivered no earlier than the close of business on the 120th day prior to such annual meeting or later than the close of business on the later of the 90th day prior to such annual meeting or, if the first public announcement of the date of such annual meeting is less than 100 days prior to the date of such annual meeting, the 10th day after the first public disclosure of the date of such meeting by us);

- provide our board of directors the ability to authorize issuance of preferred stock in one or more series, which makes it possible for our board of directors to issue, without stockholder approval, preferred stock with voting or other rights or preferences that could impede the success of any attempt to change control of us and which may have the effect of deterring hostile takeovers or delaying changes in control or management of us;
 - provide that the authorized number of directors may be changed only by resolution of our board of directors;
 - provide that, subject to the rights of holders of any series of preferred stock to elect directors or fill vacancies in respect of such directors as specified in the related preferred stock designation and the terms of the Stockholders' Agreement, dated as of October 9, 2018, by and among us and certain of our stockholders, including Antero Resources Corporation (as it may be amended from time to time, the "Stockholders' Agreement"), all vacancies, including newly created directorships be filled by the affirmative vote of holders of a majority of directors then in office, even if less than a quorum, or by the sole remaining director, and will not be filled by our stockholders;
 - provide that, subject to the rights of the holders of any series of preferred stock to elect directors under specified circumstances, if any, and the terms of our Stockholders' Agreement, any action required or permitted to be taken by the our stockholders must be effected at a duly called annual or special meeting of shareholders and may not be effected by any consent in writing in lieu of a meeting of such stockholders;
 - provide that, subject to the rights of the holders of shares of any series of preferred stock, if any, to remove directors elected by such series of preferred stock pursuant to the Certificate of Incorporation (including any preferred stock designation thereunder) and the terms of our Stockholders' Agreement, directors may be removed from office at any time, only for cause and by the holders of a majority of the voting power of all outstanding voting shares entitled to vote generally in the election of directors;
 - provide that special meetings of our stockholders may only be called by the Chief Executive Officer, the Chairman of the board of directors or the board of directors pursuant to a resolution adopted by a majority of the total number of directors that we would have if there were no vacancies;
 - provide that (i) Warburg Pincus LLC, Yorktown Partners LLC and their respective affiliates (the "Sponsor Group") are permitted to participate (directly or indirectly) in venture capital and other direct investments in corporations, joint ventures, limited liability companies and other entities conducting business of any kind, nature or description, (ii) the Sponsor Group and their affiliates are permitted to have interests in, participate with, aid and maintain seats on the boards of directors or similar governing bodies of any such investments, in each case that may, are or will be competitive with the business of us and our subsidiaries or in the same or similar lines of business as us and our subsidiaries, or that could be suitable for us or our subsidiaries and (iii) we have, subject to limited exceptions, renounced, to the fullest extent permitted by law, any interest or expectancy in, or in being offered an opportunity to participate in, such corporate opportunities;
 - provide that the provisions of the Certificate of Incorporation can only be amended or repealed by the affirmative vote of the holders of at least 66 2/3% in voting power of the outstanding shares of our common stock entitled to vote thereon, voting together as a single class; provided, however, that so long as the Stockholders' Agreement remains in effect, no provision of the Certificate of Incorporation may be amended, altered or repealed in any manner that would be contrary to or inconsistent with the terms of the Stockholders' Agreement, and no amendment to the Stockholders' Agreement (regardless of whether such amendment modifies any provision of the Stockholders' Agreement to which the Certificate of Incorporation is subject) will be deemed an amendment of the Certificate of Incorporation; and
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- provide that the Bylaws can be altered or repealed by (a) our board of directors or (b) our stockholders upon the affirmative vote of holders of at least 66 2/3% of the voting power of our common stock outstanding and entitled to vote thereon, voting together as a single class. However, so long as the Stockholders' Agreement remains in effect, our board of directors and our stockholders may not approve any amendment, alteration or repeal of any provision of the Bylaws, or the adoption of any new bylaw, that (a) would be contrary to or inconsistent with the terms of the Stockholders' Agreement or (b) amends, alters or repeals certain portions of the Certificate of Incorporation; provided, however, that so long as the Stockholders' Agreement remains in effect, the parties to the Stockholders' Agreement may amend any provision of the Stockholders' Agreement, and no amendment to the Stockholders' Agreement (regardless of whether such amendment modifies any provision of the Stockholders' Agreement to which the Bylaws are subject) will be deemed an amendment of the Bylaws for purposes of the amendment provisions of the Bylaws.

Delaware Anti-Takeover Law

Section 203 of the DGCL provides that, subject to exceptions specified therein a Delaware corporation may not engage in any "business combination," including, among other things, certain mergers or consolidations with an "interested stockholder" for a three-year period following the time that such stockholder becomes an interested stockholder, unless:

- prior to such time, the board of directors of the corporation approved either the business combination or the transaction which resulted in the stockholder becoming an interested stockholder;
- upon consummation of the transaction which resulted in the stockholder becoming an "interested stockholder," the interested stockholder owned at least 85% of the voting stock of the corporation outstanding at the time the transaction commenced (excluding specified shares); or
- on or subsequent to such time, the business combination is approved by the board of directors of the corporation and authorized at an annual or special meeting of stockholders, and not by written consent, by the affirmative vote of holders of at least 66 2/3% of the outstanding voting stock not owned by the interested stockholder.

We have elected to not be subject to the provisions of Section 203 of the DGCL.

SECOND AMENDED AND RESTATED GATHERING AND COMPRESSION AGREEMENT

BY AND BETWEEN

ANTERO RESOURCES CORPORATION

AND

ANTERO MIDSTREAM LLC

DATED AS OF

DECEMBER 8, 2019

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SECOND AMENDED AND RESTATED GATHERING AND COMPRESSION AGREEMENT

This Second Amended and Restated Gathering and Compression Agreement (this “*Agreement*”), dated as of December 8, 2019 (the “*Effective Date*”), is by and between ANTERO RESOURCES CORPORATION, a Delaware corporation (“*Shipper*”), and ANTERO MIDSTREAM LLC, a Delaware limited liability company (“*Gatherer*”). Shipper and Gatherer may be referred to herein individually as a “*Party*” or collectively as the “*Parties*.”

RECITALS

A. Shipper owns Oil and Gas Interests and intends to produce Gas and/or Liquid Hydrocarbons from Wells in the Initial Dedication Area and may from time to time own Oil and Gas Interests and may produce Gas and Liquid Hydrocarbons from Wells in other areas.

B. Gatherer has acquired the Gathering System, which gathers Gas and Liquid Hydrocarbons from certain Wells of Shipper, from Shipper. Gatherer anticipates the expansion of the Gathering System to connect additional Wells of Shipper.

C. Shipper desires to contract with Gatherer to provide the Services on the Gathering System with respect to Dedicated Production, including compressing Dedicated Gas at the System Compression Stations, and Gatherer desires to provide the Services to Shipper, in each case in accordance with the terms and conditions of this Agreement.

D. Shipper and Gatherer initially were parties to that certain Gas Gathering and Compression Agreement (the “*Original Agreement*”), dated as of November 10, 2014 (the “*Original Agreement Effective Date*”).

E. Shipper and Gatherer amended and restated the Original Agreement in its entirety pursuant to that certain First Amended and Restated Gathering and Compression Agreement dated as of February 13, 2018 (the “*First A&R Agreement*”).

F. The Parties desire to amend and restate the First A&R Agreement in its entirety on the terms set forth herein.

NOW THEREFORE, in consideration of the premises and mutual covenants set forth in this Agreement, the Parties agree as follows:

ARTICLE 1 DEFINITIONS

Capitalized terms used, but not otherwise defined, in this Agreement shall have the respective meanings given to such terms set forth below:

Adequate Assurance of Performance. As defined in Section 13.6(a).

Affiliate. Any Person that, directly or indirectly through one or more intermediaries, controls or is controlled by or is under common control with another Person. *Affiliated* shall

have the correlative meaning. The term “control” (including its derivatives and similar terms) shall mean possessing the power to direct or cause the direction of the management and policies of a Person, whether through ownership, by contract, or otherwise. Notwithstanding the foregoing, any Person shall be deemed to control any specified Person if such Person owns fifty percent (50%) or more of the voting securities of the specified Person, or if the specified Person owns fifty percent (50%) or more of the voting securities of such Person, or if fifty percent (50%) or more of the voting securities of the specified Person and such Person are under common control. Notwithstanding the foregoing, for purposes of this Agreement, none of Antero Midstream Corporation or any of its direct or indirect subsidiaries (including Gatherer) shall be an Affiliate of Shipper, and neither Shipper nor any of its direct or indirect subsidiaries (other than Antero Midstream Corporation and its direct and indirect subsidiaries) shall be an Affiliate of Gatherer.

Agreement. As defined in the preamble hereof.

Average Quarterly Receipt Point Volumes. For each calendar quarter beginning on January 1, 2020 and ending December 31, 2023, (a) the aggregate of the volumes of Dedicated Production, stated in MMcf, delivered at each Receipt Point during such calendar quarter *divided by* (b) the number of Days in such calendar quarter.

Barrel. Forty-two Gallons.

Btu. The amount of heat required to raise the temperature of one pound of pure water from 58.5 degrees Fahrenheit to 59.5 degrees Fahrenheit at a constant pressure of 14.73 psia.

Business Day. Any calendar Day that commercial banks in New York City are open for business.

Completion Deadline. As defined in [Section 3.3\(c\)](#).

Compression Fee. As defined in [Section 5.1\(a\)\(iii\)](#).

Condensate. Gas that condenses at the wellhead or in the Gathering System at ambient temperatures and is recovered from the Gathering System or at the wellhead as a hydrocarbon liquid.

Confidential Information. As defined in [Section 18.6\(a\)](#).

Conflicting Dedication. Any gathering agreement or other commitment or arrangement that would require Dedicated Production to be gathered and/or compressed on any gathering system other than the Gathering System.

Connection Notice. As defined in [Section 3.3\(c\)](#).

Contract Year. Each of (i) the period from the Original Agreement Effective Date to the last Day of the Month in which the first anniversary of the Original Agreement Effective Date occurs and (ii) each period of twelve (12) Months thereafter.

Cost of Service Fee. As defined in Section 5.1(e).

CPI. As defined in Section 5.1(b).

CS Facility. As defined in Section 5.1(e).

Cubic Foot. The volume of Gas in one cubic foot of space at a standard pressure and temperature base of 14.73 psia and 60 degrees Fahrenheit, respectively.

Day. A period commencing at 10:00 a.m., Eastern Standard Time, on a calendar day and ending at 10:00 a.m., Eastern Standard Time, on the next succeeding calendar day. **Daily** shall have the correlative meaning.

Dedicated Gas. Gas constituting Dedicated Production.

Dedicated Production. All Production that is attributable to any Dedicated Property (including all Production attributable to third parties that is produced from a Well located on such Dedicated Property) that Shipper has the right to control and deliver for gathering and that is produced on or after the Dedication Effective Date with respect to such Dedicated Property, except for Gas being produced from the wells identified in Exhibit A.

Dedicated Properties. All Oil and Gas Interests now owned or hereafter acquired by Shipper and located wholly or partly within the Dedication Area or pooled, unitized or communitized with Oil and Gas Interests located wholly or partly within the Dedication Area; provided that Dedicated Properties shall not include any Oil and Gas Interests that are unitized or pooled with the properties of third parties that are not Dedicated Properties if Shipper is not the operator of such unit.

Dedication Area. The Initial Dedication Area and any other area that becomes part of the Dedication Area pursuant to Section 2.5.

Dedication Effective Date. With respect to Dedicated Properties owned by Shipper as of the Original Agreement Effective Date, the Original Agreement Effective Date; and with respect to Dedicated Properties acquired by Shipper after the Original Agreement Effective Date, the date such Oil and Gas Interests became or become Dedicated Properties pursuant to Section 2.5.

Delay Notice. As defined in Section 3.3(f).

Delayed Well Pad. As defined in Section 3.3(f).

Delivery Point. Each point at which point Gatherer will redeliver Production to Shipper or for its account, which shall be (i) in the case of Gas, the point of interconnection of the Gathering System with the facilities of a Processing Plant or Downstream Pipeline, including those points more particularly described on Exhibit B, (ii) in the case of Liquid Hydrocarbons recovered at the wellhead, the inlet flange of the storage tank at the facilities nominated by Shipper into which such Liquid Hydrocarbons are delivered from the Gathering System or from the truck, including those points more particularly described on Exhibit B, and (iii) in the case of Condensate that is recovered from Gas gathering facilities at a System Compressor Station, the

outlet flange of the storage tank at such System Compressor Station into which such Condensate is delivered.

Delivery Point Gas. A quantity of Gas having a Thermal Content equal to the total Thermal Content of the Dedicated Gas received by Gatherer from Shipper at the Receipt Points, less (i) the Thermal Content of Gas used for Fuel, (ii) the Thermal Content of Condensate recovered from the Gathering System, and (iii) the Thermal Content of Lost and Unaccounted for Gas, in each case, as allocated to Shipper in accordance with this Agreement.

Development Plan. As defined in Section 3.2(a).

Downstream Pipeline. Any Gas pipeline or any facilities of any end-user or local distribution company, in each case downstream of the Gathering System, into which Shipper's Gas is delivered from the Gathering System or a Processing Plant.

Effective Date. As defined in the preamble of this Agreement.

Emissions Charges. As defined in Section 10.5.

Fair Market Value. With respect to any asset, the price that would be paid by a willing buyer of such asset to a willing seller, as determined by an independent nationally known investment banking firm selected by Gatherer and reasonably acceptable to Shipper.

Fee Rebate. As defined in Section 5.2(a).

FERC. As defined in Section 18.2.

Firm Capacity Production. Production that is accorded the highest priority on the Gathering System with respect to capacity allocations, interruptions, or curtailments, specifically including (i) Dedicated Production and (ii) Production delivered to the Gathering System from any Person for which Gatherer is contractually obligated to provide the highest priority. Firm Capacity Production will be the last Production removed from the relevant part of the Gathering System in the event of an interruption or curtailment and all Firm Capacity Production, including Dedicated Production, will be treated equally in the event an allocation is necessary.

First A&R Agreement. As defined in the recitals of this Agreement.

Force Majeure. As defined in Section 14.2.

Fuel. Gas and electric power used in the operation of the Gathering System, including fuel consumed in System Compressor Stations and dehydration facilities that are part of the Gathering System.

Gallon. One U.S. gallon, which is equal to 231 cubic inches.

Gas. Any mixture of gaseous hydrocarbons, consisting essentially of methane and heavier hydrocarbons and inert and noncombustible gases, that is extracted from beneath the surface of the earth.

Gas Quality Specifications. As defined in Section 10.1.

Gatherer. As defined in the preamble of this Agreement.

Gathering Fee. As defined in Section 5.1(a)(i).

Gathering System. The gathering system described in Exhibit C acquired by Gatherer from Shipper as of the Original Agreement Effective Date, together with any additional System Segments constructed after the Original Agreement Effective Date, as such gathering system is expanded after the Original Agreement Effective Date, including, in each case, to the extent now in existence or constructed or installed in the future, Low Pressure Gas gathering pipelines, Liquid Hydrocarbons gathering pipelines, High Pressure Gas gathering pipelines, System Compressor Stations, Gas dehydration facilities, Receipt Points, Delivery Points (including all interconnection facilities), Measurement Facilities, Condensate handling facilities, pig receiving facilities, slug catchers and other inlet facilities at Processing Plants, rights of way, fee parcels, surface rights, and permits, and all appurtenant facilities, in each case owned by Gatherer and its Affiliates.

Gathering System Plan. As defined in Section 3.2(b).

Gross Heating Value. The number of Btus produced by the complete combustion in air, at a constant pressure, of one Cubic Foot of Gas when the products of combustion are cooled to the initial temperature of the Gas and air and all water formed by combustion is condensed to the liquid state.

Governmental Authority. Any federal, state, local, municipal, tribal or other government; any governmental, regulatory or administrative agency, commission, body or other authority exercising or entitled to exercise any administrative, executive, judicial, legislative, regulatory or taxing authority or power; and any court or governmental tribunal, including any tribal authority having or asserting jurisdiction.

High Pressure. Pipelines gathering or transporting Gas that has been dehydrated and compressed to the pressure of the Downstream Pipelines or Processing Plants at the Delivery Points.

High Pressure Gathering Fee. As defined in Section 5.1(a)(ii).

Ideal Gas Laws. The thermodynamic laws applying to perfect gases.

Imbalance. As defined in Section 9.3.

Incurred Costs. As defined in Section 3.3(f).

Index Price. For Gas produced from the Marcellus formation in West Virginia, the “Midpoint Average” price published in Platt’s Gas Daily Price Guide for “Columbia Gas/Appalachia”. For Gas produced from the Utica formation in Ohio, the “Midpoint Average” price published in Platt’s Gas Daily Price Guide for “Texas Eastern M-2 Receipts”. For other Gas production, an index price determined by Shipper and reasonably acceptable to Gatherer

based on where such Gas production is being sold, or, if no appropriate index is available, a price based on a netback calculation determined by Shipper and reasonably acceptable to Gatherer.

Initial Dedication Area. For Gas, the states of Pennsylvania, West Virginia, and Ohio; for Liquid Hydrocarbons, the states of West Virginia and Ohio.

Initial Development Plan. The Development Plan attached hereto as Exhibit D.

Interruptible Production. Production that is accorded the lowest priority on the Gathering System with respect to capacity allocations, interruptions, or curtailments. Interruptible Production will be the first Production removed from the Gathering System in the event of an interruption or curtailment.

Liquids Gathering Fee. As defined in Section 5.1(a)(iv).

Liquid Hydrocarbons. Oil, Condensate, natural gasoline and all the liquid hydrocarbon production from wells, or a blend of such, in its natural form, not having been processed, other than for removal of water at the wellhead.

Lost and Unaccounted For Gas. Gas received into the Gathering System that is released or lost through piping, equipment, operations, or measurement losses or inaccuracies or that is vented, flared or lost in connection with the operation of the Gathering System.

Low Pressure. Pipelines gathering Gas at or near wellhead pressure that has yet to be compressed (other than by well pad gas lift compression or dedicated well pad compressors) and dehydrated.

Made Available for Delivery. In connection with deliveries of Dedicated Production under this Agreement, Dedicated Production that is unable to be delivered to the applicable point as a result of Gatherer's failure to perform its obligations under this Agreement.

Maintenance. As defined in Section 7.2.

Mcf. One thousand (1,000) Cubic Feet.

Measurement Facilities. Any facility or equipment used to measure the volume of Gas or Liquid Hydrocarbons, which may include meter tubes, LACT units, isolation valves, tank strappings, recording devices, communication equipment, buildings and barriers.

Minimum Compression Volume Commitment. With respect to any Contract Year from the Contract Year in which the first System Compressor Station is placed in service through the earlier of the Contract Year in which occurs the tenth (10th) anniversary of the placement in service of the last System Compressor Station to be placed in service or the expiration or termination of the term of this Agreement, a volume of Dedicated Gas, stated in Mcf, equal to the sum of all such volumes calculated at each System Compressor Station that has been in service for ten (10) years or less, each of which shall be calculated as follows: the product of (i) the total design capacity, stated in Mcf per Day, of the relevant System Compressor Station, multiplied by (ii) subject to the immediately following sentence, the number of Days in such

Contract Year, multiplied by (iii) 0.70. For purposes of the foregoing calculation the design capacity of a particular System Compressor Station shall be included (1) only to the extent that such capacity has been installed at the direction of the Shipper in accordance with Section 3.4(a) and does not represent additional capacity installed at such System Compressor Station by Gatherer as permitted by Section 3.4(a), (2) for not more than the 10 year period after it is first placed in service, (3) in the Contract Year in which it is placed in service, only for the number of Days in such Contract Year after it has been placed in service, and (4) if arising prior to the expiration or termination of the term of this Agreement, in the Contract Year in which the 10th anniversary of its placement in service occurs, only for the number of Days through such 10th anniversary.

Minimum High Pressure Volume Commitment. With respect to any Contract Year from the Contract Year in which the first System High Pressure Line is placed in service through the earlier of the Contract Year in which occurs the tenth (10th) anniversary of the placement in service of the last System High Pressure Line to be placed in service or the expiration or termination of the term of this Agreement, a volume of Dedicated Gas, stated in Mcf, equal to the sum of all such volumes calculated at each System High Pressure Line that has been in service for ten (10) years or less, each of which shall be calculated as follows: the product of (i) the total design capacity, stated in Mcf per Day, of the relevant System High Pressure Line, as reasonably calculated by Gatherer based on the capacity of the relevant System Compressor Station and the length and diameter of such System High Pressure Line, multiplied by (ii) subject to the immediately following sentence, the number of Days in such Contract Year, multiplied by (iii) 0.75. For purposes of the foregoing calculation the design capacity of a particular System High Pressure Line shall be included (1) for not more than the 10 year period after it is first placed in service, (2) in the Contract Year in which it is placed in service, only for the number of Days in such Contract Year after it has been placed in service, and (3) if arising prior to the expiration or termination of the term of this Agreement, in the Contract Year in which the 10th anniversary of its placement in service occurs, only for the number of Days through such 10th anniversary.

MMBtu. One million (1,000,000) Btus.

MMcf. One million (1,000,000) Cubic Feet.

Monitoring Services Provider. As defined in Section 11.10(a).

Month. A period commencing at 10:00 a.m., Eastern Standard Time, on the first Day of a calendar month and extending until 10:00 a.m., Eastern Standard Time, on the first Day of the next succeeding calendar month. **Monthly** shall have the correlative meaning.

Oil and Gas Interests. Oil and gas leasehold interests and oil and gas mineral fee interests, including working interests, overriding royalty interests, net profits interests, carried interests, and similar rights and interests.

Original Agreement. As defined in the recitals of this Agreement.

Original Agreement Effective Date. As defined in the recitals of this Agreement.

Original Connection Notice. As defined in Section 3.3(f).

Parties. As defined in the preamble of this Agreement.

Party. As defined in the preamble of this Agreement.

Person. An individual, a corporation, a partnership, a limited partnership, a limited liability company, an association, a joint venture, a trust, an unincorporated organization, or any other entity or organization, including a Governmental Authority.

Planned Well. As defined in Section 3.2(a).

Planned Well Pad. As defined in Section 3.2(a).

Production. Gas and/or Liquid Hydrocarbons.

Processing Plant. Any Gas processing facility downstream of any portion of the Gathering System to which Shipper has dedicated Gas for processing or at which Shipper has arranged for Gas to be processed prior to delivery to a Downstream Pipeline.

psia. Pounds per square inch, absolute.

psig. Pounds per square inch, gauge.

Receipt Point. The inlet valve at the Measurement Facilities owned by Gatherer located at or nearby or assigned to a Well Pad where one or more Wells are connected to the Gathering System or, in the case of Liquid Hydrocarbons, the outlet of the pump connected to one or more of Shipper's tanks receiving Liquid Hydrocarbons from such Wells.

Remote Monitoring Data. As defined in Section 11.10(a).

Required Compressor Station. As defined in Section 3.4(a).

Required High Pressure Lines. As defined in Section 3.5.

Services. As defined in Section 3.1.

Shipper. As defined in the preamble of this Agreement.

Shipper's GHG Emissions. As defined in Section 10.5.

Six Month Deadline. As defined in Section 3.3(f)(ii).

System Compressor Station. As defined in Section 3.4(a).

System Delivery Point. Each point at which Gatherer redelivers Production from the Gathering System to or for the account of shippers, including the Delivery Points.

System High Pressure Line. As defined in Section 3.5.

System Receipt Point. Each point where Production first enters the Gathering System, including the Receipt Points.

System Segment. A physically separate segment of the Gathering System that connects one or more of Shipper's Wells to one or more Delivery Points, including all Low Pressure Gas gathering pipelines, Liquid Hydrocarbons gathering pipelines, High Pressure Gas gathering pipelines, System Compressor Stations, Gas dehydration facilities, Receipt Points, Delivery Points, Measurement Facilities owned by Gatherer, Condensate handling facilities, rights of way, fee parcels, surface rights, and permits, and all appurtenant facilities.

Target Completion Date. As defined in Section 3.3(c).

Taxes. All gross production, severance, conservation, ad valorem and similar or other taxes measured by or based upon production, together with all taxes on the right or privilege of ownership of Production, or upon the Services, including gathering, transportation, handling, transmission, compression, processing, treating, conditioning, distribution, sale, use, receipt, delivery or redelivery of Production, including, without limitation, gross receipts taxes, and including all of the foregoing now existing or in the future imposed or promulgated.

Thermal Content. For Gas, the product of (i) a volume of Gas in Cubic Feet and (ii) the Gross Heating Value of such Gas, as expressed in MMBtus. For Condensate, the product of the measured volume in Gallons multiplied by the Gross Heating Value per Gallon determined in accordance with the GPA 2145-09 Table of Physical Properties for Hydrocarbons and GPA 8173 Method for Converting Mass of Natural Gas Liquids and Vapors to Equivalent Liquid Volumes, in each case as revised from time to time; provided, however, that if sufficient data has not been obtained to make such calculation, the Thermal Content of Condensate shall be deemed to be 0.115 MMBtu per Gallon.

Third Party Production. Production produced by Persons other than Shipper and not considered Dedicated Production hereunder.

Well. A well for the production of hydrocarbons in which Shipper owns an interest that produces or is intended to produce Dedicated Production or otherwise is connected or is required to be connected to the Gathering System in accordance with this Agreement.

Well Pad. The surface installation on which one or more Wells are located.

ARTICLE 2 SHIPPER COMMITMENTS

Section 2.1 Shipper's Dedication. Subject to Section 2.2 through Section 2.4, (a) Shipper exclusively dedicates and commits to deliver to Gatherer, as and when produced, all Dedicated Production for gathering through the Gathering System under this Agreement, including (in the case of Dedicated Gas) High Pressure gathering and compression in the System Compressor Stations, and (b) Shipper agrees not to deliver any Dedicated Production to any other gathering system or compressor station.

Section 2.2 Conflicting Dedications. Shipper shall have the right to comply with each of the Conflicting Dedications set forth in Exhibit E hereto and any other Conflicting Dedication entered into by a non-Affiliated predecessor-in-interest to Shipper to which any Dedicated Property acquired by Shipper after the Original Agreement Effective Date is subject as of the date of acquisition thereof (other than any Conflicting Dedication entered into by such predecessor-in-interest at the direction of Shipper or any of its Affiliates in connection with such acquisition, but subject to the remainder of this Section 2.2), whether such Conflicting Dedication is documented in an agreement binding upon such predecessor-in-interest that is assigned to and/or assumed by Shipper (fully or partially) and/or in a new agreement binding upon Shipper that replaces (fully or partially) the agreement binding upon such predecessor-in-interest, as long as neither the scope nor term of the Conflicting Dedication are extended beyond that applicable to such predecessor-in-interest at the time of the acquisition; provided, however, that Shipper shall have the right to comply with Conflicting Dedications only until the first Day of the Month following the termination of such Conflicting Dedication and shall not take any voluntary action (including the exercise of any right to extend) to extend the term of such Conflicting Dedication beyond the minimum term provided for in the document evidencing such Conflicting Dedication. Shipper represents that, except as set forth in Exhibit E, Dedicated Production was not as of the Original Agreement Effective Date subject to any Conflicting Dedication. If Dedicated Production produced from a Well on a Well Pad is subject to a Conflicting Dedication that Shipper has the right to comply with under this Section 2.2, Shipper has the right, in complying with such Conflicting Dedication, to deliver all Dedicated Production from such Well Pad in accordance with the Conflicting Dedication, even if all Wells on such Well Pad are not subject to such Conflicting Dedication.

Section 2.3 Shipper's Reservations. Shipper reserves the following rights with respect to Dedicated Production for itself and for the operator of the relevant Dedicated Properties: (a) to operate Wells producing Dedicated Production as a reasonably prudent operator in its sole discretion, including the right, but never the obligation, to drill new Wells, to repair and rework old Wells, to renew or extend, in whole or in part, any Oil and Gas Interest covering any of the Dedicated Properties, and to cease production from or abandon any Well or surrender any such Oil and Gas Interest, in whole or in part, when no longer deemed by Shipper to be capable of producing Production in paying quantities under normal methods of operation; (b) to use Dedicated Production for operations (including reservoir pressure maintenance and drilling or fractionation fuel); (c) to deliver or furnish to Shipper's lessors and holders of other existing similar burdens on production such Production as is required to satisfy the terms of the applicable leases or other applicable instruments; (d) to acquire Wells connected to existing gathering systems and to continue to deliver to such gathering systems Production produced from such Wells, provided that, to the extent that Production from such Wells constitutes Dedicated Production, Shipper delivers a Connection Notice to Gatherer with respect to any such Well not later than 30 Days after its acquisition and thereafter delivers Production to such gathering system only until Gatherer has connected such Well to the Gathering System in accordance with Section 3.3; (e) to pool, communitize, or unitize Shipper's Oil and Gas Interests with respect to Dedicated Production, provided that the share of Production produced from such pooled, communitized, or unitized Oil and Gas Interests shall be committed and dedicated to this Agreement; and (f) to gather Liquid Hydrocarbons produced from the Marcellus formation in trucks.

Section 2.4 Covenant Running with the Land. The dedication and commitment made by Shipper under this Article 2 is a covenant running with the land. For the avoidance of doubt and in addition to that which is provided in Section 18.4, in the event Shipper sells, transfers, conveys, assigns, grants, or otherwise disposes of any or all of its interest in the Dedicated Properties, then any such sale, transfer, conveyance, assignment, grant, or other disposition shall be expressly subject to this Agreement and any instrument of conveyance shall so state. Notwithstanding the foregoing, Shipper shall be permitted to sell, transfer, convey, assign, grant, or otherwise dispose of Dedicated Properties free of the dedication hereunder (i) in a sale or other disposition in which a number of net acres of Dedicated Properties that, when added to the total of net acres of Dedicated Properties theretofore and, where applicable, simultaneously disposed of free of dedication hereunder pursuant to this Section 2.4, does not exceed the aggregate number of net acres of Dedicated Properties acquired by Shipper after the Original Agreement Effective Date, including in a transaction in which Dedicated Properties are exchanged for other properties located in the Dedication Area that would be subject to dedication hereunder or (ii) in a sale of Wells located on Dedicated Properties that are pooled or unitized with the properties of third parties that are not Dedicated Properties if Shipper is not the operator of such unit; provided, however, that any such sale, transfer, conveyance, assignment, grant or other disposition of Dedicated Properties shall not include, and there shall be expressly excluded therefrom, any Well that is or has been connected to the Gathering System (whether producing, shut-in, temporarily abandoned or which has been spud or as to which drilling, completion, reworking or other well operations have commenced) or which is located on a Well Pad for which a Connection Notice has previously been delivered by Shipper (unless the completion of such Well has been delayed and Shipper has paid the costs and expenses incurred by Gatherer in connection therewith in accordance with Section 3.3(d)). At the request of Gatherer, the Parties shall execute and record an amendment to the memorandum of this Agreement previously entered into, as provided in Section 18.16, to reflect additions to the Dedicated Properties.

Section 2.5 Additional Oil and Gas Interests or Gathering Facilities.

(a) If Shipper acquires any existing gathering facilities gathering Production from any Oil and Gas Interests, it shall, by notice to Gatherer on or before the 10th Day after such acquisition, which notice shall include a reasonable description of such gathering facilities and such Oil and Gas Interests (including an update to the Development Plan reflecting such Oil and Gas Interests) and the price paid by Shipper for such gathering facilities, including any liabilities assumed by Shipper, offer to sell to Gatherer such gathering facilities, including all Low Pressure Gas gathering pipelines, High Pressure Gas gathering pipelines, Liquid Hydrocarbons gathering pipelines, compressor stations, Gas dehydration facilities, receipt points, delivery points, measurement facilities, Condensate handling facilities, rights of way, fee parcels, surface rights, and permits, and all appurtenant facilities, as well as any third party shipper contracts for Production gathered on such gathering facilities, at the same price at which such gathering facilities were acquired by Shipper, including the assumption of any liabilities with respect thereto assumed by Shipper. Gatherer shall have the right, to be exercised by notice to Shipper on or before the 60th Day after Shipper's notice of its acquisition of such gathering facilities, to acquire such gathering facilities at such price (including the assumption of such liabilities). If Gatherer does not give such notice to Shipper on or before such 60th Day, Gatherer shall be deemed to have waived its right to acquire such gathering facilities, except in the case of a third party gathering offer as provided below, and (i)

Shipper shall have the right to own and operate such facilities to gather the Production from the Oil and Gas Interests described in such notice and/or (ii) Shipper shall have the right to solicit proposals from a third party gatherer to acquire, own, and operate such facilities to gather the Production from the Oil and Gas Interests described in such notice on the basis that Shipper will dedicate to such gatherer all Oil and Gas Interests owned by Shipper the Production from which is being gathered by such gathering facilities as well as the area (including all geological strata and production zones) within two miles of any such Oil and Gas Interest. If Shipper obtains any such third party proposal, it shall, by notice to Gatherer, provide Gatherer with all the terms and conditions thereof, and Gatherer shall have the right to elect, by notice to Shipper on or before the 60th Day after its receipt of Shipper's notice containing the terms and conditions of such proposal, to acquire such gathering facilities and provide such services on the same terms and conditions as those offered by the third party gatherer. If Gatherer does not so elect on or before such 60th Day, Gatherer shall be deemed to have waived its right to acquire such gathering facilities and provide such services, and Shipper shall have the right to contract with such third party gatherer to acquire such facilities and to provide such services on such terms and conditions and to dedicate to such gatherer all Oil and Gas Interests owned by Shipper the Production from which is being gathered by such gathering facilities as well as the area (including all geological strata and production zones) within two miles of any such Oil and Gas Interest. If Gatherer elects to acquire such gathering facilities, the closing of Gatherer's purchase of such gathering facilities from Shipper shall take place as soon as reasonably practicable following Gatherer's exercise of its right to acquire such gathering facilities. From and after the closing of such purchase by Gatherer, all Oil and Gas Interests owned by Shipper the Production from which is being gathered by such gathering facilities shall be Dedicated Properties, the area (including all geological strata and production zones) within two miles of any such Dedicated Property shall become part of the Dedication Area, and such gathering facilities shall be deemed to be part of the Gathering System. In any transaction in which Shipper so acquires gathering facilities, Shipper shall use reasonable efforts to cause the transaction documents for such acquisition to state a separate purchase price (and separately state any assumed liabilities) for such gathering facilities. If notwithstanding such reasonable efforts the transaction documents for such acquisition do not state a separate purchase price, the purchase price to be paid by Gatherer to Shipper for such gathering facilities shall be equal to the Fair Market Value of such gathering facilities, and Gatherer shall assume all liabilities in respect of such gathering facilities to the extent arising from the ownership and operation of such gathering facilities and/or any occurrence from and after the closing of the purchase of such gathering facilities by Gatherer.

(b) If at any time Shipper desires to construct, own, and operate, or to have constructed and operated, gathering facilities to gather Production from Oil and Gas Interests located outside the then-existing Dedication Area, Shipper shall, by notice to Gatherer specifying (i) the facilities it desires and the receipt points and delivery points it plans to connect, (ii) the Oil and Gas Interests acquired by Shipper the Production from which will be gathered using such facilities, and (iii) a proposed update to the Development Plan reflecting the Wells to be drilled on such Oil and Gas Interests during the period of at least 18 Months after such notice, including production forecasts for all such Wells, offer to Gatherer the opportunity to construct, own, and operate such facilities as part of the Gathering System on the terms set forth in this Agreement. Gatherer shall have the right, to be exercised by notice to Shipper on or before the 60th Day after Shipper's notice, to elect to construct, own, and

operate such facilities. If Gatherer exercises such right, from and after the date of Gatherer's notice of exercise, all Oil and Gas Interests owned by Shipper described in Gatherer's notice shall be Dedicated Properties, the area (including all geological strata and production zones) within two miles of any such Dedicated Property shall become part of the Dedication Area, such gathering facilities as they are constructed shall be deemed to be part of the Gathering System, and the proposed development plan included in Shipper's notice shall become part of the Development Plan. If Gatherer does not give such notice to Shipper on or before such 60th Day, Gatherer shall be deemed to have waived its right to construct, own, and operate the facilities set forth in Shipper's notice as part of the Gathering System on the terms set forth in this Agreement, except in the case of a third party gathering offer as provided below, and (1) Shipper shall have the right to construct, own, and operate such facilities to gather the Production from the Oil and Gas Interests described in such notice or (2) Shipper shall have the right to solicit proposals from a third party gatherer to construct, own, and operate such facilities to gather the Production from the Oil and Gas Interests described in such notice on the basis that Shipper will dedicate to such gatherer all Oil and Gas Interests described in such notice as well as the area (including all geological strata and production zones) within two miles of any such Oil and Gas Interest. If Shipper obtains any such third party proposal, it shall, by notice to Gatherer, provide Gatherer with all the terms and conditions thereof, and Gatherer shall have the right to elect, by notice to Shipper on or before the 60th Day after its receipt of Shipper's notice containing the terms and conditions of such proposal, to construct, own, and operate such facilities to gather the Production from the Oil and Gas Interests described in such notice on the same terms and conditions as those offered by the third party gatherer. If Gatherer does not so elect on or before such 60th Day, Gatherer shall be deemed to have waived its right to provide such services, and Shipper shall have the right to contract with such third party gatherer to provide such services on such terms and conditions and to dedicate to such gatherer the Oil and Gas Interests described in such notice as well as the area (including all geological strata and production zones) within two miles of any such Oil and Gas Interest.

Section 2.6 Priority of Dedicated Production. Dedicated Production tendered under this Agreement shall be Firm Capacity Production.

ARTICLE 3
SERVICES; GATHERING SYSTEM EXPANSION AND CONNECTION OF WELLS

Section 3.1 Gatherer Service Commitment. Subject to and in accordance with the terms and conditions of this Agreement, Gatherer commits to providing the following services (collectively, the "**Services**") to Shipper:

- (a) receive, or cause to be received, into the Gathering System, from or for the account of Shipper, at each Receipt Point, all Dedicated Production tendered by Shipper;
- (b) compress and dehydrate Dedicated Gas received into the Gathering System at the System Compressor Stations;
- (c) deliver, or cause to be delivered, to or for the account of Shipper, at the nominated Delivery Point for Gas, Delivery Point Gas allocated to Shipper; and

(d) make available for delivery, to or for the account of Shipper, at each Delivery Point for Liquid Hydrocarbons, the Liquid Hydrocarbons received into the Gathering System or into Gatherer's trucks and gathered to or delivered into storage tanks at such Delivery Point allocated to Shipper in accordance with Section 6.4.

Section 3.2 Development Plan; Gathering System Plan; Exchange and Review of Information.

(a) The Initial Development Plan describes the planned development, drilling, and production activities relating to the Dedicated Properties through the date that is 18 months after the Original Agreement Effective Date (such plan, as updated as hereinafter provided, and including any proposed development plan that becomes part of the Development Plan pursuant to Section 2.5(b), the "**Development Plan**"). Following the Original Agreement Effective Date, Shipper shall provide Gatherer an updated Development Plan describing the planned development, drilling, and production activities relating to the Dedicated Properties for the 18-Month period commencing on the date of such updated Development Plan on or before the last Day of each Month. Each Development Plan will include (i) information as to the Wells that Shipper expects will be drilled during such period (each such Well reflected in a Development Plan, a "**Planned Well**"), information as to each Well Pad expected to be constructed during such period (each such Well Pad reflected in a Development Plan, a "**Planned Well Pad**") and the approximate locations thereof, the earliest date on which one or more Wells at each such Well Pad are expected to be completed, and the Delivery Points at which Production produced from such Wells is to be redelivered to Shipper and (ii) good faith and reasonable production forecasts for all Wells connected as of, and estimated to be connected to the Gathering System during the 18-Month period following, the date of such Development Plan (to the extent not previously provided or, if earlier provided, as revised in Shipper's good faith estimation). Shipper shall make its representatives available to discuss the Development Plan from time to time with Gatherer and its representatives, in order to facilitate advance planning for expansion or improvement of the Gathering System and to address other matters relating to the construction and installation of additions to the Gathering System. Shipper may provide updated or amended Development Plans to Gatherer at any time and shall provide its then-current Development Plan to Gatherer from time to time on or prior to the fifth (5th) Business Day after Gatherer's request therefor.

(b) Attached hereto as Exhibit F is a Gathering System plan describing and/or depicting the Gathering System as of the Original Agreement Effective Date, including all pipelines, all Receipt Points and Delivery Points, and all compression and dehydration facilities and other major physical facilities, together with their locations, sizes and other physical specifications, operating parameters, capacities, and other relevant specifications, and together with a schedule for completing the construction and installation of the planned portions thereof, in each case as in existence, under construction, or planned as of the Original Agreement Effective Date (such plan, as updated as hereinafter provided, the "**Gathering System Plan**"). Based on the Development Plans and such other information about the expected development of the Dedicated Properties as shall be provided to Gatherer by or on behalf of Shipper, Gatherer shall periodically update the Gathering System Plan. Without limiting the generality of the foregoing, Gatherer shall ensure that the Gathering System Plan reflects each Monthly Development Plan not later than 30 Days after such Development Plan is

delivered. Gatherer shall make the Gathering System Plan available for inspection by Shipper and its representatives from time to time and shall make representatives of Gatherer available to discuss the Gathering System Plan from time to time with Shipper and its representatives. Gatherer shall provide Shipper updates not less frequently than monthly on the progress of work on all facilities necessary to connect Planned Wells to the Gathering System and to connect the Gathering System to the Delivery Points as set forth in the then-current Gathering System Plan.

(c) The Parties recognize that the plans for the development of the Dedicated Properties set forth in the Development Plans, as well as all information provided by Shipper to Gatherer regarding its intentions with respect to the development of the Dedicated Properties, are subject to change and revision at any time at the discretion of Shipper, and that such changes may impact the timing, configuration, and scope of the planned activities of Gatherer. The exchange of such information and any changes thereto shall not give rise to any rights or liabilities as between the Parties except as expressly set forth in this Agreement, and Gatherer shall determine at its own risk the time at which it begins to work on and incur costs in connection with particular Gathering System expansion projects, including the acquisition of rights of way, equipment, and materials. Without limiting the generality of the foregoing, Shipper has no obligation to Gatherer under this Agreement to develop or produce any hydrocarbons from the Dedicated Properties or to pursue or complete any drilling or development on the Dedicated Properties, whether or not envisioned in the Development Plan.

Section 3.3 Expansion of Gathering System; Connection of Well Pads; Delivery Points.

(a) The Gathering System shall be designed, developed, and constituted for the purpose of providing Services as and when needed to support the upstream development of the Dedicated Properties, and Gatherer shall be obligated, at its sole cost and expense, subject to the provisions of this Agreement, to plan, procure, construct, install, own, and operate the Gathering System so as to timely connect the Planned Wells to the Gathering System, connect the Gathering System to Delivery Points on the Downstream Pipelines, at the Processing Plants, or other facilities specified by Shipper, and timely commence providing the full scope of Services, with respect to all Dedicated Production produced from the Planned Wells from and after their completion, all in accordance with this Section 3.3; *provided*, that the foregoing shall not preclude Gatherer from also designing, developing and constituting the Gathering System to accommodate Third Party Production.

(b) In planning the Gathering System, Gatherer shall use its discretion in determining when to construct and install separate and segregated facilities in the same geographical area for the purposes of handling Production with different characteristics (for example, hydrocarbon-dry versus hydrocarbon-wet Gas); provided, however, that if Shipper requests that Gatherer construct and install separate facilities, Gatherer shall, subject to all of the terms and conditions of this Agreement, do so.

(c) Gatherer shall be obligated to connect Wells at a particular Well Pad to the Gathering System only if Gatherer has received from Shipper a notice in the form of Exhibit G hereto (or in such form as Shipper and Gatherer shall otherwise agree from time to time)

stating that Shipper intends to drill and complete such Wells at such Well Pad (as it may be amended as contemplated in Section 3.3(f), a “**Connection Notice**”) and setting forth the target completion date for drilling and completion of such Wells (such date, as it may be amended as contemplated in Section 3.3(f), the “**Target Completion Date**”), and the expected production from such Well Pad over the next eighteen (18) months. Following receipt of a Connection Notice, Gatherer shall cause the necessary facilities to be constructed to connect the Planned Wells referred to in such Connection Notice to the Gathering System and to commence the Services with respect to Dedicated Production produced from such Planned Wells. Such facilities shall be available to receive Dedicated Production from Planned Wells on the Planned Well Pad on which such Planned Wells are to be located as soon as reasonably practicable following the Connection Notice and in any event on or before the later to occur of (1) the Target Completion Date with respect to such Planned Well Pad, (2) the date that is 180 Days after the Connection Notice, and (3) the date on which the initial Planned Well(s) at such Planned Well Pad has reached its projected depth and is ready for completion (the later of such dates, with respect to such Planned Well Pad, the “**Completion Deadline**”). Gatherer shall provide Shipper notice promptly upon Gatherer’s becoming aware of any reason to believe that it may not be able to connect a Planned Well Pad to the Gathering System by the Target Completion Date therefor or to otherwise complete all facilities necessary to provide the full scope of Services with respect to all Dedicated Production from Wells on such Planned Well Pad by the Target Completion Date therefor. If and to the extent Gatherer is delayed in completing and making available such facilities by a Force Majeure event or any action of Shipper that is inconsistent with the cooperation requirements of Section 3.9, then the Completion Deadline for such connection shall be extended for a period of time equal to that during which Gatherer’s completion and making available of such facilities was delayed by such events or actions. If such facilities are not completed and made available by the Completion Deadline, as Shipper’s sole and exclusive remedies for such delay,

(i) the Dedicated Production from such Planned Well Pad shall be temporarily released from dedication hereunder until such time as such Planned Well Pad is connected to the Gathering System and the Gathering System is ready to receive Dedicated Production produced from such Planned Well Pad and to commence the Services with respect thereto; and

(ii) Shipper shall have the right to complete the procurement, construction and/or installation of any rights or facilities necessary to connect the relevant Planned Well Pad to the Gathering System, to connect the Gathering System to the relevant Delivery Point, and/or to permit Dedicated Production from Planned Wells at the Planned Well Pad to be received into the Gathering System and delivered to the relevant Delivery Point, in which case Gatherer shall pay to Shipper an amount equal to 115% of all reasonable costs and expenses incurred by Shipper in so procuring, constructing, and/or installing such rights and facilities, and Shipper shall convey all such rights and facilities to Gatherer and such rights and facilities shall thereafter be part of the Gathering System.

The remedies set forth in clauses (i) and (ii) above shall be applicable to Wells with Completion Deadlines that are 180 Days or more after the Original Agreement Effective Date.

(d) If the actual completion of the initial Planned Well at a particular Planned Well Pad is delayed more than 30 Days after the Target Completion Date for such Planned Well Pad and the Gathering System is connected to such Planned Well Pad and available to commence providing the Services with respect to all Dedicated Production from such Planned Well prior to the date such initial Planned Well has reached its projected depth and is ready for completion, Gatherer shall be entitled to a fee equal to interest per annum at the Wall Street Journal prime rate on the incremental cost and expense incurred by Gatherer to procure, construct and install the relevant rights and facilities to connect to such Planned Well Pad and to cause such facilities to be available to commence providing Services thereto for the number of Days after the Target Completion Date until the Day that the first Well at such Planned Well Pad is completed; provided, however, that if such first Well has not been completed by the date that is six months after the Target Completion Date for such Well or, as of an earlier date, Shipper notifies Gatherer that it has elected not to complete any Planned Wells at such Planned Well Pad, Shipper shall pay to Gatherer an amount equal to 115% of all reasonable incremental costs and expenses incurred by Gatherer in procuring, constructing and installing such rights and facilities to connect the Gathering System to such Planned Well Pad and to cause such facilities to be available to commence providing Services thereto, and Gatherer shall assign, transfer, and deliver to Shipper all rights and facilities (including equipment, materials, work in progress, and completed construction) the costs and expenses of which have so been paid by Shipper, to Shipper. If Shipper so pays Gatherer and later completes a Well at such Planned Well Pad, or if such facilities are later used to connect a completed Well at a different Planned Well Pad or for a third party, Gatherer shall refund to Shipper such amount paid by Shipper, and Shipper shall retransfer such rights and facilities to Gatherer.

(e) A Connection Notice shall be deemed to have been given for the Planned Wells set forth on Exhibit H hereto, the Target Completion Date for which shall be as set forth on Exhibit H. Such Connection Notice shall be deemed to have been given for each such Planned Well 180 Days prior to such Target Completion Date.

(f) Without limiting the rights and obligations of the Parties under Section 3.3(d), with respect to any Well Pad for which Shipper has delivered a Connection Notice (any such Well Pad for which a Delay Notice described below is provided, a “**Delayed Well Pad**”, and such Connection Notice, the “**Original Connection Notice**” with respect to such Delayed Well Pad), Shipper may, by notice to Gatherer (a “**Delay Notice**”), inform Gatherer that the expected completion date for drilling and completion of the Wells on the Delayed Well Pad has been extended beyond the Target Completion Date for the Delayed Well Pad stated in the Original Connection Notice and that Shipper elects either to (1) amend the Original Connection Notice for the Delayed Well Pad by changing the Target Completion Date to a date specified in such Delay Notice, in which case the Completion Deadline shall be determined as set forth in Section 3.3(c) based on the date of delivery of the Original Connection Notice but utilizing the Target Completion Date as so amended, or (2) withdraw the Original Connection Notice. If Shipper elects to withdraw the Original Connection Notice, and if a new Connection Notice is later delivered with respect to the Delayed Well Pad, Gatherer shall cause the necessary facilities to be constructed to connect Wells to the Gathering System and to commence the Services with respect Dedicated Production from such Wells as provided in this Agreement based on the new Connection Notice, with the Completion Deadline being determined based on the date of delivery of the new Connection Notice and the Target Completion Date set forth

therein, as though the Original Connection Notice was never given. In the case of either (1) or (2) above:

(i) If the completion of the initial Well on the Delayed Well Pad has not occurred by the 31st day after the original Target Completion Date with respect to the Delayed Well Pad as set forth in the Original Connection Notice, Shipper shall pay Gatherer a fee equal to interest per annum at the Wall Street Journal prime rate on the Incurred Costs with respect to such Delayed Well Pad. Such fee shall be payable Monthly in arrears on the 15th day of each Month for the period commencing on such 31st day through the earlier to occur of (A) the date on which the Incurred Costs are paid in full to Gatherer as contemplated under Section 3.3(f)(ii) and (B) the date on which the initial Well on the Delayed Well Pad has been completed pursuant to an applicable Connection Notice.

(ii) If (A) the completion of the initial Well on the Delayed Well Pad has not occurred pursuant to an applicable Connection Notice by the date that is six months after the original Target Completion Date with respect to the Delayed Well Pad as set forth in the Original Connection Notice (the “**Six Month Deadline**”), or (b) Shipper gives notice to Gatherer that it has determined to permanently cancel all Planned Wells at the Delayed Well Pad, Shipper shall pay to Gatherer an amount equal to 115% of the Incurred Costs. Such payment shall be due on the 15th day after the Six Month Deadline. On or before the 30th day after delivery of written request from Shipper to Gatherer at any time on or after the date such payment is made, Gatherer shall assign, transfer, and deliver to Shipper all rights and facilities (including equipment, materials, work in progress, and completed construction) the costs and expenses of which have so been paid by Shipper as part of the Incurred Costs, to Shipper. If Shipper so pays Gatherer and later completes a Well at such Well Pad, or if such facilities are later used to connect and provide Services to a Well at a different Planned Well Pad or to provide services for a third party, Gatherer shall refund to Shipper such amount paid by Shipper, and Shipper shall upon receipt of payment therefor, if applicable, retransfer such rights and facilities to Gatherer.

“**Incurred Costs**” means, with respect to a Delayed Well Pad and the delivery of the Original Connection Notice therefor, the amount of all reasonable incremental costs and expenses incurred by Gatherer through the date of the Delay Notice for such Delayed Well Pad to procure, construct and install the relevant rights and facilities to connect the Delayed Well Pad to the Gathering System and to cause such facilities to be available to commence providing Services thereto.

(g) Shipper shall have right to specify in the Development Plan or in a Connection Notice that Dedicated Production produced from a particular Well be redelivered to Shipper at a particular Delivery Point, including a Delivery Point on any Downstream Pipeline. Gatherer shall be obligated, at Gatherer’s cost, to provide connections to the Delivery Points set forth on Exhibit B. If Shipper specifies that Shipper’s Production is to be delivered to a Delivery Point not described on Exhibit B that is not at such time connected to the Gathering System, Gatherer shall, at Shipper’s sole cost, risk, and expense, provide a connection to such Delivery Point. All such Delivery Points shall be provided with all

interconnection facilities and other Delivery Point facilities (including any Measurement Facilities), and with sufficient capacities, necessary to permit Shipper's Production to be redelivered at such Delivery Point in accordance with this Agreement (with all expansions of capacity at such Delivery Points, including the Delivery Points described on Exhibit B, being at Shipper's sole, cost, risk, and expense). Subject to the foregoing, Gatherer shall connect each Well to the Gathering System such that Production from such Well can be redelivered to the Delivery Point described in the Development Plan.

Section 3.4 Compression.

(a) The Gathering System Plan will describe the compression facilities that will be required to compress Dedicated Gas upstream of the Delivery Points or any System High Pressure Line in order for the Gathering System to be operated at the pressures specified in Section 8.1 and to permit Dedicated Gas to enter the facilities of the Downstream Pipelines or Processing Plants, as applicable ("**Required Compressor Stations**"). Gatherer shall install each such Required Compressor Station as directed by Shipper and shall operate and maintain each Required Compressor Station (each such Required Compressor Station so installed by Gatherer, a "**System Compressor Station**"). Notwithstanding the foregoing, Gatherer shall not be obligated to install any Required Compressor Station during the ten year period immediately prior to the scheduled termination of this Agreement unless Shipper agrees that this Agreement shall remain in effect beyond the scheduled termination thereof as to such Required Compressor Station only and the amount determined under Section 5.1(d)(ii)(A) with respect thereto until the 10th anniversary of the placement in service of such Required Compressor Station. To the extent that Shipper does not direct Gatherer to install any Required Compressor Station as, when, and where described in the Gathering System Plan and as a consequence the Gathering System is not capable of operating in accordance with the obligations of Gatherer with respect to pressures that are set forth in Sections 8.1 and 8.2, Gatherer shall be relieved from such obligations. For the avoidance of doubt, Gatherer shall have the right at any time to add additional compressor stations to the Gathering System, and to add compression capacity at any System Compressor Station in addition to the capacity that Shipper has directed to be installed at such System Compressor Station, as it deems necessary or appropriate to provide the Services and such services as it is providing in respect of Third Party Production. Shipper must pay the Compression Fee with respect to all its Gas that is compressed using such additional compressor stations or using such additional capacity, but such additional compressor stations or additional capacity shall not be included for purposes of calculating the Minimum Compression Volume Commitment, and the Compression Fee paid by Gatherer for its Gas compressed using such additional compressor stations or additional capacity shall not count toward the amount determined under Section 5.1(d)(ii)(A).

(b) The Parties acknowledge that inlet Measurement Facilities and a slug catcher have not been installed at the System Compressor Station referred to in the Initial Gathering Plan as the Bluestone Compressor Station. Shipper agrees that if it sells or otherwise transfers any Well upstream of the Bluestone Compressor Station such that Gas owned by a third party is being gathered to the Bluestone Compressor Station, Gatherer will install such Measurement Facilities and a slug catcher at the Bluestone Compressor Station, and Shipper will reimburse Gatherer's reasonable costs of doing so.

Section 3.5 High Pressure Services. The Gathering System Plan will describe the High Pressure gathering pipelines that Gatherer determines are necessary or appropriate to connect the Gathering System to the Gas Delivery Points required by Shipper and to redeliver the volumes of Dedicated Gas to be redelivered at such Delivery Points in the most efficient manner (“**Required High Pressure Lines**”). Gatherer shall install each such Required High Pressure Line, together with the associated Required Compressor Stations, as directed by Shipper and shall operate and maintain each Required High Pressure Line (each such Required High Pressure Line so installed by Gatherer, a “**System High Pressure Line**”). Notwithstanding the foregoing, Gatherer shall not be obligated to install any Required High Pressure Line during the ten year period immediately prior to the scheduled termination of this Agreement unless Shipper agrees either that this Agreement shall remain in effect beyond the scheduled termination thereof as to such Required High Pressure Line only and the amount determined under Section 5.1(d)(i)(A) with respect thereto until the 10th anniversary of the placement in service of such Required High Pressure Line. To the extent that Shipper does not direct Gatherer to install any Required High Pressure Line as, when, and where described in the Gathering System Plan and as a consequence the Gathering System is not capable of operating in accordance with the obligations of Gatherer with respect to pressures that are set forth in Sections 8.1 and 8.2, Gatherer shall be relieved from such obligations. For the avoidance of doubt, Gatherer shall have the right at any time to add additional High Pressure gathering pipelines to the Gathering System as it deems necessary or appropriate to provide the Services and such services as it is providing in respect of Third Party Production. Shipper must pay the High Pressure Gathering Fee with respect to all its Gas that is gathered through such additional High Pressure gathering pipelines, but such additional High Pressure Gathering Pipelines shall not be included for purposes of calculating the Minimum High Pressure Volume Commitment, and the High Pressure Gathering Fee paid by Gatherer for its Gas gathered through such additional High Pressure gathering pipelines shall not count toward the amount determined under Section 5.1(d)(i)(A).

Section 3.6 Liquids Gathering. Shipper is responsible for the construction, ownership, and operation of (a) all facilities for the separation and/or collection of Liquid Hydrocarbons at the wellhead and the Well site storage of such liquids and (b) the pumps located at each Receipt Point to transfer Liquid Hydrocarbons from such storage into the Gathering System or into Gatherer’s trucks. Shipper shall ensure that pumps have sufficient capacity and are operated in a manner sufficient to cause the Liquid Hydrocarbons received into the Gathering System to be redelivered into the tanks located at the Liquid Hydrocarbons Delivery Points. Shipper shall cause Liquid Hydrocarbons to be received into the Gathering System at reasonably uniform rates of flow and to provide Gatherer reasonable notice of material increases or decreases in such rates of flow. To the extent that any facilities for the stabilization of such Liquid Hydrocarbons are required at the Liquid Hydrocarbons Delivery Points, Gatherer will provide such facilities and required stabilization services to Shipper on a cost-of-service basis as provided in Section 5.1(e).

Section 3.7 Production Removed for Lease Operations. Gatherer shall use commercially reasonable efforts to accommodate, at the cost and expense of Shipper, any request by Shipper to redeliver to Shipper any Production that has been received into the Gathering System that Shipper desires to use in lease operations, including for drilling and fractionation fuel. Shipper shall be responsible for the construction, ownership, and operation of facilities to

transport such Production from the point of redelivery of such production from the Gathering System to the lease sites where such Production will be used.

Section 3.8 Right of Way and Access. Gatherer is responsible for the acquisition of rights of way, crossing permits, licenses, use agreements, access agreements, leases, fee parcels, and other rights in land right necessary to construct, own, and operate the Gathering System, and all such rights in land shall be solely for use by Gatherer and shall not be shared with Shipper, except as otherwise agreed by Gatherer; provided that Shipper hereby grants, without warranty of title, either express or implied, to the extent that it has the right to do so without the incurrence of material expense, an easement and right of way upon all lands covered by the Dedicated Properties, for the purpose of installing, using, maintaining, servicing, inspecting, repairing, operating, replacing, disconnecting, and removing all or any portion of the Gathering System, including all pipelines, meters, and other equipment necessary for the performance of this Agreement; provided, further, that the exercise of these rights by Gatherer shall not unreasonably interfere with Shipper's lease operations or with the rights of owners in fee, and will be subject to Shipper's safety and other reasonable access requirements applicable to Shipper's personnel. Shipper shall not have a duty to maintain the underlying agreements (such as leases, easements, and surface use agreements) that such grant of easement or right of way to Gatherer is based upon, and such grants of easement or right of way will terminate if Shipper loses its rights to the property, regardless of the reason for such loss of rights. Notwithstanding the foregoing, (i) Shipper will assist Gatherer to secure replacements for such terminated grants of easement or right of way, in a manner consistent with the cooperation requirements of Section 3.9, (ii) to the extent that Shipper agrees that Gatherer's Measurement Facilities may be located on Shipper's Well Pad sites, Shipper shall be responsible for obtaining any necessary rights to locate such Measurement Facilities on such Well Pad sites, and (iii) Shipper shall use reasonable efforts to involve Gatherer in Shipper's negotiations with the owners of lands covered by the Dedicated Properties so that Shipper's surface use agreements and Gatherer's rights of way with respect to such lands can be concurrently negotiated and obtained.

Section 3.9 Cooperation. Because of the interrelated nature of the actions of the Parties required to obtain the necessary permits and authorizations from the appropriate Governmental Authorities and the necessary consents, rights of way and other authorizations from other Persons necessary to drill and complete each Planned Well and construct the required extensions of the Gathering System to each Planned Well Pad, the Parties agree to work together in good faith to obtain such permits, authorizations, consents and rights of way as expeditiously as reasonably practicable, all as provided herein. The Parties further agree to cooperate with each other and to communicate regularly regarding their efforts to obtain such permits, authorizations, consents and rights of way.

ARTICLE 4 TERM

Section 4.1 Term. This Agreement shall become effective on the Effective Date and, unless terminated earlier by mutual agreement of the Parties, shall continue in effect until the twenty-fourth (24th) anniversary of the Original Agreement Effective Date and from year to year thereafter (with the initial term of this Agreement deemed extended for each of any such additional year) until such time as this Agreement is terminated, effective upon an anniversary of

the Original Agreement Effective Date, by notice from either Party to the other Party on or before the one hundred eightieth (180th) Day prior to such anniversary.

ARTICLE 5 FEES AND CONSIDERATION

Section 5.1 Fees.

(a) Subject to the other provisions of this Agreement, including Section 5.1(d), Shipper shall pay Gatherer each Month in accordance with the terms of this Agreement, for all Services provided by Gatherer during such Month, an amount equal to the sum of the following:

(i) The product of (A) the aggregate volume of Gas, stated in Mcf, received by Gatherer from Shipper or for Shipper's account at each Receipt Point during such Month multiplied by (B) \$0.30 (provided that such fee shall be discounted by fifty percent (50%) for Gas removed from the Gathering System for use lease operations fuel in accordance with Section 3.7) (as such fee may be increased or decreased in accordance with Section 5.1(b), the "**Gathering Fee**");

(ii) The product of (A) the aggregate volume of Gas, stated in Mcf, received from Shipper or for Shipper's account entering any System High Pressure Line during such Month multiplied by (B) \$0.18 (as may be increased or decreased in accordance with Section 5.1(b), the "**High Pressure Gathering Fee**");

(iii) The product of (A) the aggregate volume of Gas, stated in Mcf, received from Shipper or for Shipper's account and compressed and dehydrated at each System Compressor Station during such Month multiplied by (B) \$0.18 (as may be increased or decreased in accordance with Section 5.1(b), the "**Compression Fee**"); and

(iv) The product of (A) the aggregate volume of Liquid Hydrocarbons, stated in Barrels, received from Shipper or for Shipper's account entering the Gathering System or loaded into Gatherer's trucks during such Month multiplied by (B) \$4.00 (as may be increased or decreased in accordance with Section 5.1(b), the "**Liquids Gathering Fee**").

(b) Effective on January 1 of each of 2014, 2015, 2016, 2017, and 2018, one hundred percent (100%), and on January 1, 2019, and each January 1 thereafter, fifty-five percent (55%), of the Gathering Fee, High Pressure Gathering Fee, Compression Fee, and Liquids Gathering Fee shall be adjusted up or down on an annual basis in proportion to the percentage change, from the preceding year, in the All Items Consumer Price Index for All Urban Consumers (CPI-U) for the U.S. City Average, 1982-84 = 100, as published by the United States Department of Labor, Bureau of Labor Statistics ("**CPI**"). Such adjustment shall reflect the percentage change in the CPI as it existed for June of the preceding calendar year from the CPI for the second immediately preceding June; *provided, however*, that the Gathering Fee, High Pressure Gathering Fee, Compression Fee, and Liquids Gathering Fee shall never be less than the initial fees stated in Section 5.1(a); nor shall such fees be increased or decreased by more than 3% in any given year.

(c) Subject to the other provisions of this Agreement, including Section 5.1(d), Shipper shall pay Gatherer the actual cost of electricity used as Fuel and allocated to Shipper in accordance with Section 6.2.

(d) Notwithstanding the foregoing provisions of this Section 5.1; regardless of whether Shipper has any Firm Capacity Production:

(i) If, with respect to any Contract Year in which there is a Minimum High Pressure Volume Commitment, Shipper shall pay to Gatherer, on or before the 30th Day after receipt of Gatherer's invoice therefor (which shall be delivered not more than sixty (60) Days after the end of the relevant Contract Year), an amount equal to the excess, if any, of:

(A) the product of the Minimum High Pressure Volume Commitment for such Contract Year multiplied by the High Pressure Gathering Fee in effect for such Contract Year, over

(B) the product of the High Pressure Gathering Fee in effect for such Contract Year multiplied by the aggregate of the volumes of Dedicated Production, stated in Mcf, delivered or Made Available for Delivery at each System High Pressure Line during such Contract Year.

(i i) If, with respect to any Contract Year in which there is a Minimum Compression Volume Commitment, Shipper shall pay to Gatherer, on or before the 30th Day after receipt of Gatherer's invoice therefor (which shall be delivered not more than sixty (60) Days after the end of the relevant Contract Year), an amount equal to the excess, if any, of:

(A) the product of the Minimum Compression Volume Commitment for such Contract Year multiplied by the Compression Fee in effect for such Contract Year, over

(B) the product of the Compression Fee in effect for such Contract Year multiplied by the aggregate of the volumes of Dedicated Production, stated in Mcf, delivered or Made Available for Delivery at each System Compressor Station during such Contract Year.

(e) All Services for which specific prices are not set forth in Section 5.1(a), including any required treating of Production, the handling and treatment of Condensate recovered from the Gathering System, and the stabilization of Liquid Hydrocarbons, shall be priced on a cost of service basis as set forth in this Section 5.1(e). In addition, notwithstanding the foregoing provisions of this Section 5.1 or any other provision to the contrary in this Agreement, Gatherer shall have the right to elect to be paid for some or all Services, on a cost of service basis to the extent set forth in this Section 5.1(e). Gatherer shall have the right to elect to be paid on a cost of service basis (i) for any Services other than Services offered in respect of the Wells and Planned Wells set forth in the Initial Development Plan, all of which Services shall be performed for the volumetric fees, subject to the minimum volumes, set forth in Section 5.1(a) and Section 5.1(d), and (ii) any compression services in respect of the Wells

and Planned Wells set forth in the Initial Development Plan if Gatherer determines in good faith that, if such services were to be performed for the volumetric fees, and subject to the minimum volumes, set forth in Section 5.1(a) and Section 5.1(d), it would receive a rate of return on its capital expenditures for such System Compressor Station of less than 13% over the period of 84 months after such System Compressor Station is placed into service. With respect to such Services, Gatherer may elect, by notice to Shipper at least three (3) Months prior to the placement in service of the relevant facilities or parts of the Gathering System, or, in the case of any gathering facilities by Gatherer acquired pursuant to Section 2.5(a), in the notice given by Gatherer in accordance with such Section that Gatherer will acquire such gathering facilities, to be paid on a cost of service basis for the Services specified in such notice commencing with their placement in service or with the acquisition of such facilities, as applicable, and continuing for the remaining term of this Agreement, but only with respect to the facilities so acquired and/or discrete parts of the Gathering System (each, a “**CS Facility**”) that are placed into service after such notice. The Services specified in such notice may be of any scope determined by Gatherer in its sole discretion and may include all eligible Services or any part thereof and may include, by way of example only, gathering Services with respect to a particular Well or group of Wells, compression Services and/or High Pressure Services with respect to a particular System Compressor Station and/or System High Pressure Line, all Services of a particular type, and any other subset of the Services determined by Gatherer, in each case subject to the foregoing sentence. All Services provided from time to time on a cost of service basis shall be bundled together for purposes of calculating a single Monthly cost of service fee (the “**Cost of Service Fee**”), which shall be calculated with respect to each Contract Year as set forth in Exhibit I attached hereto.

Section 5.2 Fee Rebates.

(a) With respect of each calendar quarter beginning on January 1, 2020 and ending December 31, 2023, Gatherer shall pay Shipper a rebate (as calculated below) (each, a “**Fee Rebate**”) on the Gathering Fees for the applicable quarter. Any Fee Rebate shall be included in the invoice delivered by Gatherer for the last month of each such calendar quarter and credited against amounts owed by Shipper to Gatherer for the Gathering Fees in the last month of such calendar quarter. If the Fee Rebate is more than the amounts owed by Shipper to Gatherer for the Gathering Fees in the last month of the applicable quarter, then the excess Fee Rebate shall roll over and be credited against amounts owed by Shipper to Gatherer for the Gathering Fees in the next subsequent month(s) until such Fee Rebate credit is fully utilized.

(b) If the Average Quarterly Receipt Point Volumes for the first calendar quarter of 2020 are equal to or greater than 2,700 MMcf, then the Fee Rebate for such calendar quarter shall equal Twelve Million Dollars (\$12,000,000). If the Average Quarterly Receipt Point Volumes for the first calendar quarter of 2020 are less than 2,700 MMcf, then the Fee Rebate for such calendar quarter shall equal Zero Dollars (\$0).

(c) If the Average Quarterly Receipt Point Volumes for the second calendar quarter of 2020 are equal to or greater than 2,700 MMcf, then the Fee Rebate for such calendar quarter shall equal Twelve Million Dollars (\$12,000,000). If the Average Quarterly Receipt Point Volumes for the second calendar quarter of 2020 are less than 2,700 MMcf, then the Fee Rebate for such calendar quarter shall equal Zero Dollars (\$0).

(d) If the Average Quarterly Receipt Point Volumes for the third calendar quarter of 2020 are equal to or greater than 2,800 MMcf, then the Fee Rebate for such calendar quarter shall equal Twelve Million Dollars (\$12,000,000). If the Average Quarterly Receipt Point Volumes for the third calendar quarter of 2020 are less than 2,800 MMcf, then the Fee Rebate for such calendar quarter shall equal Zero Dollars (\$0).

(e) If the Average Quarterly Receipt Point Volumes for the fourth calendar quarter of 2020 are equal to or greater than 2,900 MMcf, then the Fee Rebate for such calendar quarter shall equal Twelve Million Dollars (\$12,000,000). If the Average Quarterly Receipt Point Volumes for the fourth calendar quarter of 2020 are less than 2,900 MMcf, then the Fee Rebate for such calendar quarter shall equal Zero Dollars (\$0).

(f) For each calendar quarter in 2021, 2022 and 2023, (i) if the Average Quarterly Receipt Point Volumes for such calendar quarter are less than 2,900 MMcf, then the Fee Rebate for such calendar quarter shall equal Zero Dollars (\$0), (ii) if the Average Quarterly Receipt Point Volumes for such calendar quarter are equal to or greater than 2,900 MMcf, but less than 3,150 MMcf, then the Fee Rebate for such calendar quarter shall equal Twelve Million Dollars (\$12,000,000), (iii) if the Average Quarterly Receipt Point Volumes for such calendar quarter are equal to or greater than 3,150 MMcf, but less than 3,400 MMcf, then the Fee Rebate for such calendar quarter shall equal Fifteen Million Five Hundred Thousand Dollars (\$15,500,000), and (iv) if the Average Quarterly Receipt Point Volumes for such calendar quarter are equal to or greater than 3,400 MMcf, then the Fee Rebate for such calendar quarter shall equal Nineteen Million Dollars (\$19,000,000).

ARTICLE 6 ALLOCATIONS

Section 6.1 Allocation of Lost and Unaccounted For Gas. Lost and Unaccounted For Gas shall be allocated, on a Monthly basis, among all Receipt Points on each System Segment pro rata based upon the Thermal Content of all Gas received at all System Receipt Points on such System Segment during such Month. Total Lost and Unaccounted For Gas with respect to each System Segment shall be determined by subtracting from the sum of the total Thermal Content of Gas received at all System Receipt Points on such System Segment during such Month the sum of (i) the Thermal Content of Gas actually delivered to all System Delivery Points on such System Segment during such Month, (ii) the Thermal Content of Condensate recovered from such System Segment during such Month (other than Condensate vaporized and reinjected into the Gas stream), and (iii) the Thermal Content of Gas used for Fuel on such System Segment, if any, during such Month. Lost and Unaccounted For Gas shall be allocated, on a Monthly basis, to each Receipt Point based upon a fraction, the numerator of which is the total Thermal Content of Gas measured at such Receipt Point during such Month, and the denominator of which is the total Thermal Content of Gas measured at all System Receipt Points on the System Segment on which such Receipt Point is located during such Month.

Section 6.2 Allocation of Fuel. Gatherer shall allocate Fuel (included Gas used as Fuel and the cost of electricity used as Fuel), on a Monthly basis, to each Receipt Point upstream of a System Compressor Station on a pro rata basis, based upon a fraction, the numerator of which is the total volume of Gas measured at such Receipt Point during such Month, and the

denominator of which is the total volume of Gas measured at all System Receipt Points upstream of such System Compressor Station during such Month. Gas consumed for Fuel shall be determined based actual measurements of Fuel consumption.

Section 6.3 Allocation of Condensate Recovered from the Gathering System. Gatherer shall allocate the volume of Condensate collected from any System Segment (or from facilities at compressor stations downstream of System Delivery Points on such System Segment and allocated to the Gathering System by the operator of such compressor station) to each System Receipt Point on such System Segment during the applicable Month based on a fraction, the numerator of which is the theoretical volume of Condensate attributable to such System Receipt Point during such Month and the denominator of which is the total theoretical volume of Condensate for all such System Receipt Points on such System Segment during such Month. The theoretical volume of Condensate at each System Receipt Point shall be determined by multiplying the total volume of Gas (in Mcf) received at the applicable System Receipt Point during the applicable Month by the Gallons per Mcf of pentanes and heavier components in such Gas determined at the relevant System Receipt Point on such System Segment.

Section 6.4 Allocation of Liquid Hydrocarbons.

(a) Subject to Section 6.4(b), Gatherer shall allocate the volume of Liquid Hydrocarbons gathered to or delivered into storage tanks at each Delivery Point to each System Receipt Point upstream of such Delivery Point during the applicable Month based on a fraction, the numerator of which is the volume of Liquid Hydrocarbons received at such System Receipt Point and the denominator of which is the total volumes of Liquid Hydrocarbons received at all such System Receipt Points during such Month.

(b) Gatherer shall not commingle Shipper's Liquid Hydrocarbons received at the Receipt Points with Liquid Hydrocarbons constituting Third Party Production if the resulting commingled stream would have a market value that is materially less than the market value a stream composed solely of Shipper's Liquid Hydrocarbons would have, unless Gatherer has provided by notice to Shipper a written allocation methodology that ensures that Shipper is allocated a portion of the commingled stream that would enable it to realize a market value that reasonably approximates the market value of such stream composed solely of Shipper's Liquid Hydrocarbons. From and after the delivery of such notice, Gatherer shall have the right to commingle such Liquid Hydrocarbons and shall apply such allocation methodology to such commingled stream.

ARTICLE 7
CERTAIN RIGHTS AND OBLIGATIONS OF PARTIES

Section 7.1 Operational Control of Gatherer's Facilities. Gatherer shall design, construct, own, operate, and maintain the Gathering System at its sole cost and risk. Gatherer shall be entitled to full and complete operational control of its facilities and shall be entitled to schedule deliveries and to operate and reconfigure its facilities in a manner consistent with its obligations under this Agreement.

Section 7.2 Maintenance. Gatherer shall be entitled, without liability, to interrupt its performance hereunder to perform necessary or desirable inspections, pigging, maintenance, testing, alterations, modifications, expansions, connections, repairs or replacements to its facilities as Gatherer deems necessary (“*Maintenance*”), with reasonable notice provided to Shipper, except in cases of emergency where such notice is impracticable or in cases where the operations of Shipper will not be affected. Before the beginning of each calendar year, Gatherer shall provide Shipper in writing with a projected schedule of the Maintenance to be performed during the year and the anticipated date of such Maintenance. On or before the 10th Day before the end of each Month, Gatherer shall provide Shipper with its projected maintenance schedule for the following Month.

Section 7.3 Firm Capacity Production; Capacity Allocations on the Gathering System. Subject to the capacity allocations set forth in this Section 7.3, Gatherer has the right to contract with other Persons for the delivery of Third Party Production to the Gathering System, including the delivery of Firm Capacity Production. If the volume of Gas or Liquid Hydrocarbons, as applicable, available for delivery into any System Segment exceeds the capacity of such System Segment at any point relevant to Gatherer’s service to Shipper hereunder, then Gatherer shall interrupt or curtail receipts of Production in accordance with the following:

(a) *First*, Gatherer shall curtail all Interruptible Production prior to curtailing Firm Capacity Production.

(b) *Second*, if additional curtailments are required beyond Section 7.3(a) above, Gatherer shall curtail Firm Capacity Production. In the event Gatherer curtails some, but not all Firm Capacity Production on a particular Day, Gatherer shall allocate the capacity of the applicable point on the relevant System Segment available to such shippers of Firm Capacity Production, including Dedicated Production, on a pro rata basis based upon Shipper’s and the other shippers’ of Firm Capacity Production average of the confirmed nominations for the previous fourteen (14) Day period of Firm Capacity Production prior to the event causing the curtailment.

Section 7.4 Arrangements After Redelivery. It shall be Shipper’s obligation to make any required arrangements with other parties for delivery of Shipper’s Production to the Receipt Points and Delivery Point Gas and Liquid Hydrocarbons following delivery by Gatherer at the Delivery Points.

Section 7.5 Line Pack. To the extent that it is necessary, in order for Gatherer to commence operations of new segments of the Gathering System, for Production to be used as line fill, Shipper shall provide such line fill to Gatherer.

ARTICLE 8 PRESSURES AT RECEIPT POINTS AND DELIVERY POINTS

Section 8.1 Pressures at Receipt Points. Gatherer shall not operate the Gas Gathering System in such a manner as to cause the average pressure at any Receipt Point in any Month to exceed the lower of (a) two hundred (200) psig and (b) fifty (50) psig above the average suction pressure, as measured at the first separator or slug catcher upstream of any compression suction

valve or any other valve that can be partially closed, at the nearest System Compressor Station downstream of such Receipt Point during such Month. Subject to the foregoing, Shipper shall deliver or cause to be delivered Gas to each Receipt Point at sufficient pressure to enter the Gathering System against its operating pressure.

Section 8.2 Pressures at Delivery Points. All System Compressor Stations (a) shall be designed for a suction pressure of from one hundred (100) psig to one hundred forty (140) psig and (b) shall be designed for and shall be operated at a discharge pressure sufficient to effect delivery to the relevant Downstream Pipeline or Processing Plant.

Section 8.3 Shipper Facilities. Shipper, at its own expense, shall construct, equip, maintain, and operate all facilities (including separation, line heaters, and/or compression equipment) necessary to deliver Dedicated Production to Gatherer at the Receipt Points. Shipper shall install and maintain sufficient pressure regulating equipment upstream of the Receipt Points in order to keep the pressure of the Gas delivered to Gatherer at the Receipt Points from exceeding the maximum allowable operating pressure at the applicable Receipt Point. Gatherer shall design the Gas Gathering System to ANSI 300 standards or higher such that the maximum allowable operating pressure at each Receipt Point shall be not less than 740 psig.

ARTICLE 9 NOMINATION AND BALANCING

Section 9.1 Gatherer Notifications. On or before the fifth (5th) Day prior to the end of each Month, Gatherer shall provide written notice to Shipper of Gatherer's good faith estimate of any capacity allocations or curtailments for the any System Segment, if any, that, based on then currently available information, Gatherer anticipates will be required or necessary during the next Month, including as a result of any Maintenance. Gatherer shall use all reasonable efforts to provide 48 hours advance notice of any actual event requiring allocation or curtailment, including Maintenance.

Section 9.2 Nominations. On or before the second (2nd) Day prior to the end of each Month, Shipper shall provide to Gatherer nominations for deliveries of Dedicated Production to the Receipt Points and the delivery of Delivery Point Gas and Liquid Hydrocarbons to the specified Delivery Points during the next Month. Shipper shall have the right to change such nominations at any time subject to the requirements of the Persons receiving Delivery Point Gas or Liquid Hydrocarbons at or downstream of the Delivery Points and subject to changes in wellhead volumes being delivered into the system.

Section 9.3 Balancing. Gatherer will maintain records of any Daily and Monthly variances ("**Imbalances**") between the volume of Dedicated Gas received at the Receipt Points and the volumes of Delivery Point Gas, plus Lost and Unaccounted for Gas, Fuel, and Condensate allocated to Shipper. Shipper shall make such changes in its nominations as Gatherer may from time to time reasonably request to maintain Daily and Monthly balances or to correct an Imbalance. Shipper shall reimburse Gatherer for any cost, penalty, or fee arising from any Imbalance assessed against Gatherer by any Person receiving Dedicated Production downstream of the Delivery Points, except to the extent such Imbalance was caused by Gatherer.

Upon the termination of this Agreement or at such other time as the Parties agree the Parties shall cash out any cumulative Imbalance using the applicable Index Price for the prior Month.

ARTICLE 10 QUALITY

Section 10.1 Receipt Point Gas Quality Specifications. Gas delivered by Shipper to the Receipt Points shall meet the following specifications (collectively, the "*Gas Quality Specifications*"):

- (a) The Gas shall not contain any of the following in excess of: one-quarter (1/4) grain of hydrogen sulfide per hundred (100) cubic feet; one (1) grain of total sulfur per hundred (100) cubic feet; two one-hundredths of one percent (0.02%) by volume of oxygen; or two percent (2%) by volume of nitrogen.
- (b) The total of all non-hydrocarbon gases shall not exceed three percent (3%) by volume.
- (c) The temperature of the Gas at the Receipt Point shall not be in excess of one hundred twenty (120) degrees Fahrenheit.
- (d) The Gas shall be free of solids, sand, salt, dust, gums, crude oil, and hydrocarbons in the liquid phase, and other objectionable substances which may be injurious to pipelines or which may interfere with the measurement, transmission or commercial utilization of said Gas.

Except for items (a) through (d) above, such Gas shall meet the most restrictive quality specifications required from time to time by the Downstream Pipelines receiving Delivery Point Gas, except for water vapor content, for which there shall be no specification applicable at the Receipt Points.

Section 10.2 Non-Conforming Gas. If any Gas delivered by Shipper fails at any time to conform to the Gas Quality Specifications, then Gatherer will have the right to immediately discontinue receipt of such non-conforming Gas so long as such Gas continues to be non-conforming. Shipper agrees to undertake commercially reasonable measures to eliminate the cause of such non-conformance. If Shipper fails to remedy such non-conformance, but such Gas conforms to all specifications other than hydrocarbon dew point and/or Gross Heating Value, then Gatherer agrees to (i) use commercially reasonable efforts to blend and commingle such Gas with other Gas in the Gathering System so that it meets the applicable specifications and (ii) if such Gas cannot be brought into compliance with such blending will continue to accept and redeliver such Gas to the Delivery Points that will accept such non-conforming Gas as long as (A) no harm is done to the Gathering System, (B) no harm is done to other shippers or their Gas, and (C) other shippers are not prevented from nominating Gas to their preferred Delivery Point. In the event that Gatherer takes receipt of non-conforming Gas, Shipper agrees to be responsible for, and to defend, indemnify, release, and hold Gatherer and its Affiliates, directors, officers, employees, agents, consultants, representatives, and invitees harmless from and against, all claims and losses of whatever kind and nature resulting from such non-conforming Gas.

Section 10.3 Delivery Point Gas Quality Specifications. Gatherer shall redeliver the Delivery Point Gas that it is required to redeliver to Shipper at the Delivery Points meeting the Gas Quality Specifications, provided that Shipper delivers Gas to Gatherer at the Receipt Points which meets the Gas Quality Specifications.

Section 10.4 Liquid Hydrocarbons Quality Requirements. Liquid Hydrocarbons delivered by Shipper to the Receipt Points shall have gravity, viscosity, and other properties such that it is readily susceptible to gathering and handling through Gatherer's existing facilities and such that it will not adversely affect the quality of Liquid Hydrocarbons received from other shippers or cause any material disadvantage to other shippers or Gatherer. If any Liquid Hydrocarbons delivered by Shipper fails at any time to conform to the foregoing requirements, then Gatherer will have the right to immediately discontinue receipt of such non-conforming Liquid Hydrocarbons so long as such Liquid Hydrocarbons continues to be non-conforming. Shipper agrees to undertake commercially reasonable measures to eliminate the cause of such non-conformance. Gatherer shall ensure that the Liquid Hydrocarbons of other shippers are also required to meet the foregoing standards.

Section 10.5 Greenhouse Gas Emissions. Notwithstanding anything contained in this Agreement to the contrary, in the event there is an enactment of, or change in, any law after the Original Agreement Effective Date which, in Gatherer's reasonable determination, results in (a) a Governmental Authority requiring Gatherer to hold or acquire emission allowances or their equivalent related to the carbon dioxide content or emissions or the greenhouse gas content or emissions attributable to Shipper's Production and/or the gathering, or transportation of such Production (collectively, "**Shipper's GHG Emissions**") or (b) Gatherer incurring any costs or expenses attributable to Shipper's Production, including any costs or expenses for disposal or treating of carbon dioxide attributable to such Production, or any other additional economic burden being placed on Gatherer in connection with or related to Shipper's GHG Emissions, including any tax, assessment, or other cost or expense (collectively, "**Emissions Charges**"), then (i) Shipper will use reasonable efforts to provide any required emissions allowances or their equivalent to Gatherer in a timely manner (and shall indemnify and hold harmless Gatherer from against any Losses, including any expenses incurred by Gatherer in acquiring such allowances in the marketplace, arising out of Shipper's failure to so provide such allowances) and (ii) Shipper shall be fully responsible for such Emissions Charges and shall reimburse Gatherer for any Emissions Charges paid by Gatherer within ten (10) Days of receipt of Gatherer's invoice.

ARTICLE 11 MEASUREMENT EQUIPMENT AND PROCEDURES

Section 11.1 Equipment. Gatherer shall install, own, operate, and maintain Measurement Facilities to measure Production at all the System Receipt Points and shall ensure that the relevant Downstream Pipeline or Processing Plant installs, owns, operates, and maintains Measurement Facilities at the System Delivery Points (but downstream of any slug catcher) for Gas. Measurement Facilities owned by Gatherer at the Receipt Points shall meet current industry standards for custody transfer measurement. For Gas measurement, unless the Parties agree otherwise, with respect to all Well Pads initially connected after September 1, 2017, Gatherer shall install Measurement Facilities with a single orifice meter for each Well Pad, and Shipper shall install, own, and operate flow lines from the Wells on each such Well Pad to such

Measurement Facilities. Shipper shall have the right to install check Measurement Facilities at each Receipt Point, including the right to install check measurement equipment on Gatherer's meter tubes and orifice unions.

Section 11.2 Gas Measurement Standards. The following standards shall apply to the measurement of Gas hereunder:

(a) Where measurement is by orifice meter, all fundamental constants, observations, records, and procedures involved in the determination and/or verification of the quantity and other characteristics of the Gas delivered hereunder shall be in accordance with the standards prescribed in the latest edition of A.G.A. Report No. 3 (ANSI/API 2530) "Orifice Metering of Natural Gas" with any revisions, amendments or supplements as may be mutually acceptable to the Parties.

(b) Where measurement is by ultrasonic meter, all fundamental constants, observations, records, and procedures involved in the determination and/or verification of the quantity and other characteristics of the Gas delivered hereunder shall be in accordance with the standards prescribed in the latest edition of A.G.A. Report No. 9 "Measurement of Gas by Multi Path Ultrasonic Meters" with any revisions, amendments or supplements as may be mutually acceptable to the Parties.

(c) The changing and integration of the charts (if utilized for measurement purposes hereunder) and calibrating and adjusting of meters shall be performed by Gatherer.

Section 11.3 Liquid Hydrocarbons Measurement Standards. The following standards shall apply to the measurement of Liquid Hydrocarbons hereunder:

(a) Measurement Devices used in the measurement of Liquid Hydrocarbons shall be designed, installed, and operated in accordance with specifications of the American Petroleum Institute Manual of Petroleum Measurement Standards or other applicable industry standards, as amended from time to time.

(b) The quality and gravity of Liquid Hydrocarbons shall be determined from laboratory analyses of representative samples following the calculation procedures in American Petroleum Institute Manual of Petroleum Measurement Standards or other applicable industry standards

Section 11.4 Gas Measurement.

(a) The unit of volume for measurement of Gas delivered hereunder shall be one Mcf at a base temperature of 60 degrees Fahrenheit and at an absolute pressure of 14.73 psia and without adjustment for water vapor content. It is agreed that for the purposes of measurement and computations hereunder, (a) the atmospheric pressure shall be based on the atmospheric pressure determined and used by Downstream Pipelines at the Delivery Point(s) regardless of the atmospheric pressure at which the Gas is measured and (b) all measurements and testing performed hereunder shall all be made by Gatherer in accordance with applicable rules, regulations, and orders.

(b) Gatherer's Measurement Facilities at the System Receipt Points shall be spot samplers, continuous samplers, or gas chromatographs, as Gatherer shall in its discretion determine, subject to the minimum requirements set forth in the following three sentences. Gatherer shall at least take monthly spot samples at all Measurement Facilities located at System Receipt Points where Gas is received into the Gathering System from a single Well. At all Measurement Facilities located at System Receipt Points where Gas is received into the System from more than one Well, Gatherer shall at least (i) take monthly spot samples if such Measurement Facilities measure less than five thousand (5,000) Mcf per Day, (ii) use continuous samplers if such Measurement Facilities measure from five thousand (5,000) to twenty thousand (20,000) Mcf per Day, and (iii) use gas chromatographs if such Measurement Facilities measure more than twenty thousand (20,000) Mcf per Day. Measurement at the System Delivery Points shall be done using continuous samplers (for Measurement Facilities metering less than twenty thousand (20,000) Mcf per Day) and online gas chromatographs (for Measurement Facilities metering twenty thousand (20,000) Mcf or more per Day). Gatherer shall procure or cause to be procured a sample of Gas at each System Delivery Point and analyze the samples by chromatographic analysis to determine the component content (mole percent), specific gravity, and the Thermal Content thereof. These determinations shall be made utilizing the following standards: (i) Gas Processors Association Obtaining Natural Gas Samples for Analysis by Gas, Publication No. 2166 as amended or supplemented from time to time and (ii) Gas Processors Association Analysis for Natural Gas and Similar Gaseous Mixtures by Gas Chromatography, Publication No. 2161 as amended or supplemented from time to time, or (iii) any other tests that are mutually agreed by Shipper and Gatherer.

(c) The specific gravity of Gas shall be measured by a standard gravity balance in accordance with the provisions of the Natural Gas Processors Association Publication No. 3130, entitled "Standard Method for Determining the Specific Gravity of Gas", or by a gravitometer employing the "Momentum Method" as described in Chapter VII, "Determination of Specific Gravity", of the American Gas Association Gas Measurement Manual, 1963, in each case, as such may be amended from time to time. The specific gravity will be determined and calculated to the nearest one-thousandth (0.001).

(d) The temperature of Gas shall be determined by means of a recording thermometer recording the temperature of such Gas flowing through each measurement meter. The average temperature to the nearest one degree (1°) Fahrenheit, obtained while Gas is being delivered, will be the applicable flowing Gas temperature for the period under consideration.

(e) The deviation of the Gas from Ideal Gas Laws shall be determined in accordance with the A.G.A. Par Research Project NX-19 Report "Manual for the Determination of Supercompressibility Factors for Natural Gas", Reprinted 1976, if the composition of the Gas is such to render this procedure applicable.

(f) Physical constants required for making calculations hereunder shall be taken from the Gas Processors Association Table of Physical Properties for Hydrocarbons and Other Compounds of Interest to the Natural Gas Industry, Publication No. 2145 as amended or supplemented from time to time. Physical constants for the hexanes and heavier hydrocarbons portion of hydrocarbon mixtures shall be assumed to be the same as the physical constants for hexane.

Section 11.5 Notice of Measurement Facilities Inspection and Calibration. Each Party shall give reasonable notice to the other Party in order that the other Party may, at its option, have representatives present to observe any reading, inspecting, testing, calibrating or adjusting of Measurement Facilities used in measuring or checking the measurement of receipts or deliveries of Production under this Agreement. Any Measurement Facilities equipment found to be registering inaccurately shall be promptly adjusted to register as accurately as possible or repaired or replaced, as necessary for accurate measurement. The official electronic data from such Measurement Facilities shall remain the property of the Measurement Facilities' owner, but copies of such records shall, upon written request, be submitted, together with calculations and flow computer configurations therefrom, to the requesting Party for inspection and verification.

Section 11.6 Measurement Accuracy Verification.

(a) Each Party shall verify the accuracy of all Measurement Facilities owned by such Party at intervals based upon the following schedule:

(i) semi-annually for Gas Measurement Facilities metering less than one thousand (1,000) Mcf per Day;

(ii) quarterly for Gas Measurement Facilities metering between one thousand (1,000) and five thousand (5,000) Mcf per Day;

(iii) monthly for Gas Measurement Facilities metering more than five thousand (5,000) Mcf per Day;
and

(iv) quarterly for Liquid Hydrocarbons Measurement Facilities.

Neither Party shall be required to cause adjustment or calibration of such equipment more frequently than once per Month, unless a special test is requested pursuant to Section 11.7.

(b) If, during any test of the Measuring Facilities, an adjustment or calibration error is found which results in an incremental adjustment to the calculated flow rate through each meter run in excess of one percent (1%) of the adjusted flow rate (whether positive or negative and using the adjusted flow rate as the percent error equation denominator), then any previous recordings of such equipment shall be corrected to zero error for any period during which the error existed (and which is either known definitely or agreed to by the Parties) and the total flow for the period redetermined in accordance with the provisions of Section 11.8. If the period of error condition cannot be determined or agreed upon between the Parties, such correction shall be made over a period extending over the last one half of the time elapsed since the date of the prior test revealing the one percent (1%) error.

(c) If, during any test of any Measurement Facilities, an adjustment or calibration error is found which results in an incremental adjustment to the calculated hourly flow rate which does not exceed one percent (1%) of the adjusted flow rate, all prior recordings and electronic flow computer data shall be considered to be accurate for quantity determination purpose.

Section 11.7 Special Tests. In the event a Party desires a special test (a test not scheduled by a Party under the provisions of Section 11.6) of any Measurement Facilities, seventy-two (72) hours advance notice shall be given to the other Party and both Parties shall cooperate to secure a prompt test of the accuracy of such equipment. If the Measurement Facilities tested are found to be within the range of accuracy set forth in Section 11.6(b), then the Party that requested the test shall pay the costs of such special test including any labor and transportation costs pertaining thereto. If the Measurement Facilities tested are found to be outside the range of accuracy set forth in Section 11.6(b), then the Party that owns such Measurement Facilities shall pay such costs and perform the corrections according to Section 11.8.

Section 11.8 Metered Flow Rates in Error. If, for any reason, any Measurement Facilities are (i) out of adjustment, (ii) out of service, or (iii) out of repair and the total calculated flow rate through each meter run is found to be in error by an amount of the magnitude described in Section 11.6, the total quantity of Production delivered shall be determined in accordance with the first of the following methods which is feasible:

(a) By using the registration of any mutually agreeable check metering facility, if installed and accurately registering (subject to testing as provided for in Section 11.6);

(b) Where multiple meter runs exist in series, by calculation using the registration of such meter run equipment; provided that they are measuring Production from upstream and downstream headers in common with the faulty metering equipment, are not controlled by separate regulators, and are accurately registering;

(c) By correcting the error by re-reading of the official charts, or by straightforward application of a correcting factor to the quantities recorded for the period (if the net percentage of error is ascertainable by calibration, tests or mathematical calculation); or

(d) By estimating the quantity, based upon deliveries made during periods of similar conditions when the meter was registering accurately.

Section 11.9 Record Retention. The Party owning the Measurement Facilities shall retain and preserve all test data, charts, and similar records for any calendar year for a period of at least twenty-four (24) Months following the end of such calendar year unless applicable law or regulation requires a longer time period or the Party has received written notification of a dispute involving such records, in which case records shall be retained until the related issue is resolved.

Section 11.10 Access.

(a) Gatherer shall contract with eLynx Technologies or a provider of comparable services reasonably satisfactory to Shipper (the “**Monitoring Services Provider**”) for remote monitoring of Gas Measurement Facilities, including monitoring of measurement data on an hourly (or more frequent) basis for flow rate, meter pressures, meter temperature, orifice diameter, Gross Heating Value, and composition for importation into PRAMS Plus production software or comparable production software (“**Remote Monitoring Data**”).

(b) Gatherer shall (i) provide the Monitoring Services Provider access to all of Gatherer's radio and telephone infrastructure to access and gather all Remote Monitoring Data and (ii) cause the Monitoring Services Provider to allow Shipper to view and access all Remote Monitoring Data on the Monitoring Service Provider's system, including the ability to poll for Remote Monitoring Data through the Monitoring Services Provider's system.

(c) Gatherer shall provide Shipper 120 Days' notice of any termination by Gatherer of its contract with any Monitoring Services Provider.

**ARTICLE 12
NOTICES**

Section 12.1 Notices. Unless otherwise provided herein, any notice, request, invoice, statement, or demand which either Party desires to serve upon the other regarding this Agreement shall be made in writing and shall be considered as delivered (i) when hand delivered, or (ii) when delivery is confirmed by pre-paid delivery service (such as FedEx, UPS, DHL or a similar delivery service), or (iii) if mailed by United States certified mail, postage prepaid, three (3) Business Days after mailing, or (iv) if sent by facsimile transmission, when receipt is confirmed by the equipment of the transmitting Party, or (v) when sent via email; provided, if sent by email after normal business hours or if receipt of a facsimile transmission is confirmed after normal business hours, receipt shall be deemed to be the next Business Day. Notwithstanding the foregoing, if a Party desires to serve upon the other a notice of default under this Agreement, or if Shipper desires to serve upon Gatherer a Connection Notice, the delivery of such notice shall be considered effective under this Section 12.1 only if delivered by any method set forth in items (i) through (iv) above. Any notice shall be given to the other Party at the following address, or to such other address as either Party shall designate by written notice to the other:

Shipper: ANTERO RESOURCES CORPORATION
1615 Wynkoop Street
Denver, Colorado 80202

Attn: Chief Financial Officer
Phone: (303) 357-7310
Fax Number: (303) 357-7315

With copy to: For gas control, nominations & balancing:
Manager of Gas Marketing
Phone: (303) 357-7310
Fax Number: (303) 357-7315

For accounting, financial, and legal:
Controller
Phone: (303) 357-7310
Fax Number: (303) 357-7315

Gatherer: ANTERO MIDSTREAM LLC
1615 Wynkoop
Denver, Colorado 80202

Attn: Chief Financial Officer
Phone: (303) 357-7310
Fax Number: (303) 357-7315

For gas control, nominations & balancing:
Manager of Gas Marketing
Phone: (303) 357-7310
Fax Number: (303) 357-7315

For accounting, financial, and legal:
Controller
Phone: (303) 357-7310
Fax Number: (303) 357-7315

ARTICLE 13 PAYMENTS

Section 13.1 Invoices. Not later than the tenth (10th) Day following the end of each Month, Gatherer shall provide Shipper with a detailed statement setting forth the volume and Thermal Content of Gas and, if applicable, the volume of Liquid Hydrocarbons received by Gatherer at the Receipt Points in such Month, the volume and Thermal Content of Delivery Point Gas allocated to Shipper and, if applicable, the volume of Liquid Hydrocarbons redelivered to Shipper in such Month, the quantity of Gas and the cost of electricity used as Fuel allocated to Shipper in such Month, the volume and Thermal Content of Lost and Unaccounted For Gas for such Month, and the Gathering Fee, the High Pressure Gathering Fee, the Compression Fee, the Liquids Gathering Fee, and the Cost of Service Fee with respect to such Month, together with measurement summaries and the amount of any Imbalances and all relevant supporting documentation, to the extent available on such tenth (10th) Day (with Gatherer being obligated to deliver any such supporting documentation that is not available on such tenth (10th) Day as soon as it becomes available). Each invoice delivered at the end of each calendar quarter applicable to time periods between January 1, 2020 and December 31, 2023 shall include the calculation of the Fee Rebate (if any) for the applicable calendar quarter, and apply such Fee Rebate (if any) as a credit against the Gathering Fees as described in Section 5.2(a). Shipper shall make payment to Gatherer by the last Business Day of the Month in which such invoice is received. Such payment shall be made by wire transfer pursuant to wire transfer instructions delivered by Gatherer to Shipper in writing from time to time. If any overcharge or undercharge in any form whatsoever shall at any time be found and the invoice therefor has been paid, Gatherer shall refund any amount of overcharge, and Shipper shall pay any amount of undercharge, within thirty (30) Days after final determination thereof, provided, however, that no retroactive adjustment will be made beyond a period of twenty-four (24) Months from the date of a statement hereunder.

Section 13.2 Right to Suspend on Failure to Pay. If any undisputed amount due hereunder remains unpaid for sixty (60) Days after the due date, Gatherer shall have the right to suspend or discontinue Services hereunder until any such past due amount is paid.

Section 13.3 Audit Rights. Either Party, on not less than thirty (30) Days prior written notice to the other Party, shall have the right at its expense, at reasonable times during normal business hours, but in no event more than twice in any period of twelve (12) consecutive Months, to audit the books and records of the other Party to the extent necessary to verify the accuracy of any statement, allocation, measurement, computation, charge, payment made under, or obligation or right pursuant to this Agreement. The scope of any audit shall be limited to transactions affecting Dedicated Production and Delivery Point Gas hereunder and shall be limited to the twenty-four (24) Month period immediately prior to the Month in which the notice requesting an audit was given. All statements, allocations, measurements, computations, charges, or payments made in any period prior to the twenty-four (24) Month period immediately prior to the Month in which the audit is requested shall be conclusively deemed true and correct and shall be final for all purposes.

Section 13.4 Payment Disputes. In the event of any dispute with respect to any payment hereunder, Shipper shall make timely payment of all undisputed amounts, and Gatherer and Shipper will use good faith efforts to resolve the disputed amounts within sixty (60) Days following the original due date. Any amounts subsequently resolved shall be due and payable within ten (10) Days of such resolution.

Section 13.5 Interest on Late Payments. In the event that Shipper shall fail to make timely payment of any sums, except those contested in good faith or those in a good faith dispute, when due under this Agreement, interest will accrue at an annual rate equal to ten percent (10%) from the date payment is due until the date payment is made.

Section 13.6 Credit Assurance. Gatherer shall apply consistent evaluation practices to all similarly situated shippers to determine the new Shipper's financial ability to perform its payment obligations under this Agreement.

(a) If Gatherer has reasonable grounds for insecurity regarding the performance of any obligation by Shipper under this Agreement (whether or not then due), Gatherer may demand Adequate Assurance of Performance from Shipper, which Adequate Assurance of Performance shall be provided to Gatherer within five (5) Days after written request. If Shipper fails to provide such Adequate Assurance of Performance within such time, then Gatherer may suspend its performance under this Agreement until such Adequate Assurance of Performance is provided. However, any action by Gatherer shall not relieve Shipper of its payment obligations. The exercise by Gatherer of any right under this Section 13.6 shall be without prejudice to any claims for damages or any other right under this Agreement. As used herein, "***Adequate Assurance of Performance***" means any of the following, in Gatherer's reasonable discretion:

(i) an irrevocable standby letter of credit in an amount not to exceed an amount that is equal to sixty (60) Days of Shipper's payment obligations hereunder

from a financial institution rated at least A- by S&P or at least A3 by Moody's in a form and substance satisfactory to Gatherer;

(ii) cash collateral in an amount not to exceed an amount that is equal to sixty (60) Days of Shipper's payment obligations hereunder to be deposited in an escrow account as designated by Gatherer; Gatherer is hereby granted a security interest in and right of set-off against all cash collateral, which is or may hereafter be delivered or otherwise transferred to such escrow account in connection with this Agreement; or

(iii) a guaranty in an amount not to exceed an amount that is equal to sixty (60) Days of Shipper's payment obligations hereunder reasonably acceptable to Gatherer.

(b) The term of any security provided under this Section 13.6 shall be as reasonably determined by Gatherer, but it shall never exceed sixty (60) Days, after which the security shall terminate (or in the case of cash collateral, be immediately returned by Gatherer to Shipper without further action by either Party). Nothing shall prohibit Gatherer, however, from requesting additional Adequate Assurance of Performance following the end of any such term, so long as the conditions triggering such a request under this Section 13.6 exist.

(c) Should Shipper fail to provide Adequate Assurance of Performance within five (5) Days after receipt of written demand for such assurance (which shall include reasonable particulars for the demand and documentation supporting the calculation of such amount demanded), then Gatherer shall have the right (notwithstanding any other provision of this Agreement) to suspend performance under this Agreement until such time as Shipper furnishes Adequate Assurance of Performance.

Section 13.7 Excused Performance. Gatherer will not be required to perform or continue to perform services hereunder, and Shipper shall not be obligated to deliver Dedicated Production to the Gathering System (or make any payments required under Section 5.1(d)(i) and Section 5.1(d)(ii)) in the event:

(a) the other Party has voluntarily filed for bankruptcy protection under any chapter of the United States Bankruptcy Code;

(b) the other Party is the subject of an involuntary petition of bankruptcy under any chapter of the United States Bankruptcy Code, and such involuntary petition has not been settled or otherwise dismissed within ninety (90) Days of such filing; or

(c) the other Party otherwise becomes insolvent, whether by an inability to meet its debts as they come due in the ordinary course of business or because its liabilities exceed its assets on a balance sheet test; and/or however such insolvency may otherwise be evidenced.

ARTICLE 14
FORCE MAJEURE

Section 14.1 Suspension of Obligations. In the event a Party is rendered unable, wholly or in part, by Force Majeure to carry out its obligations under this Agreement, other than the obligation to make payments then or thereafter due hereunder, and such Party promptly gives notice and reasonably full particulars of such Force Majeure in writing to the other Party promptly after the occurrence of the cause relied on, then the obligations of the Party giving such notice, so far as and to the extent that they are affected by such Force Majeure, shall be suspended during the continuance of any inability so caused, but for no longer period, and such cause shall so far as reasonably possible be remedied with all reasonable dispatch by the Party claiming Force Majeure.

Section 14.2 Definition of Force Majeure. The term “*Force Majeure*” as used in this Agreement shall mean any cause or causes not reasonably within the control of the Party claiming suspension and which, by the exercise of reasonable diligence, such Party is unable to prevent or overcome, including acts of God, strikes, lockouts or other industrial disturbances, acts of the public enemy, acts of terror, sabotage, wars, blockades, military action, insurrections, riots, epidemics, landslides, subsidence, lightning, earthquakes, fires, storms or storm warnings, crevasses, floods, washouts, civil disturbances, explosions, breakage or accident to wells, machinery, equipment or lines of pipe, the necessity for testing or making repairs or alterations to wells, machinery, equipment or lines of pipe, freezing of wells, equipment or lines of pipe, inability of any Party hereto to obtain, after the exercise of reasonable diligence, necessary materials, supplies, or government authorizations, any action or restraint by any Governmental Authority (so long as the Party claiming suspension has not applied for or assisted in the application for, and has opposed where and to the extent reasonable, such action or restraint, and as long as such action or restraint is not the result of a failure by the claiming Party to comply with applicable laws, rules, regulations, or orders), and, in the case of Gatherer as the claiming party, any breach of any representation or warranty of Shipper or any failure by Shipper to perform any obligation of Shipper under that certain Contribution Agreement dated November 10, 2014, by and between Shipper and Gatherer.

Section 14.3 Settlement of Strikes and Lockouts. It is understood and agreed that the settlement of strikes or lockouts shall be entirely within the discretion of the Party having the difficulty, and that the above requirement that any Force Majeure shall be remedied with all reasonable dispatch shall not require the settlement of strikes or lockouts by acceding to the demands of the opposing party when such course is inadvisable in the sole discretion of the Party having the difficulty.

Section 14.4 Payments for Production Delivered. Notwithstanding the foregoing, it is specifically understood and agreed by the Parties that an event of Force Majeure will in no way affect or terminate Shipper’s obligation to make payment for quantities of Production delivered prior to such event of Force Majeure.

**ARTICLE 15
INDEMNIFICATION**

Section 15.1 Gatherer. Subject to the terms of this Agreement, including Section 18.8, Gatherer shall release, indemnify, defend, and hold harmless Shipper and its Affiliates, directors, officers, employees, agents, consultants, representatives, and invitees from and against all claims and losses arising out of or relating to (i) the operations of Gatherer and (ii) any breach of this agreement by Gatherer.

Section 15.2 Shipper. Subject to the terms of this Agreement, including Section 18.8, Shipper shall release, indemnify, defend, and hold harmless Gatherer and its Affiliates, directors, officers, employees, agents, consultants, representatives, and invitees from and against all claims and losses arising out of or relating to (i) the operations of Shipper and (ii) any breach of this agreement by Shipper.

**ARTICLE 16
CUSTODY AND TITLE**

Section 16.1 Custody. As among the Parties, Shipper shall be in custody, control and possession of (i) Shipper's Production hereunder until such Production is delivered to the Receipt Points and (ii) the Delivery Point Gas and Liquid Hydrocarbons after they are delivered to Shipper at the Delivery Points, including any portion of any Delivery Point Gas which accumulates as liquids. As among the Parties, Gatherer shall be in custody, control and possession of all Production in the Gathering System at all other times, including any portion thereof which accumulates as liquids. The Party having custody and control of Production under the terms of this Agreement shall be responsible for, and shall defend, indemnify, release and hold the other Party and its Affiliates, directors, officers, employees, agents, consultants, representatives, and invitees harmless from and against, all claims and losses of whatever kind and nature for anything that may happen or arise with respect to such Production when such Production is in its custody and control, including losses resulting from any negligent acts or omissions of any indemnified party, but excluding any losses to the extent caused by or arising out of the negligence, gross negligence, or willful misconduct of the indemnified party.

Section 16.2 Shipper Warranty. Shipper represents and warrants that it owns, or has the right to deliver to the Gathering System, all Production delivered under this Agreement, free and clear of all liens, encumbrances and adverse claims. If the title to Production delivered by Shipper hereunder is disputed or is involved in any legal action, Gatherer shall have the right to cease receiving such Production, to the extent of the interest disputed or involved in legal action, during the pendency of the action or until title is freed from the dispute, or until Shipper furnishes, or causes to be furnished, indemnification to save Gatherer harmless from all claims arising out of the dispute or action, with surety acceptable to Gatherer. Shipper hereby indemnifies Gatherer against and holds Gatherer harmless from any and all claims and losses arising out of or related to any breach of the foregoing representation and warranty.

Section 16.3 Title. Title to all Production delivered under this Agreement, including all constituents thereof, shall remain with and in Shipper or its customers at all times; provided, however, title to Production used as Fuel and Lost and Unaccounted For Gas shall pass from

Shipper or its customer to Gatherer immediately downstream of the Receipt Point. Title to Condensate that is recovered from Shipper's Gas in the Gathering System shall remain with Shipper. Title to water (i) that is removed from Shipper's Gas in Gatherer's dehydration facilities shall pass to Gatherer immediately downstream of the point of recovery, and (ii) that condenses from Shipper's Gas in the Gathering System shall pass to Gatherer immediately downstream of the Receipt Point.

ARTICLE 17 TAXES; ROYALTIES

Section 17.1 Taxes. Shipper shall pay or cause to be paid and agrees to hold Gatherer harmless as to the payment of all excise, gross production, severance, sales, occupation and all other Taxes, charges or impositions of every kind and character required by statute or by order of Governmental Authorities and levied against or with respect to Shipper's Production, Delivery Point Gas or the Services provided under this Agreement. Gatherer shall not become liable for such Taxes, unless designated to remit those Taxes on behalf of Shipper by any duly constituted jurisdictional agency having authority to impose such obligations on Gatherer, in which event the amount of such Taxes remitted on Shipper's behalf shall be (i) reimbursed by Shipper upon receipt of invoice, with corresponding documentation from Gatherer setting forth such payments, or (ii) deducted from amounts otherwise due Gatherer under this Agreement. Gatherer shall pay or cause to be paid all Taxes, charges and assessments of every kind and character required by statute or by order of Governmental Authorities with respect to the Gathering System. Except as provided in Exhibit I attached hereto, neither Party shall be responsible nor liable for any Taxes or other statutory charges levied or assessed against the facilities of the other Party, including ad valorem tax (however assessed), used for the purpose of carrying out the provisions of this Agreement or against the net worth or capital stock of such Party.

Section 17.2 Royalties. As between the Parties, Shipper shall have the sole and exclusive obligation and liability for the payment of all Persons due any proceeds derived from Shipper's Production or Delivery Point Gas (including all constituents and products thereof) delivered under this Agreement, including royalties, overriding royalties, and similar interests, in accordance with the provisions of the leases or agreements creating those rights to proceeds. In no event will Gatherer have any obligation to those Persons due any of those proceeds of production attributable to any such Production (including all constituents and products thereof) delivered under this Agreement. Although Shipper shall retain title to Production as provided in this Section 16.3, Gatherer shall have the right to commingle Production delivered by Shipper with Third Party Production.

ARTICLE 18 MISCELLANEOUS

Section 18.1 Rights. The failure of either Party to exercise any right granted hereunder shall not impair nor be deemed a waiver of that Party's privilege of exercising that right at any subsequent time or times.

Section 18.2 Applicable Laws. This Agreement is subject to all valid present and future laws, regulations, rules and orders of Governmental Authorities now or hereafter having

jurisdiction over the Parties, this Agreement, or the services performed or the facilities utilized under this Agreement. The Parties hereby agree that, in the event that (i) Gatherer's facilities, or any part thereof, become subject to regulation by the Federal Energy Regulatory Commission, or any successor agency thereto ("**FERC**"), or any other Governmental Authority of the rates, terms and conditions for service, (ii) Gatherer becomes obligated by FERC or any other Governmental Authority to provide Services or any portion thereof on an open access, nondiscriminatory basis as a result of Gatherer's execution, performance or continued performance of this Agreement or (iii) FERC or any other Governmental Authority seeks to modify any rates under, or terms or conditions of, this Agreement, then:

(a) to the maximum extent permitted by law, it is the intent of the Parties that the rates and terms and conditions established by the FERC Governmental Authority having jurisdiction shall not alter the rates or terms and conditions set forth in this Agreement, and the Parties agree to vigorously defend and support in good faith the enforceability of the rates and terms and conditions of this Agreement;

(b) in the event that FERC or the Governmental Authority having jurisdiction modifies the rates or terms and conditions set forth in this Agreement, the Parties hereby agree to negotiate in good faith to enter into such amendments to this Agreement and/or a separate arrangement in order to give effect, to the greatest extent possible, to the rates and other terms and conditions set forth herein; and

(c) in the event that the Parties are not successful in accomplishing the objectives set forth in (a) or (b) above such that the Parties are in substantially the same economic position as they were prior to any such regulation, then either Party may terminate this Agreement upon the delivery of written notice of termination to the other Party.

Section 18.3 Governing Law; Jurisdiction.

(a) This Agreement shall be governed by, construed, and enforced in accordance with the laws of the State of Colorado without regard to choice of law principles.

(b) The Parties agree that the appropriate, exclusive and convenient forum for any disputes between the Parties arising out of this Agreement or the transactions contemplated hereby shall be in any state or federal court in City and County of Denver, Colorado, and each of the Parties irrevocably submits to the jurisdiction of such courts solely in respect of any proceeding arising out of or related to this Agreement. The Parties further agree that the Parties shall not bring suit with respect to any disputes arising out of this Agreement or the transactions contemplated hereby in any court or jurisdiction other than the above specified courts.

Section 18.4 Successors and Assigns.

(a) This Agreement shall extend to and inure to the benefit of and be binding upon the Parties and their respective successors and permitted assigns. Except as set forth in Section 18.4(b) and Section 18.4(c), neither Party shall have the right to assign its respective rights and obligations in whole or in part under this Agreement without the prior written consent of the other Party (which such consent shall not be unreasonably withheld, conditioned or delayed), and any assignment or attempted assignment made otherwise than in accordance with this Section 18.4 shall be null and void *ab initio*.

(b) Notwithstanding the foregoing clause (a), Gatherer may perform all services under this Agreement itself using its own gathering, compression, and other facilities and/or perform any or all such services through third parties, in which case references herein to the Gathering System shall be deemed to be references to such facilities of the relevant third party.

(c) Notwithstanding the foregoing clause (a):

(i) Gatherer shall have the right to assign its rights under this Agreement, in whole or in part, as applicable, without the consent of Shipper if such assignment is made to any Person to which the Gathering System or any part thereof has been or will be transferred that assumes in writing all of Gatherer's obligations hereunder (if applicable, to the extent that part of the Gathering System being transferred to such Person) and is (A) an Affiliate of Gatherer or (B) a Person to which the Gathering System has been or will be transferred who (1) hires (or retains, as applicable) operating personnel who are then operating the Gathering System (or has similarly experienced operating personnel itself), (2) has operated for at least two (2) years prior to such assignment systems similar to the Gathering System, or (3) contracts for the operation of the Gathering System with another Person that satisfies either of the foregoing conditions (1) or (2) in this clause (B), provided in the case of an assignment pursuant to this clause (B), the assignee has creditworthiness as reasonably determined by Shipper that is equal to the higher of Gatherer's creditworthiness as of the Original Agreement Effective Date and Gatherer's creditworthiness as of the date of the assignment.

(ii) Gatherer shall have the right to grant a security interest in this Agreement to a lender or other debt provider (or trustee or agent on behalf of such lender) of Gatherer.

(iii) Shipper shall have the right to assign its rights under this Agreement, in whole or in part, as applicable, without the consent of Gatherer, to any Person to which it sells, assigns, or otherwise transfers all or any portion of the Dedicated Properties and (A) who assumes in writing all of Shipper's obligations hereunder (if applicable, to the extent of the Dedicated Properties being transferred to such Person) and (B) whose credit rating is equal to or greater than the greater of Shipper's credit rating as of the Original Agreement Effective Date and Shipper's credit rating as of the date of the assignment.

(d) Upon an assignment by Gatherer in accordance with Section 18.4(c)(i)(B) Gatherer shall be released from its obligations under this Agreement to the extent of such assignment. Upon an assignment by Shipper in accordance with Section 18.4(c)(ii), Shipper shall be released from its obligations under this Agreement to the extent of such assignment.

Section 18.5 Severability. If any provision of this Agreement is determined to be void or unenforceable, in whole or in part, then (i) such provision shall be deemed inoperative to the extent it is deemed void or unenforceable, (ii) the Parties agree to enter into such amendments to this Agreement in order to give effect, to the greatest extent legally possible, to the provision that is determined to be void or unenforceable and (iii) the other provisions of this Agreement in all other respects shall remain in full force and effect and binding and enforceable to the maximum extent permitted by law; provided, however, that in the event that a material term under this Agreement is so modified, the Parties will, timely and in good faith, negotiate to revise and amend this Agreement in a manner which preserves, as closely as possible, each Party's business and economic objectives as expressed by the Agreement prior to such modification.

Section 18.6 Confidentiality.

(a) Confidentiality. Except as otherwise provided in this Section 18.6, each Party agrees that it shall maintain all terms and conditions of this Agreement, and all information disclosed to it by the other Party or obtained by it in the performance of this Agreement and relating to the other Party's business (including Development Plans, Gathering System Plans, and all data relating to the production of Shipper, including well data, production volumes, volumes gathered, transported, or compressed, and gas quality) (collectively, "**Confidential Information**") in strictest confidence, and that it shall not cause or permit disclosure of this Agreement or its existence or any provisions contained herein without the express written consent of the other Party.

(b) Permitted Disclosures. Notwithstanding Section 18.6(a) disclosures of any Confidential Information may be made by either Party (i) to the extent necessary for such Party to enforce its rights hereunder against the other Party; (ii) to the extent to which a Party is required to disclose all or part of this Agreement by a statute or by the order or rule of a Governmental Authority exercising jurisdiction over the subject matter hereof, by order, by regulations, or by other compulsory process (including deposition, subpoena, interrogatory, or request for production of documents); (iii) to the extent required by the applicable regulations of a securities or commodities exchange; (iv) to a third person in connection with a proposed sale or other transfer of a Party's interest in this Agreement, provided such third person agrees in writing to be bound by the terms of this Section 18.6; (v) to its own directors, officers, employees, agents and representatives; (vi) to an Affiliate; (vii) to financial advisors, attorneys, and banks, provided that such Persons are subject to a confidentiality undertaking consistent with this Section 18.6(b), or (viii) except for information disclosed pursuant to Article 3 of this Agreement, to a royalty, overriding royalty, net profits or similar owner burdening Dedicated Production, provided such royalty, overriding royalty, net profits or similar owner, agrees in writing to be bound by the terms of this Section 18.6.

(c) Notification. If either Party is or becomes aware of a fact, obligation, or circumstance that has resulted or may result in a disclosure of any of the terms and conditions

of this Agreement authorized by Section 18.6(b)(ii) or (iii), it shall so notify in writing the other Party promptly and shall provide documentation or an explanation of such disclosure as soon as it is available.

(d) Party Responsibility. Each Party shall be deemed solely responsible and liable for the actions of its directors, officers, employees, agents, representatives and Affiliates for maintaining the confidentiality commitments of this Section 18.6.

(e) Public Announcements. The Parties agree that prior to making any public announcement or statement with respect to this Agreement or the transaction represented herein permitted under this Section 18.6, the Party desiring to make such public announcement or statement shall provide the other Party with a copy of the proposed announcement or statement prior to the intended release date of such announcement. The other Party shall thereafter consult with the Party desiring to make the release, and the Parties shall exercise their reasonable best efforts to (i) agree upon the text of a joint public announcement or statement to be made by both such Parties or (ii) in the case of a statement to be made solely by one Party, obtain approval of the other Party to the text of a public announcement or statement. Nothing contained in this Section 18.6 shall be construed to require either Party to obtain approval of the other Party to disclose information with respect to this Agreement or the transaction represented herein to any Governmental Authority to the extent required by applicable law or necessary to comply with disclosure requirements of the Securities and Exchange Commission, New York Stock Exchange, or any other regulated stock exchange.

(f) Survival. The provisions of this Section 18.6 shall survive any expiration or termination of this Agreement; provided that other than with respect to information disclosed pursuant to Article 3, as to which such provisions shall survive indefinitely, such provisions shall survive only a period of one (1) year.

Section 18.7 Entire Agreement, Amendments and Waiver; Amendment and Restatement of First A&R Agreement

(a) This Agreement, including all exhibits hereto, integrates the entire understanding between the Parties with respect to the subject matter covered and supersedes all prior understandings, drafts, discussions, or statements, whether oral or in writing, expressed or implied, dealing with the same subject matter. This Agreement may not be amended or modified in any manner except by a written document signed by the Parties that expressly amends this Agreement. No waiver by either Party of any of the provisions of this Agreement shall be deemed or shall constitute a waiver of any other provision hereof (whether or not similar), nor shall such waiver constitute a continuing waiver unless expressly provided. No waiver shall be effective unless made in writing and signed by the Party to be charged with such waiver.

(b) This Agreement amends, restates and supersedes the First A&R Agreement in its entirety (but such amendment and restatement does not affect the rights and obligations of the Parties accruing under the First A&R Agreement prior to the Effective Date). Except as otherwise expressly provided, all references to the Original Agreement or the First

A&R Agreement in any document, instrument, agreement or writing delivered pursuant to this Agreement shall hereafter be deemed to refer to this Agreement.

Section 18.8 Limitation of Liability. NOTWITHSTANDING ANYTHING IN THIS AGREEMENT TO THE CONTRARY, NEITHER PARTY SHALL BE LIABLE TO THE OTHER PARTY FOR SPECIAL, INDIRECT, CONSEQUENTIAL, PUNITIVE OR EXEMPLARY DAMAGES SUFFERED BY SUCH PARTY RESULTING FROM OR ARISING OUT OF THIS AGREEMENT OR THE BREACH THEREOF OR UNDER ANY OTHER THEORY OF LIABILITY, WHETHER TORT, NEGLIGENCE, STRICT LIABILITY, BREACH OF CONTRACT, WARRANTY, INDEMNITY OR OTHERWISE, INCLUDING LOSS OF USE, INCREASED COST OF OPERATIONS, LOSS OF PROFIT OR REVENUE, OR BUSINESS INTERRUPTIONS; PROVIDED, HOWEVER, THAT THE FOREGOING LIMITATION SHALL NOT APPLY TO ANY DAMAGE CLAIM ASSERTED BY OR AWARDED TO A THIRD PARTY FOR WHICH A PARTY WOULD OTHERWISE BE LIABLE UNDER ANY INDEMNIFICATION PROVISION SET FORTH HEREIN.

Section 18.9 Headings. The headings and captions in this Agreement have been inserted for convenience of reference only and shall not define or limit any of the terms and provisions hereof.

Section 18.10 Rights and Remedies. Except as otherwise provided in this Agreement, each Party reserves to itself all rights, counterclaims, other remedies and defenses that such Party is or may be entitled to arising from or out of this Agreement or as otherwise provided by law.

Section 18.11 No Partnership. Nothing contained in this Agreement shall be construed to create an association, trust, partnership, or joint venture or impose a trust, fiduciary or partnership duty, obligation or liability on or with regard to either Party.

Section 18.12 Rules of Construction. In construing this Agreement, the following principles shall be followed:

- (a) no consideration shall be given to the fact or presumption that one Party had a greater or lesser hand in drafting this Agreement;
- (b) examples shall not be construed to limit, expressly or by implication, the matter they illustrate;
- (c) the word “includes” and its syntactical variants mean “includes, but is not limited to,” “includes without limitation” and corresponding syntactical variant expressions;
- (d) the plural shall be deemed to include the singular and vice versa, as applicable; and
- (e) references to Section shall be references to Sections of this Agreement.

Section 18.13 No Third Party Beneficiaries. This Agreement is for the sole benefit of the Parties and their respective successors and permitted assigns, and shall not inure to the

benefit of any other Person whomsoever or whatsoever, it being the intention of the Parties that no third Person shall be deemed a third party beneficiary of this Agreement.

Section 18.14 Further Assurances. Each Party shall take such acts and execute and deliver such documents as may be reasonably required to effectuate the purposes of this Agreement.

Section 18.15 Counterpart Execution. This Agreement may be executed in any number of counterparts, each of which shall be considered an original, and all of which shall be considered one and the same instrument.

Section 18.16 Memorandum of Agreement. Contemporaneously with the execution of this Agreement, the Parties shall execute, acknowledge, deliver and record a “short form” memorandum of this Agreement in the form of Exhibit J attached hereto (as modified, including by the addition of any required property descriptions, required by local law and practice to put such Memorandum of record and put third parties on notice of this Agreement), which shall be placed of record in each state and county in which the currently-existing Dedicated Properties are located. Further such memoranda shall be executed and delivered by Shipper as Gatherer from time to time requests to evidence the dedication of additional areas or Oil and Gas Interests under this Agreement.

IN WITNESS WHEREOF, the Parties have executed this Agreement on the date first set forth above.

ANTERO RESOURCES CORPORATION

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

ANTERO MIDSTREAM LLC

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

*Second Amended and Restated Gathering and Compression Agreement
Signature Page*

EXHIBIT A

EXCLUDED WELLS

All gathering to Bluestone and ExCo vertical wells and all gathering to Davis Well and McKinley 1 & 2H Wells.

Exhibit A – Page 1

EXHIBIT B
DELIVERY POINTS

Low Pressure Delivery Points

West Virginia

1. Antero Mountain Compressor Station
2. Antero Pennington Compressor Station
3. Antero Monroe Compressor Station
4. Antero North Canton Compressor Station
5. Antero White Oak Compressor Station
6. Crestwood Appalachia Pipeline LLC (Crestwood) West Union Compressor Station
7. Crestwood Victoria Compressor Station

Ohio

1. EnLink Crum Compressor Station
2. EnLink Miller Compressor Station
3. EnLink Appalachian Compression, LLC, (EnLink) Upper Hill Compressor Station
4. EnLink Batesville Compressor Station
5. EnLink Reusser Compressor Station

High Pressure Delivery Points

West Virginia

Receipt Points	Delivery Points
Antero Mountain Compressor Station	MarkWest Sherwood Plant
Antero Monroe Compressor Station	Magnum Hunter or MarkWest Sherwood Plant

Antero North Canton Compressor Station	Summit Pike Fork lateral
Antero White Oak Compressor Station	MarkWest Sherwood Plant
Crestwood West Union Compressor Station	MarkWest Sherwood Plant
Crestwood Victoria Compressor Station	Summit Pike Fork lateral
Antero New Milton Compressor Station	MarkWest Sherwood Gas Processing Plant
Antero Midstream Pike Fork Compressor	Columbia Gas Transmission

Ohio

Receipt Points	Delivery Points
Antero Sanford well gathering line	Dominion East Ohio
EnLink Crum Compressor Station	MarkWest Seneca Plant
EnLink Miller Compressor Station	MarkWest Seneca Plant
EnLink Upper Hill Compressor Station	MarkWest Seneca Plant
EnLink Batesville Compressor Station	MarkWest Seneca Plant
EnLink Reusser Compressor Station	MarkWest Seneca Plant

Liquid Hydrocarbons Receipt and Delivery Points

Receipt Points	Delivery Points
Robert Pad, Ardith Pad, Miley Pad, Rich Pad, Wayne Pad, Myron Pad, Cynthia Pad, Smierciak Pad, Justice Pad	E2 Upper Hill Stabilizer
Roe Pad, Ervin Pad, J.R. Tyler Pad, Price Pad, Schultz Pad	E2 Batesville Station
Krupa Pad, Bond Pad, Roosen Pad, Bates Pad	E2Crum Stabilizer

EXHIBIT C

GATHERING SYSTEM

Any Low Pressure and High Pressure Gathering Systems gathering Gas from Shipper in the following counties and states:

Washington, PA;

Doddridge, WV;

Harrison, WV;

Tyler, WV;

Ritchie, WV;

Noble, OH;

Monroe, OH;

Guernsey, OH; and

Belmont, OH,

excluding facilities owned by Summit, Crestwood, ETC, M3, EQT, and MarkWest.

EXHIBIT D

INITIAL DEVELOPMENT PLAN

[attached]

Exhibit D – Page 1

EXHIBIT E

CONFLICTING DEDICATIONS

1. Second Amended and Restated Gas Gathering Agreement between Shipper and M3 Appalachia Gathering, LLC, dated July 1, 2013
2. Gathering and Compression Agreement between Shipper and Crestwood Marcellus Midstream LLC dated effective as of January 1, 2012.
3. Gas Gathering Agreement between Shipper and ETC Northeast Pipeline, LLC, dated January 1, 2010, as amended through the Effective Date.

EXHIBIT F

INITIAL GATHERING SYSTEM PLAN

[attached]

Exhibit F – Page 1

EXHIBIT G

FORM OF CONNECTION NOTICE

Antero Midstream LLC
1615 Wynkoop Street
Denver, Colorado 80202

Re: Second Amended and Restated Gathering and Compression Agreement dated December 8, 2019, between Antero Resources Corporation and Antero Midstream LLC (the “*Gathering Agreement*”)

Ladies and Gentlemen:

This is a Connection Notice for purposes of the Gathering Agreement. Capitalized terms used but not defined in this Connection Notice have the meanings given such terms in the Gathering Agreement.

Gatherer is hereby notified that Shipper is planning to drill and complete the Planned Wells at the Planned Well Pads by the Target Completion Dates, in each case as set forth below:

Planned Well	Planned Well Pad	Target Completion Date

Very truly yours,

ANTERO RESOURCES CORPORATION

By: _____
Name: _____
Title: _____

EXHIBIT H
DEEMED CONNECTION NOTICES

[attached]

Exhibit H – Page 1

EXHIBIT I

COST OF SERVICE FEE

The Monthly Cost of Service Fee shall be calculated separately for each CS Facility for each Contract Year or, in the case of a CS Facility that is placed into service or acquired during a Contract Year, for the period from the first Day of the Month following the Month in which such CS Facility is placed into service or acquired through the end of such Contract Year, and for each Contract Year thereafter. The Cost of Service Fees for all CS Facilities for each Month shall be summed to result in the total Cost of Service Fee payable for such Month. The Monthly Cost of Service Fee for each Contract Year (or portion thereof, if applicable) for each CS Facility is determined as follows:

Monthly Capex Fee + Monthly O&M Fee = Monthly Cost of Service Fee.

The “**Monthly Capex Fee**” for each CS Facility is an amount equal to the product of (i) the amount that, if paid to Gatherer with respect to each Month remaining in the Recovery Term for such CS Facility, when taken together with all Prior Capex Fees paid to Gatherer for such CS Facility, would result in Gatherer recovering all of Gatherer’s capital expenditures for such CS Facility (including the cost of acquisition of such CS Facility from Shipper, if applicable) over a period of 84 Months commencing with the placement in service or acquisition of such CS Facility (the “**Recovery Term**”), with a return on capital invested of 13% per annum. “**Prior Capex Fees**” means, with respect to any Contract Year and any CS Facility, the aggregate of the Monthly Capex Fees with respect to such CS Facility paid in all prior Contract Years. For purposes of determining the Monthly Capex Fee for any CS Facility, if such CS Facility is specified or sized to gather, compress, or otherwise handle volumes of Production in excess of those volumes of Dedicated Production projected in the Development Plan to be put through such CS Facility, only such portion of such capital expenditures that would be required to build facilities specified and sized to gather, compress, or otherwise the volumes of Dedicated Production projected in the Development Plan to be put through such CS Facility shall be considered.

The “**Monthly O&M Fee**” for any Contract Year (or portion thereof, if applicable) is an amount equal to:

- (i) the sum of:
 - (a) the operations and maintenance costs and expenses, including the costs and expenses of repairs and replacements in kind, that Gatherer estimates it will incur with respect to the CS Facility during such Contract Year (or such portion thereof, if applicable); plus
 - (b) the O&M True Up Amount, if any,
- (ii) divided by 12 (or by the number of Months in such portion of such Contract Year, if applicable).

The “*O&M True Up Amount*” means, with respect to any Contract Year (or portion thereof, if applicable) and any CS Facility,

- (i) the positive or negative difference resulting from the following calculation:
 - (a) the actual operations and maintenance costs and expenses, including the costs and expenses of repairs and replacements in kind, incurred by Gatherer in the immediately prior Contract Year with respect to such CS Facility;
- Minus
- (b) the sum of the aggregate Monthly O&M Fees paid to Gatherer with respect to such CS Facility with respect to the immediately prior Contract Year,
- (ii) plus 13% per annum.

The Monthly O&M Fee includes Gatherer’s allocation to the CS Facility of Gatherer’s overhead and general and administrative expenses together with Taxes payable by Gatherer with respect to the CS Facility or the Services performed in connection with the CS Facility (but excluding in any event Gatherer’s income taxes), to the extent not otherwise paid or reimbursed by Shipper pursuant to this Agreement. For purposes of determining the Monthly O&M Fee for any CS Facility, if such CS Facility also used to gather, compress, or otherwise handle Third Party Production, only the portion of such operating expenses that are fairly allocable to gathering Dedicated Production shall be considered.

EXHIBIT J

MEMORANDUM OF AGREEMENT

THIS MEMORANDUM OF GATHERING AGREEMENT (this "Memorandum") is entered into effective [____], 20[___], by and between **ANTERO RESOURCES CORPORATION** ("Shipper"), with an address of 1615 Wynkoop Street, Denver, Colorado 80202, and **ANTERO MIDSTREAM LLC**, with an address of 1615 Wynkoop Street, Denver, Colorado 80202 ("Gatherer").

WHEREAS, Shipper and Gatherer entered into that certain Second Amended and Restated Gathering and Compression Agreement effective December 8, 2019 (the "Agreement"), pursuant to which Gatherer will provide certain gathering and other services as therein set forth;

WHEREAS, any capitalized term used, but not defined, in this Memorandum shall have the meaning ascribed to such term in the Agreement; and

WHEREAS, the Parties desire to file this Memorandum of record in the real property records of [counties/states], to give notice of the existence of the Agreement and certain provisions contained therein;

NOW THEREFORE, FOR GOOD AND VALUABLE CONSIDERATION, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

1. Notice. Notice is hereby given of the existence of the Agreement and all of its terms, covenants and conditions to the same extent as if the Agreement was fully set forth herein. Certain provisions of the Agreement are summarized in Sections 2 through 3 below.

2. Dedication. Subject to the exceptions, exclusions, and reservations set forth in the Agreement and the other terms and conditions of the Agreement, (a) Shipper has exclusively dedicated and committed to deliver to Gatherer, as and when produced, all Production produced on or after the date of the Agreement that is attributable to the Oil and Gas Interests now owned or hereafter acquired by Shipper and located wholly or partly within the states of Pennsylvania, West Virginia, and Ohio, and certain other areas, or on lands pooled, unitized or communitized wholly or partly within any portion of the Dedication Area (the "Dedicated Properties"), together with all Production attributable to third parties that is produced from a Well located on the Dedicated Properties, which Production Shipper has the right to control and deliver for gathering ("Dedicated Production"), for gathering through the Gathering System under the Agreement, and (b) Shipper agrees not to deliver any Dedicated Production to any other gathering system (the foregoing dedication and commitment being herein referred to as the "Dedication").

3. Covenant Running with the Land. So long as the Agreement is in effect, Dedication shall be a covenant running with the land and, subject to the exceptions and reservations set forth in the Agreement, (a) in the event Shipper sells, transfers, conveys, assigns, grants, or otherwise disposes of any or all of its interest in the Dedicated Properties, then any such sale, transfer, conveyance, assignment, grant, or other disposition shall be expressly subject to this Agreement and any instrument of conveyance shall so state, and (b) in the event Gatherer sells, transfers, conveys, assigns, grants, or otherwise disposes of any or all of its interest in the Gathering

System, then any such sale, transfer, conveyance, assignment, grant, or other disposition shall be expressly subject to this Agreement and any instrument of conveyance shall so state.

4 . No Amendment to Agreement. This Memorandum is executed and recorded solely for the purpose of giving notice and shall not amend nor modify the Agreement in any way.

IN WITNESS WHEREOF, this Memorandum has been signed by or on behalf of each of the Parties as of the Day first above written.

ANTERO MIDSTREAM LLC

By: _____
Name: _____
Title: _____

ANTERO RESOURCES CORPORATION

By: _____
Name: _____
Title: _____

ACKNOWLEDGEMENTS

STATE OF COLORADO

§

CITY AND COUNTY OF DENVER

§

The foregoing instrument was acknowledged before me on the _____ Day of _____, _____, by [_____] ,
[_____] of Antero Midstream LLC, a Delaware limited liability company, on behalf of said entity.

Notary Public in and for _____

Printed or Typed Name of Notary

STATE OF COLORADO

§

CITY AND COUNTY OF DENVER

§

The foregoing instrument was acknowledged before me on the _____ Day of _____, _____, by [_____] ,
[_____] of Antero Resources Corporation, a Delaware corporation, on behalf of said entity.

Notary Public in and for _____

Printed or Typed Name of Notary

AMENDED AND RESTATED

SECONDMENT AGREEMENT

by and among **ANTERO MIDSTREAM CORPORATION**

ANTERO MIDSTREAM PARTNERS LP

ANTERO MIDSTREAM PARTNERS GP LLC

ANTERO MIDSTREAM LLC

ANTERO WATER LLC

ANTERO TREATMENT LLC

and

ANTERO RESOURCES CORPORATION

December 31, 2019

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SCHEDULES

SCHEDULE 1	Operating Services
SCHEDULE 2	Accounting Procedures

AMENDED AND RESTATED SECONDMENT AGREEMENT

THIS AMENDED AND RESTATED SECONDMENT AGREEMENT is made effective as of December 31, 2019, by and among Antero Midstream Corporation, a Delaware corporation (the “**Company**”), Antero Midstream Partners LP, a Delaware limited partnership and an indirectly wholly-owned subsidiary of the Company (“**Antero Partners**”), Antero Midstream Partners GP LLC, a Delaware limited liability company that is disregarded as separate from the Company for U.S. federal income tax purposes (the “**General Partner**”), Antero Midstream LLC, a Delaware limited liability company and a wholly-owned subsidiary of Antero Partners (“**Antero Midstream**”), Antero Water LLC, a Delaware limited liability company and a wholly-owned subsidiary of Antero Partners (“**Antero Water**”), Antero Treatment LLC, a Delaware limited liability company and a wholly-owned subsidiary of Antero Partners (“**Antero Treatment**”) and Antero Resources Corporation, a Delaware corporation (“**Antero**”). The Company, Antero Partners, the General Partner, Antero Midstream, Antero Water and Antero are sometimes referred to herein separately as “**Party**” or collectively as the “**Parties**.”

RECITALS

WHEREAS, each of Antero Partners, Antero Midstream, Antero Water, Antero Treatment, Antero and Antero Resources Midstream Management LLC, a Delaware limited liability company and predecessor in interest to the General Partner, entered into a Secondment Agreement dated September 23, 2015 (the “**Initial Secondment Agreement**”), and the Parties intend to amend and restate such Initial Secondment Agreement in its entirety as set forth herein;

WHEREAS, Antero Partners, directly or indirectly, owns (i) the Gathering Facilities (as defined below) consisting of gathering pipelines, compressor stations and certain other associated midstream assets and (ii) the Water Assets (as defined below) consisting of water delivery pipelines, water treatment and other water facilities and related assets;

WHEREAS, the Company, Antero Partners and the other members of the Company Group (as defined below) desire that Antero provide Seconded Employees (as defined below) to perform the Operating Services (as defined below) with respect to the Gathering Facilities and the Water Assets in accordance with the following commercial agreements (i) that certain First Amended Gathering and Compression Agreement, dated as of February 13, 2018, between Antero and Antero Midstream (as further amended, supplemented or restated from time to time, the “**Gathering Agreement**”), (ii) that certain Second Amended Right of First Offer Agreement, dated as of February 13, 2018, between Antero and Antero Midstream (as further amended, supplemented or restated from time to time, the “**ROFO Agreement**”), (iii) that certain Amended and Restated Water Services Agreement, dated as of February 12, 2019, between Antero and Antero Water (as further amended, supplemented or restated from time to time, the “**Water Services Agreement**”) and (iv) any agreements between members of the Partnership Group and certain third parties pursuant to which the members of the Partnership Group require Operating Services (such agreements, “**Third Party Agreements**”); and

WHEREAS, the Parties desire to set forth their respective rights and responsibilities with respect to (i) Antero’s secondment of employees for purposes of the operation, maintenance and management of the Gathering Facilities and the Water Assets and (ii) the provision of any other Operating Services.

NOW THEREFORE, in consideration of their mutual undertakings and agreements hereunder, the Parties agree that the above-described Initial Secondment Agreement shall hereby be amended and restated in its entirety as follows:

AGREEMENT

NOW, THEREFORE, the Parties hereby agree as follows:

**ARTICLE I
DEFINITIONS, CONSTRUCTION**

1.1 **Definitions.** In this Agreement, capitalized terms used, but not otherwise defined, shall have the respective meanings given to such terms set forth below:

A&R Services Agreement shall have the meaning set forth in Section 11.4.

Accounting Procedures shall have the meaning set forth in Schedule 2.

Affiliate means (i) with respect to Antero, any Person that directly or indirectly through one or more intermediaries is controlled by Antero (excluding, for the avoidance of doubt, the Company and any other Person that directly or indirectly through one or more intermediaries is controlled by the Company); (ii) with respect to the Company, any Person that directly or indirectly through one or more intermediaries is controlled by the Company; and (iii) with respect to Antero Partners, the General Partner and any other Person that directly or indirectly through one or more intermediaries is controlled by the General Partner. As used herein, the term "control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through ownership of voting securities, by contract or otherwise.

Affiliated Group shall have the meaning set forth on Schedule 2.

Agreement means this Amended and Restated Secondment Agreement, as the same may be amended.

Antero shall have the meaning set forth in the first paragraph.

Antero Group shall have the meaning set forth in Section 4.1.

Antero Indemnitees shall have the meaning set forth in Section 9.2.

Antero Midstream shall have the meaning set forth in the first paragraph.

Antero Partners shall have the meaning set forth in the first paragraph.

Antero Water shall have the meaning set forth in the first paragraph.

Applicable Law means all laws, permits, rules, codes, ordinances, requirements and regulations of all federal, state or local agencies, court and other governmental bodies, including the Natural Gas Act, the Pipeline Safety Act of 1968, both as amended, and the regulations and orders of the Federal Energy Regulatory Commission and the Department of Transportation; in each case, as applicable to Antero, the Company, Antero Partners, any other member of the Company Group, or the Assets.

Assets means the Water Assets, the Gathering Facilities, and any future assets of any member of the Company Group that do not constitute Water Assets or Gathering Facilities.

Audit Committee means the Audit Committee of the Board of Directors of the Company.

Business Day means any day other than a Saturday, a Sunday, or a holiday on which national banking associations in the State of Colorado are closed.

Capital Expenditures means all Expenditures that are capitalized, as applicable in accordance with GAAP and the relevant Party's accounting capitalization procedures, in each case as consistently applied and as in effect from time to time.

Code means the Internal Revenue Code of 1986, as amended.

Commercial Agreements shall mean the Gathering Agreement, the ROFO Agreement, the Water Services Agreement, the Third Party Agreements and any future agreements entered into with respect to the Assets that require the provision of Operating Services.

Company shall have the meaning set forth in the first paragraph.

Company Group shall mean the Company, Antero Midstream NewCo Inc., Antero IDR Holdings LLC, the General Partner, the members of the Partnership Group, and any other entity directly or indirectly wholly owned by the Company.

Company Indemnitees shall have the meaning set forth in Section 9.2.

Expenditure means a cost, expense or expenditure.

Fiscal Year means each 12 month period beginning on the first day of January of a year and ending on December 31 of the same year *provided*, the last Fiscal Year shall end at the expiration or termination of this Agreement.

Force Majeure shall have the meaning set forth in Section 10.1(b).

GAAP means United States generally accepted accounting principles as in effect from time to time.

Gathering Agreement shall have the meaning set forth in the Recitals.

Gathering Facilities shall mean (a) the Gathering System (as defined in the Gathering Agreement), (b) any property, equipment or other assets associated with the provision of Services (as defined in the ROFO Agreement) under the ROFO Agreement, (c) any other assets, equipment, accessions and improvements in respect of the foregoing owned, directly or indirectly, by the Partnership Group, and (d) any other assets, equipment or facilities owned by the Partnership Group as of the date of this Agreement other than the Water Assets.

General Partner shall have the meaning set forth in the first paragraph.

Governmental Authority means any governmental authority, agency, department, commission, bureau, board, instrumentality, court or quasi-governmental authority of any foreign nation, the United States, or any state that has or obtains jurisdiction over the matter in question, or any political subdivision thereof.

Initial Secondment Agreement shall have the meaning set forth in the Recitals.

Initial Services Agreement means the Services Agreement dated November 10, 2014, by and among Antero, Antero Partners and Antero Resources Midstream Management LLC.

Liability shall have the meaning set forth in Section 9.3(a).

Month means a calendar month.

Operating Services have the meaning set forth in Section 2.1.

Partnership Group means Antero Partners and its direct and indirect subsidiaries, including Antero Water, Antero Treatment and Antero Midstream.

Party or Parties means any of the entities named in the first paragraph to this Agreement and any respective successors or permitted assigns in accordance with the provisions of this Agreement.

Period of Secondment shall have the meaning set forth in Section 3.1(b).

Permit means all permits, licenses, franchises, consents, authorizations, certifications, exemptions, variances, and approvals, as necessary under Applicable Laws for operating the Assets.

Person means any natural person, corporation, limited liability company, partnership, joint venture, trust, unincorporated organization, association, joint stock company or Governmental Authority.

Prior Contribution Agreement means that certain Amended and Restated Contribution Agreement, dated as of November 10, 2014, between Antero and Antero Partners, as amended, supplemented or restated from time to time.

ROFO Agreement shall have the meaning set forth in the Recitals.

Seconded Employee(s) shall have the meaning set forth in Section 3.1(b).

Treasury Regulations means pronouncements, as amended from time to time, or their successor pronouncements, that clarify, interpret and apply the provisions of the Code, and that are designated as “Treasury Regulations” by the United States Department of the Treasury.

Water Assets shall have the meaning provided such term in the Water Contribution Agreement, as well as any future assets of Antero Water, Antero Treatment or any other Affiliate of Antero Partners to the extent relating to the water businesses of those respective entities.

Water Contribution Agreement means that certain Contribution, Conveyance, and Assumption Agreement, dated as of September 17, 2015, by and among Antero, Antero Partners, and Antero Treatment, as amended, supplemented or restated from time to time.

Water Services Agreement shall have the meaning set forth in the Recitals.

1 . 2 **Construction.** In construing this Agreement, the following principles shall be followed: (a) no consideration shall be given to the captions of articles, sections or subsections; (b) no consideration shall be given to the fact or presumption that one Party had a greater or lesser hand in drafting this Agreement; (c) the word “includes” and its syntactic variants means “includes, but is not limited to” and corresponding syntactic variant expressions; (d) the plural shall be deemed to include the singular, and vice versa; (e) the words “this Agreement,” “herein,” “hereby,” “hereunder” and “hereof,” and words of similar import, refer to this Agreement as a whole and not to any particular subdivision unless expressly so limited; (f) the words “this Article,” “this Section” and “this clause,” and words of similar import, refer only to the Article, Section or clause hereof in which such words occur; and (g) the word “or” is not exclusive, and the word “including” (in its various forms) means including without limitation.

ARTICLE II SECONDMENT

2 . 1 **Seconded Employees of Antero.** Subject to the terms of this Agreement, Antero agrees to provide Seconded Employees (as defined in Section 3.1(b)), who, in their capacity as Seconded Employees of the Company, a member of the Partnership Group and any other member of the Company Group, as applicable, will perform the services described on Schedule 1 and such additional services as the Parties may agree in writing from time to time, except as outsourced by the Company or any other member of the Company Group to third party service providers (collectively, the “**Operating Services**”), in order for Antero Partners and the other members of the Company Group to operate the Assets in an efficient manner, and in a manner that permits the applicable Parties to comply with their obligations under the Commercial Agreements. The Seconded Employees will perform the Operating Services in accordance with the terms and conditions and subject to the limitations set forth in this Agreement.

2 . 2 **Direction and Control of Seconded Employees.** Subject to the provisions of Section 3.1(d), each Seconded Employee shall be subject to the direction and control of the Company and any other member of the Company Group for which the Seconded Employee is providing the Operating Services. Antero shall respond in a commercially reasonable manner to all instructions, notices, requests or inquiries from the Company and each member of the Company Group with respect to the Seconded Employees. Decisions, acts or omissions so undertaken by the

Seconded Employees or Antero with respect to the Seconded Employees pursuant to the direction and control of any member of the Company Group shall not give rise to any breach of or default under this Agreement by Antero or liability to Antero provided that Antero otherwise acted in accordance with the requirements of Section 2.1.

2.3 **Termination of Seconded Employees.** The Company and the other members of the Company Group shall have no authority to terminate a Seconded Employee's employment with Antero; *provided, however*, that the relevant member of the Company Group may terminate the Seconded Employee's secondment to such entity. Antero shall, at all times, have sole authority to terminate a Seconded Employee's employment with Antero.

2.4 **Supervision and Management of the Seconded Employees.** To the extent that supervisors or managers of Seconded Employees issue instructions to such Seconded Employees regarding the Operating Services, such supervisors and managers shall be treated for purposes of this Agreement as acting on behalf of the member of the Company Group for which such Seconded Employees are providing Operating Services.

2.5 **Consultations.** Antero, the Company and Antero Partners shall consult as frequently as reasonably necessary regarding the scope of Operating Services to be performed by the Seconded Employees and particular circumstances that may require an adjustment to Antero's obligation to provide the Seconded Employees, and shall keep each other timely informed about planned downtime, major maintenance projects, capital projects, significant operational events and other major events that are relevant to the safe and efficient operation of the Assets and the performance of the Parties' respective obligations under this Agreement.

2.6 **Additional Seconded Employees and Additional Services.** If, subsequent to the date hereof, additional services not listed on Schedule 1 are required to operate the Assets or to operate any other business of a member of the Company Group, Antero shall use commercially reasonable efforts to provide Seconded Employees to operate the Assets or such other business and provide such additional services on mutually agreeable pricing and other terms to be determined on a basis similar to the pricing and other terms set forth in this Agreement, whereupon such additional services shall be considered part of the Operating Services.

2.7 **Title to Items Obtained on Behalf of the Company Group.** To the extent that any materials, equipment, supplies, consumables, spare parts and other items are purchased or obtained by Antero or its Affiliates for or on behalf of any member of the Company Group, title to such items shall pass immediately to and vest in such member of the Company Group upon passage of title from the vendor or supplier thereof free and clear of all liens or encumbrances arising by, through and under Antero and its Affiliates but not otherwise (other than liens and security interests securing any unpaid portion of the purchase price for the same). All materials, data and documents, to the extent prepared or developed by any Seconded Employee during the term of this Agreement for any member of the Company Group or their respective Affiliates in connection with the Seconded Employees' performance of the Operating Services, including all manuals, data, designs, drawings, plans, specifications and reports, shall belong to such member of the Company Group or such respective Affiliate. All such materials, documents and data, in whatever form, including electronic copies and databases, shall be provided promptly to such member of the Company Group following any termination of this Agreement, or at such other times as such member of the Company Group may reasonably direct; *provided, however*, that Antero shall be entitled to retain (a) copies of such materials, documents and data for document retention and compliance purposes if required by law, rules, regulations or orders of the court and (b) all electronic copies (if any) of any such materials, documents and data residing in its (and its Affiliates') automatic backup systems.

ARTICLE III EMPLOYEES

3.1 **Personnel.**

(a) Pursuant to Section 2.1, Antero shall second to the Company and any member of the Partnership Group or any other member of the Company Group for which the Seconded Employee is providing Operating Services, the Seconded Employees (as defined in Section 3.1(b)) as Antero deems necessary or appropriate in order to perform the Operating Services in an efficient and prudent manner. Subject to Antero's right to be reimbursed for such expenses in accordance with the Accounting Procedures, Antero shall pay all expenses charged to or incurred by it in connection with the retention of the Seconded Employees, including compensation, salaries, wages and overhead

and administrative expenses and if applicable, payroll taxes, workers compensation insurance, retirement and insurance benefits and other applicable expenses. Any such Seconded Employees retained by Antero may be union or non-union employees, and Antero shall have the sole right to negotiate the terms and provisions of any labor or other agreements with the unions to which such Seconded Employees belong. Any Seconded Employee performing Operating Services shall be seconded by Antero to the Company and any member of the Partnership Group or any other member of the Company Group for which such Seconded Employee is providing Operating Services, as applicable.

(b) During the term of this Agreement, Antero shall, from time to time, designate certain of its employees to be seconded to the Company, a member of the Partnership Group or any other member of the Company Group, as applicable, to provide Operating Services, perform duties with respect to the Assets or otherwise work on behalf of the Company, a member of the Partnership Group or any other member of the Company Group in accordance with and subject to the terms of this Agreement. Each such employee that Antero seconded to the Company, a member of the Partnership Group or any other member of the Company Group to provide Operating Services for such entity shall, during the time that such employee is seconded to the Company, a member of the Partnership Group or any other member of the Company Group under this Agreement (such time period, the “*Period of Secondment*”), be referred to individually herein as a “*Seconded Employee*” and, collectively, as the “*Seconded Employees*.” The employment of the Seconded Employees by Antero and the Company during their Period of Secondment shall constitute “concurrent employment” (as defined in Treasury Regulations § 31.3121(s)-1(b)(3)).

(c) At the request of the Company, the Partnership or another member of the Company Group, Antero shall notify each Seconded Employee of such employee’s secondment. The notice of such secondment provided to each Seconded Employee may state that (i) each such Seconded Employee will be a joint employee of Antero, the Company and any other member of the Company Group for which such Seconded Employee is providing Operating Services, and (ii) for any workplace injury, the Seconded Employee’s sole remedy against either Antero, the Company, any other member of the Company Group, and each of their respective Affiliates will be under the workers’ compensation insurance policy or qualified self-insured program of Antero. For the avoidance of doubt, the Parties acknowledge that the Seconded Employees will, during the Period of Secondment, be called upon to perform services for both members of the Company Group and Antero (and their respective applicable Affiliates) of the same or closely-related nature. Antero retains the right to terminate the secondment of any Seconded Employee for any reason at any time or to hire or discharge the Seconded Employees with respect to their employment with Antero. The Company and the other members of the Company Group for which the Seconded Employees provide Operating Services will have the right to terminate the secondment to it of any Seconded Employee for any reason at any time, upon prior written notice to Antero, but at no time will the Company or any other member of the Company Group have the right to terminate any Seconded Employee’s employment by Antero. Upon the termination of the secondment of any Seconded Employee for any reason, such Seconded Employee will cease performing services for the Company Group and shall cease to be jointly employed by Antero, the Company and any other member of the Company Group.

(d) Each Seconded Employee shall be under the direction and control of the Company and any other member of the Company Group for which such Seconded Employee provides Operating Services. To the extent Operating Services are performed for the Partnership Group, the Parties acknowledge that the Seconded Employees shall report into the management structure of Antero Partners and, accordingly, shall be under the direct management, supervision, direction and control of the Company as a result of the Company’s control of the General Partner, which controls Antero Partners.

(e) Those Seconded Employees who serve as supervisors or managers and who are called upon to oversee the work of Seconded Employees with respect to the Assets or to provide management support on behalf of a member of the Company Group are designated by such member of the Company Group as supervisors to act on the behalf of such member of the Company Group in supervising the Seconded Employees pursuant to [Section 3.1\(d\)](#). Any Seconded Employee so designated will be acting on the behalf of the relevant member of the Company Group when supervising the work of the Seconded Employees or when they are otherwise providing management or executive support on behalf of such member of the Company Group.

(f) With respect to the Company Group’s operations in Ohio, Antero shall obtain workers’ compensation coverage as defined by Ohio Revised Code Chapter 4123 on behalf of Antero and the members of the Company Group for which the Seconded Employees are providing Operating Services, and each such member of the

Company Group shall be considered an employer solely for the purposes of Ohio Revised Code Chapter 4123. With respect to the Company Group's operations in West Virginia, Antero shall obtain workers' compensation coverage as defined by West Virginia Code Chapter 23 on behalf of Antero and the members of the Company Group for which the Seconded Employees are providing Operating Services, and each such members of the Company Group shall be considered a special employer solely for the purposes of West Virginia Code Chapter 23. With respect to the Company Group's operations in Pennsylvania, Antero shall obtain workers' compensation coverage as defined by Pennsylvania Statutes Title 77 on behalf of Antero and the members of the Company Group for which the Seconded Employees are providing Operating Services, and the Company and each such members of the Company Group shall be considered a statutory employer solely for the purposes of Pennsylvania Statutes Title 77 § 481. With respect to the Company Group's operations in Colorado, Antero shall obtain workers' compensation coverage as defined by Colorado Revised Statutes Title 8 on behalf of Antero and the members of the Company Group for which the Seconded Employees are providing Operating Services, and the Company and each such members of the Company Group shall be considered a statutory employer solely for the purposes of Colorado Revised Statutes Title 8, Articles 40 to 47. For the avoidance of doubt, nothing in this Agreement has any effect on the right of a Seconded Employee to prosecute a workers' compensation claim against Antero or any member of the Company Group for which such Seconded Employee is providing Operating Services.

(g) Neither the Company nor any other member of the Company Group for which the Seconded Employees are providing Operating Services shall be a participating employer in any benefit plan of Antero or any of its Affiliates. Antero shall remain solely responsible for all obligations and liabilities arising with respect to any benefit plans relating to any Seconded Employees, and the Company Group shall not assume any benefit plan or have any obligations or liabilities arising thereunder, in each case except for costs properly chargeable to the Company Group under this Agreement.

ARTICLE IV REIMBURSEMENT AND BILLING PROCEDURES

4.1 **Reimbursement.** Subject to and in accordance with the terms and provisions of this Article IV (but without duplication of any amounts due pursuant to the A&R Services Agreement) and taking into account any reasonable allocation and other procedures as may be agreed upon from time to time by Antero, the Company and the General Partner, the Company shall reimburse Antero for all direct and indirect costs and expenses incurred by Antero and its Affiliates (collectively, the "**Antero Group**") in connection with the provision of the Operating Services for the Company and any other member of the Company Group; *provided, however*, Antero Partners shall reimburse Antero for all direct and indirect costs and expenses incurred by the Antero Group in connection with the provision of the Operating Services for Antero Partners and any other member of the Partnership Group. Such reimbursement shall include reimbursement for the following:

(a) Expenditures and Capital Expenditures incurred in the performance of the Operating Services, in accordance with the Accounting Procedures; *provided, however*, Antero shall not be reimbursed for Expenditures for which Antero is required to provide indemnification to Antero Partners or any other Company Indemnatee pursuant to Section 9.3(b);

(b) any payments or expenses incurred for insurance coverage, including allocable portions of premiums, and negotiated instruments (including surety bonds and performance bonds) provided by underwriters with respect to the Assets, the Company Group's other assets or the businesses of the Company Group; and

(c) salaries and related benefits and expenses of personnel employed by the Antero Group who render Operating Services, plus general and administrative expenses to the extent associated with such personnel (including the cost of workers' compensation insurance coverage with respect to such periods that the Seconded Employees are providing Operating Services);

it being agreed, however, that to the extent any reimbursable costs or expenses incurred by the Antero Group consist of an allocated portion of costs and expenses incurred by the Antero Group for the benefit of both any member of the Company Group and any member of the Antero Group, an allocation of such reimbursable costs or expenses shall be made on a reasonable basis as determined by Antero in good faith.

4.2 **Billing Procedures.** The Company shall pay or cause to be paid Antero or any other applicable member of the Antero Group providing the Operating Services for billed costs and expenses no later than the later of (i) the last day of the Month following the performance Month or (ii) thirty (30) Business Days following the date of the billing of such costs and expenses. Payments made under this Agreement shall be made in cash, by wire transfer or by offset to other amounts due and owing from one Party to another; *provided, however*, that any offset shall be documented and such documentation shall be provided to the relevant Party upon request. The Company and the Partnership shall have the right to review all source documentation concerning the liabilities, costs and expenses allocated to the Company, the Partnership and any other members of the Company Group upon reasonable notice and during regular business hours.

4.3 **Reports.** Antero shall cause to be timely prepared and delivered to the applicable member of the Company Group such reports, forecasts, implementation plans, plans of action, studies and other information pertaining to the performance of the Operating Services as such member of the Company Group may reasonably request from time to time. The costs incurred by Antero in preparing and delivering such reports, forecasts, plans, studies and other information shall be included in the Expenditures to be reimbursed by the Company or Antero Partners, as applicable, pursuant to Section 4.1(a).

4.4 **Audit and Examination.** The Company and Antero Partners shall have the right to review and contest the expenses charged pursuant to the terms of this Agreement in accordance with this Section 4.4. The Company and Antero Partners, as applicable, shall have the right, upon reasonable notice and at reasonable times, to inspect and audit all the records, books, reports, data and processes related to the Operating Services performed by Antero to ensure Antero's compliance with the terms of this Agreement. If any such examination establishes an inaccuracy, necessary adjustments will be made promptly. If any information provided to or reviewed by the Company or Antero Partners under this Section 4.4(a) is confidential, the relevant Parties shall execute a mutually acceptable confidentiality agreement prior to such inspection or audit.

ARTICLE V STANDARD OF CARE, NEGATIVE COVENANTS

5.1 **Standard of Care.** Antero shall second the Seconded Employees, who will perform the Operating Services and who shall carry out their responsibilities (a) in accordance with workmanlike practices common in the U.S. oil and natural gas industry, and exercise the same level of care Antero requires in the management of its own business and affairs, and (b) in compliance with all environmental laws, rules and regulations of the United States of America and the states where the Assets are located.

5.2 **Negative Covenants.** For the avoidance of doubt, no member of the Antero Group shall, without the prior written consent of the Company and Antero Partners, do or, to the extent the same is within its reasonable control and consistent with the other terms of this Agreement, permit to occur or to continue to occur, or permit any Seconded Employee to do or permit to occur or continue to occur, any of the following:

- (a) commit any member of the Company Group to, or enter into on behalf of the Company Group, any contract or agreement;
- (b) create or incur any lien, security interest or encumbrance upon the Assets, including any mechanics or materialmen's liens or similar encumbrances arising out of claims for work, labor or materials furnished in connection with the provision of Operating Services;
- (c) purport to sell, lease, pledge, mortgage, assign, transfer or otherwise dispose of the Assets or any other assets of the Company Group now owned or hereafter acquired; or
- (d) commit any member of the Company Group to be or to become directly or contingently responsible or liable for obligations of any other Person, by assumption, guarantee, endorsement or otherwise.

**ARTICLE VI
TAXES**

6.1 **Embedded Tax Amounts.** If any portion of any payment made by the Company or Antero Partners hereunder is to reimburse Antero for any U.S. federal, state or local taxes or assessments, then Antero shall cause such taxes and assessments to be paid prior to delinquency.

6.2 **Income Taxes.** Notwithstanding anything to the contrary, Expenditures for which Antero is entitled to reimbursement pursuant to this Agreement shall not include taxes that are measured or based on Antero's income, franchise or similar taxes, and all such income, franchise and similar taxes shall be the responsibility of Antero.

6.3 **Common Paymaster.** Antero shall serve as the common paymaster, within the meaning of Section 3121(s) of the Code, for the Company and any other applicable member of the Company Group with respect to the Seconded Employees, and, in such capacity, shall timely (a) pay and deliver to the appropriate U.S. federal, state and local taxing authorities all payroll and income taxes withheld from, or payable with respect to, the compensation of the Seconded Employees and (b) file all information returns required under Applicable Law.

**ARTICLE VII
TERMINATION**

7.1 **Term.** Unless terminated earlier, this Agreement shall continue in effect until the twentieth (20th) anniversary of the execution of the Initial Services Agreement and from year to year thereafter (with the initial term of this Agreement deemed extended for each of any such additional year) until such time as this Agreement is terminated. Any termination of this Agreement during any such year to year extension of the initial term shall be effected by written notice of such termination from either Party to the other Party on or before the one hundred eightieth (180th) day prior to the next anniversary of the execution of the Initial Services Agreement with such termination effective upon the occurrence of such next anniversary.

7.2 **Termination.**

(a) Notwithstanding anything to the contrary in this Agreement, this Agreement may be terminated at any time (i) in its entirety by mutual written agreement of all of the Parties to the Agreement, (ii) with respect to the Company, by the Company, in its sole discretion, effective upon delivery of written notice of such termination to Antero and (iii) with respect to Antero Partners, by Antero Partners, in its sole discretion, effective upon delivery of written notice of such termination to Antero.

(b) Upon termination of this Agreement, all rights and obligations of the Parties under this Agreement shall terminate, *provided, however,* that such termination shall not affect or excuse the performance of any party under the provisions of Article IX, which provisions shall survive the termination of this Agreement indefinitely, or the obligations under Article IV with respect to amounts relating to periods prior to the termination of this Agreement, which provisions shall survive until such amounts are paid in full.

**ARTICLE VIII
ACCESS TO THE ASSETS**

The Seconded Employees shall at all times during their performance of the Operating Services hereunder have full and free, non-exclusive access to the Assets as necessary to perform their obligations under this Agreement, and all such Persons shall comply with all safety and other procedures from time to time imposed by the Company, Antero Partners or any other member of the Company Group in connection with any access to or work performed on or about the Assets.

**ARTICLE IX
INDEMNIFICATION**

9.1 **Indemnification Scope.** IT IS IN THE BEST INTERESTS OF THE PARTIES THAT CERTAIN RISKS RELATING TO THE MATTERS GOVERNED BY THIS AGREEMENT SHOULD BE IDENTIFIED AND ALLOCATED AS BETWEEN THEM. IT IS THEREFORE THE INTENT AND PURPOSE OF THIS AGREEMENT TO PROVIDE FOR THE INDEMNITIES SET FORTH HEREIN TO THE MAXIMUM EXTENT ALLOWED BY LAW. ALL PROVISIONS OF THIS ARTICLE SHALL BE DEEMED CONSPICUOUS WHETHER OR NOT CAPITALIZED OR OTHERWISE EMPHASIZED.

9.2 **Indemnified Persons.** Wherever the “Company” or “Antero” appears as an indemnitee in this Article, the term shall include that entity and its Affiliates, and the respective agents, officers, directors, employees, representatives and contractors and subcontractors of any tier of the foregoing entities involved in actions or duties to act on behalf of the indemnified Party. These groups will be the “*Company Indemnitees*” or the “*Antero Indemnitees*” as applicable, *provided, however*, that for the avoidance of doubt, the Company Indemnitees shall not include Antero and its Affiliates, and the Antero Indemnitees shall not include the Company or any member of the Company Group. “Third parties” shall not include any Company Indemnitees or Antero Indemnitees.

9.3 **Indemnifications.**

(a) THE COMPANY OR ANTERO PARTNERS, AS APPLICABLE, SHALL RELEASE, DEFEND, INDEMNIFY, AND HOLD HARMLESS THE ANTERO INDEMNITEES FROM AND AGAINST ANY AND ALL CLAIMS, CAUSES OF ACTION, DEMANDS, LIABILITIES, LOSSES, DAMAGES, FINES, PENALTIES, JUDGMENTS, EXPENSES AND COSTS, INCLUDING REASONABLE ATTORNEYS’ FEES AND COSTS OF INVESTIGATION AND DEFENSE (EACH, A “*LIABILITY*”) (INCLUDING, WITHOUT LIMITATION, ANY LIABILITY FOR (i) DAMAGE, LOSS OR DESTRUCTION OF THE ASSETS, (ii) BODILY INJURY, ILLNESS OR DEATH OF ANY PERSON, EXCEPT TO THE EXTENT SUCH PERSON IS A SECONDED EMPLOYEE, AND (iii) LOSS OF OR DAMAGE TO EQUIPMENT OR PROPERTY OF ANY PERSON) IN EACH CASE ARISING FROM OR RELATING TO THE SECONDED EMPLOYEES’ PERFORMANCE OF THIS AGREEMENT, EXCEPT TO THE EXTENT SUCH LIABILITY IS CAUSED BY THE GROSS NEGLIGENCE OR WILLFUL MISCONDUCT OF THE ANTERO INDEMNITEES.

(b) ANTERO SHALL RELEASE, DEFEND, INDEMNIFY, AND HOLD HARMLESS THE COMPANY INDEMNITEES FROM AND AGAINST ANY AND ALL LIABILITIES (INCLUDING, WITHOUT LIMITATION, ANY LIABILITY FOR (i) DAMAGE, LOSS OR DESTRUCTION OF THE ASSETS, (ii) BODILY INJURY, ILLNESS OR DEATH OF ANY PERSON, EXCEPT TO THE EXTENT SUCH PERSON IS A SECONDED EMPLOYEE, AND (iii) LOSS OF OR DAMAGE TO EQUIPMENT OR PROPERTY OF ANY PERSON) IN EACH CASE ARISING FROM OR RELATING TO THE SECONDED EMPLOYEES’ PERFORMANCE UNDER THIS AGREEMENT TO THE EXTENT SUCH LIABILITY IS CAUSED BY THE GROSS NEGLIGENCE OR WILLFUL MISCONDUCT OF THE ANTERO INDEMNITEES.

9.4 **Damages Limitations.** Any and all damages recovered by either Party pursuant to this Article IX or pursuant to any other provision of or actions or omissions under this Agreement shall be limited to actual damages. CONSEQUENTIAL DAMAGES AND EXEMPLARY AND PUNITIVE DAMAGES SHALL NOT BE RECOVERABLE UNDER ANY CIRCUMSTANCES EXCEPT TO THE EXTENT THOSE DAMAGES ARE INCLUDED IN THIRD PARTY CLAIMS FOR WHICH A PARTY HAS AGREED HEREIN TO INDEMNIFY THE OTHER PARTY. EACH PARTY ACKNOWLEDGES IT IS AWARE THAT IT HAS POTENTIALLY VARIABLE LEGAL RIGHTS UNDER COMMON LAW AND BY STATUTE TO RECOVER CONSEQUENTIAL, EXEMPLARY, AND PUNITIVE DAMAGES UNDER CERTAIN CIRCUMSTANCES, AND, EXCEPT AS PROVIDED IN THE PRECEDING SENTENCE WITH RESPECT TO THIRD PARTY CLAIMS, EACH PARTY NEVERTHELESS WAIVES, RELEASES, RELINQUISHES, AND SURRENDERS RIGHTS TO CONSEQUENTIAL PUNITIVE AND EXEMPLARY DAMAGES TO THE FULLEST EXTENT PERMITTED BY LAW WITH FULL KNOWLEDGE AND AWARENESS OF THE CONSEQUENCES OF THE WAIVER REGARDLESS OF THE NEGLIGENCE OR FAULT OF EITHER PARTY.

9.5 **Defense of Claims.** The indemnifying Party shall defend, at its sole expense, any claim, demand, loss, liability, damage, or other cause of action within the scope of the indemnifying Party's indemnification obligations under this Agreement, *provided* that the indemnified Party notifies the indemnifying Party promptly in writing of any claim, loss, liability, damage, or cause of action against the indemnified Party and gives the indemnifying Party information, and assistance at the reasonable expense of the indemnifying Party in defense of the matter. The indemnified Party may be represented by its own counsel (at the indemnified Party's sole expense) and may participate in any proceeding relating to a claim, loss, liability, damage, or cause of action in which the indemnified Party or both Parties are defendants, *provided, however*, the indemnifying Party shall, at all times, control the defense and any appeal or settlement of any matter for which it has indemnification obligations under this Agreement so long as any such settlement includes an unconditional release of the indemnified Party from all liability arising out of such claim, demand, loss, liability, damage, or other cause of action and does not require any remediation or other action other than the payment of money which the indemnifying party will be responsible for hereunder and does not include a statement as to or an admission of fault, culpability or a failure to act by or on behalf of the indemnified Party. Should the Parties both be named as defendants in any third-party claim or cause of action arising out of or relating to the Assets or Operating Services, the Parties will cooperate with each other in the joint defense of their common interests to the extent permitted by law, and will enter into an agreement for joint defense of the action if the Parties mutually agree that the execution of the same would be beneficial.

ARTICLE X FORCE MAJEURE

10.1 **Force Majeure Event.**

(a) In the event a Party is rendered unable, wholly or in part, by Force Majeure to carry out its obligations under this Agreement, other than the obligation to make payments then or thereafter due hereunder, and such Party promptly gives notice and reasonably full particulars of such Force Majeure to the other Party promptly after the occurrence of the cause relied on, then the obligations of the Party giving such notice, so far as and to the extent that they are affected by Force Majeure, shall be suspended during the continuance of any inability so caused, but for no longer period, and such cause shall so far as reasonably possible be remedied with all reasonable dispatch by the Party claiming Force Majeure.

(b) "**Force Majeure**" as used in this Agreement shall mean any cause or causes not reasonably within the control of the Party claiming suspension and which, by the exercise of reasonable diligence, such Party is unable to prevent or overcome, including acts of God, strikes, lockouts or other industrial disturbances, acts of the public enemy, acts of terror, sabotage, wars, blockades, military action, insurrections, riots, epidemics, landslides, subsidence, lightning, earthquakes, fires, storms or storm warnings, crevasses, floods, washouts, civil disturbances, explosions, breakage or accidents to wells, machinery, equipment or lines of pipe; the necessity for testing or making repairs or alterations to wells, machinery, equipment or lines of pipe, freezing of wells, equipment or lines of pipe; inability of any Party hereto to obtain, after the exercise of reasonable diligence, necessary materials, supplies or governmental approvals; and action or restraint by any Governmental Authority (so long as the Party claiming suspension has not applied for or assisted in the application for, and has opposed where and to the extent reasonable, such action or restraint, and as long as such action or restraint is not the result of a failure by the claiming Party to comply with any Applicable Law).

(c) The settlement of any strikes or lockouts will be entirely within the discretion of Antero, and settlement of strikes, lockouts or other labor disturbances when that course is considered inadvisable is not required.

ARTICLE XI OTHER PROVISIONS

11.1 **Assignment.** This Agreement shall be binding upon and inure to the benefit of the Parties named herein. No Party may assign or otherwise transfer either this Agreement or any of its rights, interests or obligations hereunder without the prior written approval of the other Parties, which approval shall not be unreasonably withheld, conditioned or delayed.

11.2 **Notices.** All notices or requests or consents provided for by, or permitted to be given pursuant to, this Agreement must be in writing and must be given by depositing the same in the U.S. mail, addressed to the Party to be notified, postpaid, and registered or certified with return receipt requested or by delivering such notice in person or by facsimile or e-mail to such Party. Notice given by personal delivery or mail shall be effective upon actual receipt. Notice given by facsimile or e-mail shall be effective upon actual receipt if received during the recipient's normal business hours or at the beginning of the recipient's next Business Day after receipt if not received during the recipient's normal business hours. All notices to be sent to a Party pursuant to this Agreement shall be sent to or made at the address set forth below or at such other address as such Party may stipulate to the other Parties in the manner provided in this Section 11.2.

Partnership Group:

Antero Midstream Partners LP
1615 Wynkoop Street
Denver, Colorado 80202
Attn: Chief Financial Officer
Fax: (303) 357-7315

Company Group (other than the Partnership Group):

Antero Midstream Corporation
1615 Wynkoop Street
Denver, Colorado 80202
Attn: Chief Financial Officer
Fax: (303) 357-7315

Antero:

Antero Resources Corporation
1615 Wynkoop Street
Denver, Colorado 80202
Attn: Chief Financial Officer
Fax: (303) 357-7315

11.3 **Severability.** If any provision of this Agreement shall be finally determined to be unenforceable, illegal or unlawful, such provision shall, so long as the economic and legal substance of the transactions contemplated hereby is not affected in any materially adverse manner as to any Party, be deemed severed from this Agreement and the remainder of this Agreement shall remain in full force and effect.

11.4 **Entire Agreement; Conflicts.** This Agreement, the Second Amended and Restated Services Agreement dated of even date herewith among Antero Partners, General Partner, Antero and the Company (the "**A&R Services Agreement**"), the Water Contribution Agreement, the Prior Contribution Agreement, the Commercial Agreements, any exhibits or schedules to the foregoing and any other transaction documents executed in connection herewith or therewith constitute the entire agreement of the Parties relating to the matters contained herein and therein, superseding all prior contracts or agreements, whether oral or written, relating to the matters contained herein and therein. In the event of a conflict between the terms of this Agreement and the terms of the A&R Services Agreement with respect to the coverage of any individual and/or services provided, the terms of this Agreement shall control.

11.5 **Amendment or Modification.** This Agreement may be amended or modified from time to time only by the written agreement of all the Parties hereto. Each such instrument shall be reduced to writing and shall be designated on its face an "Amendment" or an "Addendum" to this Agreement.

11.6 **No Waiver.** Failure of Antero or any member of the Company Group to require performance of any provision of this Agreement shall not affect that Party's right to full performance thereof at any time thereafter, and the waiver by either Antero or any member of the Company Group of a breach of any provision hereof shall not

constitute a waiver of any similar breach in the future or of any other breach or nullify the effectiveness of such provision.

11.7 **Safety Regulations.** All employees of each Party when on the property of the other Party will conform to the rules, regulations and procedures concerning safety of such other Party. From time to time, each Party shall furnish the other Party with complete, accurate and current copies of all such rules, regulations and procedures.

11.8 **Relationship of Parties.** Nothing hereunder shall be construed as creating any other relationship among the Parties, including but not limited to a partnership, agency or fiduciary relationship, joint venture, limited liability company, association, or any other enterprise.

11.9 **Governing Law.** Each of the Parties hereby irrevocably consents and agrees that any dispute arising out of or relating to this Agreement or any related document shall exclusively be brought in the courts of the State of Colorado, in Denver County or the federal courts located in the District of Colorado. The Parties agree that, after such a dispute is before a court as specified in this Section 11.9 and during the pendency of such dispute before such court, all actions with respect to such dispute, including any counterclaim, cross-claim or interpleader, shall be subject to the exclusive jurisdiction of such court. The Parties also agree that after such a dispute is before a court as specified in this Section 11.9, and during the pendency of such dispute before such court, each of the Parties hereby waives, and agrees not to assert, as a defense in any legal dispute, that it is not subject thereto or that such dispute may not be brought or is not maintainable in such court or that its property is exempt or immune from execution, that the dispute is brought in an inconvenient forum or that the venue of the dispute is improper. Each Party agrees that a final judgment in any dispute described in this Section 11.9 after the expiration of any period permitted for appeal and subject to any stay during appeal shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by laws.

11.10 **Further Assurances.** In connection with this Agreement and all transactions contemplated by this Agreement, each Party agrees to execute and deliver such additional documents and instruments and to perform such additional acts as may be necessary or appropriate to effectuate, carry out and perform all of the terms, provisions and conditions of this Agreement and all such transactions.

11.11 **Counterparts.** This Agreement may be executed in one or more counterparts, including electronic, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. In the event that any signature is delivered by facsimile transmission or by e-mail delivery of a “.pdf” format data file, such signature shall create a valid and binding obligation of the Party executing (or on whose behalf such signature is executed) with the same force and effect as if such facsimile or “.pdf” signature page were an original thereof.

11.12 **Rights of Third Parties.** The provisions of this Agreement are enforceable solely by the Parties to this Agreement, and no third party (including any Seconded Employee) shall have the right, separate and apart from the Parties to this Agreement, to enforce any provision of this Agreement or to compel any Party to this Agreement to comply with the terms of this Agreement.

[Signatures on following page]

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the date first set forth above.

ANTERO MIDSTREAM CORPORATION

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

ANTERO MIDSTREAM PARTNERS LP

By: Antero Midstream Partners GP LLC, its general partner

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

ANTERO MIDSTREAM PARTNERS GP LLC

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

ANTERO MIDSTREAM LLC

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

ANTERO WATER LLC

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

ANTERO TREATMENT LLC

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

Signature Page to Services and Secondment Agreement

ANTERO RESOURCES CORPORATION

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

Signature Page to Services and Secondment Agreement

SCHEDULE 1

The services shall include the personnel necessary for the provision of comprehensive Operating Services. Antero shall second, or cause to be seconded, Seconded Employees to perform the following Operating Services in connection with the operation and maintenance of the Assets, all in accordance with, and subject to, the requirements of this Agreement:

OPERATING SERVICES: WATER ASSETS

The Seconded Employees shall perform the following Operating Services with respect to the Water Assets:

1. provide, or procure (in the name of Antero Partners or its applicable Affiliate) and manage, those services (including operation, maintenance, engineering and construction services) necessary for the operation of the Water Assets and to maintain the Water Assets in sound operating condition and good repair;
2. perform routine maintenance, preventative maintenance and capitalized repairs;
3. perform corrosion and inspection services;
4. perform or cause to be performed waste water fluid handling services;
5. submit the applications for and in the name of Antero Partners or its applicable Affiliate, pursue the issuance of, and maintain in force, the environmental and all other permits necessary for the operation of the Water Assets;
6. prepare, sign and file, or cause to be prepared, signed and filed, in each case in the name of Antero Partners or its applicable Affiliate, all filings required to be filed by an operator of comparable water transportation and disposal assets with any Governmental Authority with respect to the Water Assets or the operation thereof; and
7. perform or cause to be performed any other services with respect to the Water Assets and associated business reasonably requested by Antero Partners.

OPERATING SERVICES: GATHERING FACILITIES

The Seconded Employees shall perform the following Operating Services with respect to the Gathering Facilities:

1. conduct, or cause to be conducted, all operations with respect to the Gathering Facilities, and shall procure and furnish, or cause to be procured or furnished in the name of Antero Partners or its applicable Affiliate, all materials, equipment, services, supplies, and labor necessary for the operation and maintenance of the Gathering Facilities, engineering support for these activities, and related warehousing and security, including the following:
 - i. Maintain and operate flow and pressure control, monitoring, and over-pressure protection;
 - ii. Maintain, repair, recondition, overhaul, and replace equipment, as needed, to keep the Gathering Facilities in good working order;
 - iii. Operate the Gathering Facilities in a manner consistent with the standard of conduct set forth in the applicable Commercial Agreements; and
 - iv. Conduct all other routine day-to-day operations of the Gathering Facilities.
2. provide, manage and conduct, or cause to be provided, managed and conducted, the business operations associated with the Gathering Facilities, including, the following:
 - i. Transportation and logistics, including commercial operations;
 - ii. Contract administration;
 - iii. Gas control;

- iv. Gas measurement;
 - v. GIS mapping;
 - vi. Database mapping, reporting and maintenance;
 - vii. Rights of way;
 - viii. Materials management;
 - ix. Engineering support (including facility design and optimization); and
 - x. perform or cause to be performed any other services with respect to the Gathering Facilities and associated business reasonably requested by Antero Partners.
- 3 . coordinate and direct, or cause to be coordinated and directed, the activities of Persons (including contractors, subcontractors, consultants, professionals, service and other organizations) required to perform the duties and responsibilities necessarily for the provision of the Operating Services. Such persons may include employees of Antero or its Affiliates or employees of one or more third persons; *provided, however*, that any contracts or agreements with respect to third party services shall be entered into in the name of Antero Partners or its applicable Affiliates unless otherwise agreed by Antero Partners in writing.

Schedule 1

SCHEDULE 2
ACCOUNTING PROCEDURES

1 . **Statements and Billings.** Antero shall bill Antero Partners or any other member of the Company Group being provided with Operating Services, as applicable, in accordance with Section 4.2 of this Agreement. If requested by the Company or Antero Partners, Antero will promptly provide reasonably sufficient support for the Expenditures anticipated to be incurred for the following Month. Bills will be summarized by appropriate classifications indicative of the nature thereof and will be accompanied by such detail and supporting documentation as the Company or Antero Partners may reasonably request.

2 . **Records.** The Parties shall maintain accurate books and records covering all performance of the Services. Antero shall serve as the common paymaster, within the meaning of Section 3121(s) of the Code, for the Company and any other applicable member of the Company Group with respect to the Seconded Employees. In connection therewith, Antero shall accurately record the portion of the cost of wages, salaries, and other compensation paid by Antero to the Seconded Employees that is attributable to the performance of the Operating Services by the Seconded Employees pursuant to this Agreement, including deductions and taxes measured by such wages, salaries and other compensation.

3. **Purchase of Materials.** All material, equipment and supplies used or consumed on behalf of the Assets will be owned by Antero Partners or the relevant member of the Company Group, as applicable, and purchased or furnished for its account. So far as is reasonably practical and consistent with efficient, safe and economical operation as determined by Antero, only such material shall be obtained for the Assets as may be required for immediate or near-term use, and the accumulation of surplus stock shall be avoided. To the extent reasonably possible, the Seconded Employees shall take advantage of discounts available by early payments and pass such benefits (or an allocable portion thereof) on to Antero Partners or the relevant member of the Company Group.

4. **Accounting Procedures.**

(a) Antero is part of an affiliated group of companies (the "**Affiliated Group**") that as of the date of this Agreement is engaged in the exploration and production of natural gas. Accounting, purchasing, and risk management functions and services (among other functions and services) as of the date of this Agreement are managed or provided by Antero or one of its Affiliates to the Affiliated Group. The costs and expenses incurred by Antero or such Affiliate in managing or providing such functions and services are accrued on the books and records of Antero in accordance with GAAP and are allocated (where applicable) among the members of the Affiliated Group in accordance with GAAP (such accrual and allocation procedure, the "**Accounting Procedures**").

(b) The costs and expenses incurred by any member of the Company Group in managing or providing accounting, purchasing, and risk management functions and services (among other functions and services) are to be accrued on the books and records of any such member on a basis consistent with the Accounting Procedures.

(c) Antero shall determine and allocate the Expenditures on a basis consistent with the Accounting Procedures and shall provide a mechanism for validating an Expenditure and the allocation of such Expenditure. If Antero Partners and the Company believe that the determination or allocation of any Expenditure is inconsistent with the Accounting Procedures, then Antero Partners and the Company shall notify Antero in writing of the specific manner in which Antero Partners and the Company regard such determination or allocation to be deficient or objectionable. Antero shall either correct or change such determination or allocation in accordance with the notice, or, if Antero disagrees with the notice provided by Antero Partners and the Company, shall reasonably cooperate with Antero Partners and the Company in addressing such correction or change. If Antero Partner's auditors, the Company's auditors or the Audit Committee make reasonable suggestions with respect to the Accounting Procedures or the use of the Accounting Procedures pursuant to the terms of this Agreement, Antero will reasonably cooperate with Antero Partners and the Company and any other applicable member of the Company Group in addressing

such suggestions; *provided*, the implementation of such suggestions shall be subject to the mutual agreement of Antero Partners, the Company and Antero.

(d) There shall be no duplication of charges for the same Expenditure. Likewise, no duplication of an Expenditure that has been charged to Antero Partners or any other applicable member of the Company Group under any other agreement between the Parties shall occur.

Schedule 2

SECOND AMENDED AND RESTATED SERVICES AGREEMENT

This SECOND AMENDED AND RESTATED SERVICES AGREEMENT (this “**Agreement**”) dated as of December 31, 2019, and effective as of March 13, 2019, is entered into by and among Antero Midstream Partners LP, a Delaware limited partnership (the “**Partnership**”), Antero Midstream Corporation, a Delaware corporation (the “**Company**”), Antero Partners GP LLC, a Delaware limited liability company that is disregarded as separate from the Company for U.S. federal income tax purposes (the “**General Partner**”), and Antero Resources Corporation, a Delaware corporation (“**Antero**”). The Partnership, the Company, the General Partner and Antero may be referred to herein individually as “**Party**” or collectively as “**Parties.**”

RECITALS

WHEREAS, each of the Partnership, Antero and Antero Resources Midstream Management LLC, a Delaware limited liability company and predecessor in interest to the General Partner, entered into an Amended and Restated Services Agreement dated September 23, 2015 (the “**First Amended and Restated Services Agreement**”), and the Parties intend to amend and restate such First Amended and Restated Services Agreement in its entirety as set forth herein and add the Company as a Party hereto;

WHEREAS, Antero, Antero Midstream GP LP, a Delaware limited partnership and predecessor in interest to the Company, AMGP GP LLC, a Delaware limited liability company, and Antero IDR Holdings LLC, a Delaware limited liability company, are parties to that certain Services Agreement dated May 9, 2017, and the Parties intend that such agreement be superseded by this Agreement;

WHEREAS, the Company, the Partnership and the other members of the Company Group desire that Antero provide the Services (as defined below); and

WHEREAS, the Parties desire to set forth their respective rights and responsibilities with respect to the provision of the Services.

NOW THEREFORE, in consideration of their mutual undertakings and agreements hereunder, the Parties agree that the First Amended and Restated Services Agreement shall hereby be amended and restated in its entirety as follows:

ARTICLE 1
PERFORMANCE OF SERVICES

1.1 Agreement to Provide Services. Antero shall provide, or cause to be provided, the corporate, general and administrative services set forth on Exhibit A and such additional services as the Parties may agree in writing from time to time (collectively, the “**Services**”) to the Company, the Partnership and the subsidiaries of the Partnership, and any other subsidiaries of the Company (collectively, the “**Company Group**”). The nature and quality of the Services provided under this Agreement shall be provided in compliance with all applicable law and shall be consistent with the nature and quality of the services of such type that Antero performs in the management of its own business and affairs. If, subsequent to the date hereof, additional services not listed on Exhibit A are needed, Antero shall use commercially reasonable efforts to provide Services Personnel (as

defined below) to provide such services on mutually agreeable pricing and other terms to be determined on a basis similar to the pricing and other terms set forth in this Agreement, whereupon such additional services shall be considered part of the Services.

ARTICLE 2 **SERVICES PERSONNEL**

2.1 Relationship of the Parties. The Parties acknowledge that the Services shall be performed by such employees of Antero or another member of the Antero Group (as defined in Section 3.1) as the Parties shall agree to from time to time (such employees who perform the Services, the “**Services Personnel**”). The Services Personnel shall be under the direction and control of the Company and any other member of the Company Group to which such Services Personnel provide the Services. To the extent Services are performed for the Partnership or any of its subsidiaries, the Parties acknowledge that the Services Personnel shall report into the management structure of the Partnership, and, accordingly shall be under the direct management, supervision, direction and control of the Company as a result of the Company’s control of the General Partner, which controls the Partnership. To the extent that supervisors or managers of the Services Personnel issue instructions to Services Personnel regarding the Services, such supervisors and managers shall be treated for purposes of this Agreement as acting on behalf of the member of the Company Group for which such Services Personnel are providing Services. The employment of the Services Personnel by Antero and the Company shall constitute “concurrent employment” (as defined in Treasury Regulations § 31.3121(s)-1(b)(3)). Subject to the foregoing, nothing hereunder shall be construed as creating any other relationship among the Parties, including but not limited to a partnership, agency or fiduciary relationship, joint venture, limited liability company, association, or any other enterprise.

2.2 Termination of Services Personnel. The Company and the other members of the Company Group shall have no authority to terminate a member of the Services Personnel’s employment with Antero; *provided, however*, that the Company and the other members of the Company Group for which the Services Personnel provide Services will have the right to (a) terminate a member of the Services Personnel’s employment with such entity and (b) terminate the assignment to it of any member of the Services Personnel for any reason at any time, upon prior written notice to Antero. Antero shall, at all times, have sole authority to terminate a member of the Services Personnel’s employment with Antero. Antero retains the right to terminate the assignment of any member of the Services Personnel for any reason at any time or to hire or discharge any member of the Services Personnel with respect to their employment with Antero. Upon the termination of the assignment of any member of the Services Personnel for any reason, such member of the Services Personnel will cease performing services for the Company Group and shall cease to be jointly employed by Antero, the Company and any other member of the Company Group.

2.3 Title to Items Obtained on Behalf of the Company Group. To the extent that any materials, equipment, supplies, consumables, spare parts and other items are purchased or obtained by Antero or its Affiliates for or on behalf of any member of the Company Group, title to such items shall pass immediately to and vest in such member of the Company Group upon passage of title from the vendor or supplier thereof free and clear of all liens or encumbrances arising by, through and under Antero and its Affiliates but not otherwise (other than liens and security interests)

securing any unpaid portion of the purchase price for the same). All materials, data and documents, to the extent prepared or developed by any Services Personnel during the term of this Agreement for any member of the Company Group or their respective Affiliates in connection with the Services Personnel's performance of the Services, including all manuals, data, designs, drawings, plans, specifications and reports, shall belong to such member of the Company Group or such respective Affiliate. All such materials, documents and data, in whatever form, including electronic copies and databases, shall be provided promptly to such member of the Company Group following any termination of this Agreement, or at such other times as such member of the Company Group may reasonably direct; *provided, however*, that Antero shall be entitled to retain (a) copies of such materials, documents and data for document retention and compliance purposes if required by law, rules, regulations or orders of the court and (b) all electronic copies (if any) of any such materials, documents and data residing in its (and its Affiliates') automatic backup systems.

2 . 4 Workers' Compensation. With respect to the Company Group's operations in Ohio, Antero shall obtain workers' compensation coverage as defined by Ohio Revised Code Chapter 4123 on behalf of Antero and the members of the Company Group for which the Services Personnel are providing the Services, and each such member of the Company Group shall be considered an employer solely for the purposes of Ohio Revised Code Chapter 4123. With respect to the Company Group's operations in West Virginia, Antero shall obtain workers' compensation coverage as defined by West Virginia Code Chapter 23 on behalf of Antero and the members of the Company Group for which the Services Personnel are providing the Services, and each such members of the Company Group shall be considered a special employer solely for the purposes of West Virginia Code Chapter 23. With respect to the Company Group's operations in Pennsylvania, Antero shall obtain workers' compensation coverage as defined by Pennsylvania Statutes Title 77 on behalf of Antero and the members of the Company Group for which the Services Personnel are providing the Services, and the Company and each such members of the Company Group shall be considered a statutory employer solely for the purposes of Pennsylvania Statutes Title 77 § 481. With respect to the Company Group's operations in Colorado, Antero shall obtain workers' compensation coverage as defined by Colorado Revised Statutes Title 8 on behalf of Antero and the members of the Company Group for which the Services Personnel are providing the Services, and the Company and each such members of the Company Group shall be considered a statutory employer solely for the purposes of Colorado Revised Statutes Title 8, Articles 40 to 47. For the avoidance of doubt, nothing in this Agreement has any effect on the right of a Services Personnel to prosecute a workers' compensation claim against Antero or any member of the Company Group for which such Services Personnel is providing the Services.

2.5 Benefits Plans. Neither the Company, the Partnership nor any other member of the Company Group for which the Services Personnel are providing Services shall be a participating employer in any benefit plan of Antero or any of its Affiliates. Antero shall remain solely responsible for all obligations and liabilities arising with respect to any benefit plans related to any Services Personnel, and the Company Group shall not assume any benefit plan or have any obligations or liabilities arising thereunder, in each case except for costs properly chargeable to the Company Group under this Agreement.

2.6 Notice. At the request of the Company, the Partnership or another member of the Company Group, Antero shall notify each member of the Services Personnel of such employee's

assignment to provide Services to the applicable members of the Company Group. The notice of such assignment provided to each member of the Services Personnel may state that (a) such member of the Services Personnel will be a joint employee of Antero, the Company and any other member of the Company Group for which such member of the Services Personnel is providing Services, and (b) for any workplace injury, the member of the Services Personnel's sole remedy against either Antero, the Company, any other member of the Company Group, and each of their respective Affiliates will be under the workers' compensation insurance policy or qualified self-insured program of Antero. For the avoidance of doubt, the Parties acknowledge that the Services Personnel will, during the period of their assignment to provide Services, be called upon to perform services for both the members of the Company Group and Antero (and their respective applicable Affiliates) of the same or closely-related nature.

ARTICLE 3
REIMBURSEMENT AND BILLING PROCEDURES

3 . 1 **Reimbursement.** Subject to and in accordance with the terms and provisions of this Article 3 (but without duplication of any amounts due pursuant to the Secondment Agreement dated as of even date herewith among the Company, the Partnership, the General Partner and the other parties thereto) and taking into account reasonable allocation and other procedures as may be agreed upon from time to time by the Parties, the Company shall reimburse Antero for all direct and indirect costs and expenses incurred by Antero and its Affiliates (collectively, the "**Antero Group**") in connection with the provision of the Services to the Company and any other member of the Company Group (other than the Partnership and any subsidiary of the Partnership, and the Partnership shall reimburse Antero for all direct and indirect costs and expenses incurred by the Antero Group in connection with the provision of the Services to the Partnership and the subsidiaries of the Partnership. Such reimbursement shall include reimbursement for the following:

(a) costs, expenses and expenditures incurred in the performance of the Services; *provided, however*, Antero shall not be reimbursed for such costs, expenses and expenditures for which Antero is required to provide indemnification to the Company or the Partnership or any other Company Indemnitee pursuant to Section 5.3;

(b) salaries, wages and other compensation and employment benefits and expenses of the Services Personnel (including any payroll taxes), plus general and administrative expenses to the extent associated with the Services Personnel (including the cost of workers' compensation insurance coverage with respect to such periods that the Services Personnel are providing the Services);

(c) any payments or expenses incurred for insurance coverage, including allocable portions of premiums, and negotiated instruments (including surety bonds and performance bonds) provided by underwriters with respect to the assets or the business of the Company Group;

(d) any taxes or other direct operating expenses paid by the Antero Group for the benefit of the Company Group (including any state income, franchise, property, sales or similar tax paid by the Antero Group resulting from the inclusion of any member of the Company Group

in a combined or consolidated state income, franchise, property, sales or similar tax report with Antero as required by applicable law); *provided, however*, that the amount of any such reimbursement shall be limited to the tax that such member of the Company Group would have paid had it not been included in a combined or consolidated group with Antero; and

(e) all expenses and expenditures incurred by the Company as a result of being a publicly traded entity or by the Partnership as a result of being a publicly traded entity prior to the closing of the Simplification Transactions, including, but not limited, to costs associated with annual and quarterly reports, independent auditor fees, governance and compliance, registrar and transfer agent fees, tax return preparation and related services, legal fees and independent director compensation;

it being agreed, however, that to the extent any reimbursable costs or expenses incurred by the Antero Group consist of an allocated portion of costs and expenses incurred by the Antero Group for the benefit of both the Company Group and the other members of the Antero Group, such allocation shall be made on a reasonable cost reimbursement basis as determined by Antero in good faith.

For purposes of this Agreement, “**Affiliate**” means (A) with respect to Antero, any other Person that directly or indirectly through one or more intermediaries is controlled by Antero, excluding the Company, the General Partner and any other Person that directly or indirectly through one or more intermediaries is controlled by the General Partner (including the Partnership and its subsidiaries); and (B) with respect to the Company, the Partnership, the General Partner and any other Person that directly or indirectly through one or more intermediaries is controlled by the General Partner. As used herein, the term “**control**” means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through ownership of voting securities, by contract or otherwise, and the term “**Person**” means any natural person, corporation, limited liability company, partnership, joint venture, trust, unincorporated organization, association, joint stock company or governmental authority. For purposes of this Agreement, “**Simplification Transactions**” means the transactions consummated pursuant to that certain Simplification Agreement by and among Antero Midstream GP LP, the Partnership and the other parties thereto dated October 9, 2018.

3.2 Billing Procedures. The Company shall pay or cause to be paid to Antero or any other member of the Antero Group providing the Services, as applicable (each a “**Service Provider**”), for billed costs and expenses no later than the later of (a) the last day of the month following the performance month or (b) thirty (30) business days following the date of the Service Provider’s billing of such costs and expenses. Payments made under this Agreement shall be made in cash, by wire transfer or by offset to other amounts due and owing from one Party to another; *provided, however*, that any offset shall be documented and such documentation shall be provided to the relevant Party upon request. The Company and the Partnership shall have the right to review all source documentation concerning the liabilities, costs and expenses allocated to the Company, the Partnership and any other members of the Company Group upon reasonable notice and during regular business hours.

ARTICLE 4
TERM AND TERMINATION

4.1 Term. Unless terminated earlier, this Agreement shall continue in effect until the twentieth (20th) anniversary of the execution of the Initial Services Agreement and from year to year thereafter (with the initial term of this Agreement deemed extended for each of any such additional year) until such time as this Agreement is terminated. Any termination of this Agreement during any such year to year extension of the initial term shall be effected by written notice of such termination in accordance with Section 4.2 on or before the one hundred eightieth (180th) day prior to the next anniversary of the execution of the Initial Services Agreement with such termination effective upon the occurrence of such next anniversary.

For purposes of this Agreement, “**Initial Services Agreement**” means the Services Agreement dated November 10, 2014, by and among Antero, Antero Partners and Antero Resources Midstream Management LLC.

4.2 Termination.

(a) Methods of Termination. Notwithstanding anything to the contrary in this Agreement, this Agreement may be terminated at any time (i) in its entirety by mutual written agreement of all of the Parties to the Agreement, (ii) with respect to the Services received by the Company, by the Company, in its sole discretion, effective upon delivery of written notice of such termination to Antero and (iii) with respect to the Services received by the Partnership, by the Partnership, in its sole discretion, effective upon delivery of written notice of such termination to Antero.

(b) Effect of Termination. Upon termination of this Agreement, all rights and obligations of the Parties under this Agreement shall terminate, *provided, however*, that such termination shall not affect or excuse the performance of any Party under the provisions of Article 5 which provisions shall survive the termination of this Agreement indefinitely, or the obligations under Article 3 with respect to amounts relating to periods prior to the termination of this Agreement, which provisions shall survive until such amounts are paid in full.

ARTICLE 5
INDEMNITY

5.1 Indemnification Scope. IT IS IN THE BEST INTERESTS OF THE PARTIES THAT CERTAIN RISKS RELATING TO THE MATTERS GOVERNED BY THIS AGREEMENT SHOULD BE IDENTIFIED AND ALLOCATED AS BETWEEN THEM. IT IS THEREFORE THE INTENT AND PURPOSE OF THIS AGREEMENT TO PROVIDE FOR THE INDEMNITIES SET FORTH HEREIN TO THE MAXIMUM EXTENT ALLOWED BY LAW. ALL PROVISIONS OF THIS ARTICLE SHALL BE DEEMED CONSPICUOUS WHETHER OR NOT CAPITALIZED OR OTHERWISE EMPHASIZED.

5.2 Indemnified Persons. Wherever “the Company” or “Antero” appears as an indemnitee in this Article, the term shall include that entity and its Affiliates, and the respective agents, officers, directors, employees, representatives and contractors and subcontractors of any tier of the foregoing entities involved in actions or duties to act on behalf of the indemnified Party.

These groups will be the “**Company Indemnitees**” or the “**Antero Indemnitees**”, as applicable, *provided, however*, that for the avoidance of doubt, the Company Indemnitees shall not include Antero and its Affiliates, and the Antero Indemnitees shall not include the Company, the Partnership, any subsidiary of the Partnership or the General Partner. “Third parties” shall not include any Partnership Indemnitees or Antero Indemnitees.

5.3 Indemnifications.

(a) EXCEPT AS OTHERWISE PROVIDED IN THE SECONDMENT AGREEMENT, THE COMPANY AND THE PARTNERSHIP SHALL RELEASE, DEFEND, INDEMNIFY, AND HOLD HARMLESS THE ANTERO INDEMNITEES FROM AND AGAINST ANY AND ALL CLAIMS, CAUSES OF ACTION, DEMANDS, LIABILITIES, LOSSES, DAMAGES, FINES, PENALTIES, JUDGMENTS, EXPENSES AND COSTS, INCLUDING REASONABLE ATTORNEYS’ FEES AND COSTS OF INVESTIGATION AND DEFENSE (EACH, A “ **LIABILITY**”) (INCLUDING, WITHOUT LIMITATION, ANY LIABILITY FOR (1) DAMAGE, LOSS OR DESTRUCTION OF THE ASSETS OR THE BUSINESS OF THE COMPANY GROUP, (2) BODILY INJURY, ILLNESS OR DEATH OF ANY PERSON, AND (3) LOSS OF OR DAMAGE TO EQUIPMENT OR PROPERTY OF ANY PERSON) ARISING FROM OR RELATING TO THE COMPANY’S, THE PARTNERSHIP’S, THE GENERAL PARTNER’S OR ANTERO’S PERFORMANCE OF THIS AGREEMENT, EXCEPT TO THE EXTENT SUCH LIABILITY IS CAUSED BY THE GROSS NEGLIGENCE OR WILLFUL MISCONDUCT OF THE ANTERO INDEMNITEES.

(b) EXCEPT AS OTHERWISE PROVIDED IN THE SECONDMENT AGREEMENT, ANTERO SHALL RELEASE, DEFEND, INDEMNIFY, AND HOLD HARMLESS THE COMPANY INDEMNITEES FROM AND AGAINST ANY AND ALL LIABILITIES (INCLUDING, WITHOUT LIMITATION, ANY LIABILITY FOR (1) DAMAGE, LOSS OR DESTRUCTION OF THE ASSETS OR THE BUSINESS OF THE COMPANY GROUP, (2) BODILY INJURY, ILLNESS OR DEATH OF ANY PERSON AND (3) LOSS OF OR DAMAGE TO EQUIPMENT OR PROPERTY OF ANY PERSON) ARISING FROM OR RELATING TO ANTERO’S PERFORMANCE UNDER THIS AGREEMENT TO THE EXTENT SUCH LIABILITY IS CAUSED BY THE GROSS NEGLIGENCE OR WILLFUL MISCONDUCT OF THE COMPANY INDEMNITEES.

5.4 Damages Limitations. Any and all damages recovered by any Party pursuant to this Article 5 or pursuant to any other provision of or actions or omissions under this Agreement shall be limited to actual damages. CONSEQUENTIAL DAMAGES AND EXEMPLARY AND PUNITIVE DAMAGES SHALL NOT BE RECOVERABLE UNDER ANY CIRCUMSTANCES EXCEPT TO THE EXTENT THOSE DAMAGES ARE INCLUDED IN THIRD PARTY CLAIMS FOR WHICH A PARTY HAS AGREED HEREIN TO INDEMNIFY THE OTHER PARTY. EACH PARTY ACKNOWLEDGES IT IS AWARE THAT IT HAS POTENTIALLY VARIABLE LEGAL RIGHTS UNDER COMMON LAW AND BY STATUTE TO RECOVER CONSEQUENTIAL, EXEMPLARY, AND PUNITIVE DAMAGES UNDER CERTAIN CIRCUMSTANCES, AND, EXCEPT AS PROVIDED IN THE PRECEDING SENTENCE WITH RESPECT TO THIRD PARTY CLAIMS, EACH PARTY NEVERTHELESS WAIVES, RELEASES, RELINQUISHES, AND SURRENDERS RIGHTS TO CONSEQUENTIAL PUNITIVE AND EXEMPLARY DAMAGES TO THE FULLEST EXTENT PERMITTED BY

LAW WITH FULL KNOWLEDGE AND AWARENESS OF THE CONSEQUENCES OF THE WAIVER REGARDLESS OF THE NEGLIGENCE OR FAULT OF EITHER PARTY.

5.5 Defense of Claims. The indemnifying Party shall defend, at its sole expense, any claim, demand, loss, liability, damage or other cause of action within the scope of the indemnifying Party's indemnification obligations under this Agreement, *provided* that the indemnified Party notifies the indemnifying Party promptly in writing of any claim, loss, liability, damage or cause of action against the indemnified Party and gives the indemnifying Party information and assistance at the reasonable expense of the indemnifying Party in defense of the matter. The indemnified Party may be represented by its own counsel (at the indemnified Party's sole expense) and may participate in any proceeding relating to a claim, loss, liability, damage or cause of action in which the indemnified Party or the indemnifying Party are defendants, *provided, however*, the indemnifying Party shall, at all times, control the defense and any appeal or settlement of any matter for which it has indemnification obligations under this Agreement so long as any such settlement includes an unconditional release of the indemnified Party from all liability arising out of such claim, demand, loss, liability, damage or other cause of action and does not require any remediation or other action other than the payment of money, which the indemnifying party will be responsible for hereunder, and does not include a statement as to or an admission of fault, culpability or a failure to act by or on behalf of the indemnified Party. Should the Parties both be named as defendants in any third-party claim or cause of action arising out of or relating to the Services, the Parties will cooperate with each other in the joint defense of their common interests to the extent permitted by law, and will enter into an agreement for joint defense of the action if the Parties mutually agree that the execution of the same would be beneficial.

ARTICLE 6 **NOTICES**

A Party may give notices to any other Party by first class mail postage prepaid, by overnight delivery service, or by facsimile with receipt confirmed at the following addresses or other addresses furnished by a Party by written notice.

If to the Company or to the General Partner:

Antero Midstream Corporation
1615 Wynkoop Street
Denver, Colorado 80202
Attn: Chief Financial Officer
Fax: (303) 357-7315

If to the Partnership or the subsidiaries of the Partnership to:

Antero Midstream Partners LP
1615 Wynkoop Street
Denver, Colorado 80202
Attn: Chief Financial Officer
Fax: (303) 357-7315

If to Antero to:

Antero Resources Corporation
1615 Wynkoop Street
Denver, Colorado 80202
Attn: Chief Financial Officer
Fax: (303) 357-7315

ARTICLE 7
GENERAL

7.1 Succession and Assignment. This Agreement shall be binding upon and inure to the benefit of the Parties named herein. No Party may assign or otherwise transfer either this Agreement or any of its rights, interests or obligations hereunder without the prior written approval of the other Parties, which approval shall not be unreasonably withheld, conditioned or delayed.

7.2 Governing Law. This Agreement will be governed by and construed and enforced in accordance with the laws of the State of Colorado, excluding any choice of law rules which may direct the application of the laws of another jurisdiction.

7.3 Consent to Jurisdiction, Etc.; Waiver of Jury Trial. Each of the Parties hereby irrevocably consents and agrees that any dispute arising out of or relating to this Agreement or any related document shall exclusively be brought in the courts of the State of Colorado, in Denver County or the federal courts located in the District of Colorado. The Parties agree that, after such a dispute is before a court as specified in this Section 7.3 and during the pendency of such dispute before such court, all actions with respect to such dispute, including any counterclaim, cross-claim or interpleader, shall be subject to the exclusive jurisdiction of such court. The Parties also agree that after such a dispute is before a court as specified in this Section 7.3, and during the pendency of such dispute before such court, each of the Parties hereby waives, and agrees not to assert, as a defense in any legal dispute, that it is not subject thereto or that such dispute may not be brought or is not maintainable in such court or that its property is exempt or immune from execution, that the dispute is brought in an inconvenient forum or that the venue of the dispute is improper. Each Party agrees that a final judgment in any dispute described in this Section 7.3 after the expiration of any period permitted for appeal and subject to any stay during appeal shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by laws. THE PARTIES HEREBY WAIVE IRREVOCABLY ANY AND ALL RIGHTS TO DEMAND A TRIAL BY JURY IN CONNECTION WITH THIS AGREEMENT, THE TRANSACTIONS CONTEMPLATED HEREBY OR ANY DOCUMENT CONTEMPLATED HEREIN OR OTHERWISE RELATED HERETO.

7.4 Non-waiver of Future Default. No waiver of any Party of any one or more defaults by another in performance of any of the provisions of this Agreement shall operate or be construed as a waiver of any other existing or future default or defaults, whether of a like or different character.

7.5 Audit and Maintenance of Records; Reporting. The Company and the Partnership shall have the right to review and contest the expenses charged pursuant to the terms of this Agreement in accordance with this Section 7.5. The Company and the Partnership, as applicable, shall have the right, upon reasonable notice and at reasonable times, to inspect and audit all the

records, books, reports, data and processes related to the Services performed by Antero to ensure Antero's compliance with the terms of this Agreement. If any such examination establishes an inaccuracy, necessary adjustments will be made promptly. If any information provided to or reviewed by the Company, the Partnership or their respective representatives pursuant to this Section 7.5 is confidential, the Parties and the respective representatives shall execute a mutually acceptable confidentiality agreement prior to such inspection or audit.

7.6 Entire Agreement; Amendments and Schedules. This Agreement shall be amended or waived only by an instrument in writing executed by the Parties. This Agreement, the Secondment Agreement, the Water Contribution Agreement (as defined in the Secondment Agreement), the Prior Contribution Agreement (as defined in the Secondment Agreement), the Commercial Agreements (as defined in the Secondment Agreement), any exhibits or schedules to the foregoing and any other transaction documents executed in connection herewith or therewith shall constitute the entire agreement of the Parties relating to the matters contained herein and therein, superseding all prior contracts or agreements, whether oral or written, relating to the matters contained herein and therein. In the event of a conflict between the terms of this Agreement and the terms of the Secondment Agreement with respect to the coverage of any individual and/or services provided, the Secondment Agreement shall control.

7.7 Force Majeure.

(a) If any Party is rendered unable, wholly or in part, by force majeure to carry out its obligations under this Agreement, other than to make payments due, the obligations of that Party, so far as they are affected by force majeure, will be suspended during the continuance of any inability so caused, but for no longer period. The Party whose performance is affected by force majeure will provide notice to each other Party, which notice may initially be oral, followed by a written notification, and will use commercially reasonable efforts to resolve the event of force majeure to the extent reasonably possible.

(b) **"Force majeure"** as used in this Agreement shall mean any cause or causes not reasonably within the control of the Party claiming suspension and which, by the exercise of reasonable diligence, such Party is unable to prevent or overcome, including acts of God, strikes, lockouts or other industrial disturbances, acts of the public enemy, acts of terror, sabotage, wars, blockades, military action, insurrections, riots, epidemics, landslides, subsidence, lightning, earthquakes, fires, storms or storm warnings, crevasses, floods, washouts, civil disturbances, explosions, breakage or accidents to wells, machinery, equipment or lines of pipe; freezing of wells, equipment on lines of pipe; the necessity for testing or making repairs or alterations to wells, machinery, equipment or lines of pipe, freezing of wells, equipment or lines of pipe; inability of any Party hereto to obtain, after the exercise of reasonable diligence, necessary materials, supplies or governmental approvals, and action or restraint by any governmental authority (so long as the Party claiming suspension has not applied for or assisted in the application for, and has opposed where and to the extent reasonable, such action or restraint, and as long as such action or restraint is not the result of a failure by the claiming Party to comply with any applicable law). The settlement of strikes or lockouts will be entirely within the discretion of the Party having the difficulty, and settlement of strikes, lockouts, or other labor disturbances when that course is considered inadvisable is not required.

7.8 Counterpart Execution. This Agreement may be executed in one or more counterparts, including electronic, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. In the event that any signature is delivered by facsimile transmission or by e-mail delivery of a “.pdf” format data file, such signature shall create a valid and binding obligation of the Party executing (or on whose behalf such signature is executed) with the same force and effect as if such facsimile or “.pdf” signature page were an original thereof.

7.9 Third Parties. The provisions of this Agreement are enforceable solely by the Parties to this Agreement, and no third party (including, without limitation, any Limited Partner of the Partnership or the Services Personnel) shall have the right, separate and apart from the Parties to this Agreement, to enforce any provision of this Agreement or to compel any Party to this Agreement to comply with the terms of this Agreement.

7.10 Severability. If any provision of this Agreement shall be finally determined to be unenforceable, illegal or unlawful, such provision shall, so long as the economic and legal substance of the transactions contemplated hereby is not affected in any materially adverse manner as to any Party, be deemed severed from this Agreement and the remainder of this Agreement shall remain in full force and effect.

7.11 Further Assurances. In connection with this Agreement and all transactions contemplated by this Agreement, each signatory party hereto agrees to execute and deliver such additional documents and instruments and to perform such additional acts as may be necessary or appropriate to effectuate, carry out and perform all of the terms, provisions and conditions of this Agreement and all such transactions.

The Parties have caused this Agreement to be signed by their duly authorized representatives effective as of the date first written above.

ANTERO RESOURCES CORPORATION

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

ANTERO MIDSTREAM CORPORATION

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

ANTERO MIDSTREAM PARTNERS LP

By: Antero Midstream Partners GP LLC, its general partner

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

ANTERO MIDSTREAM PARTNERS GP LLC

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

Signature Page – Second Amended and Restated Services Agreement

Exhibit A
Services

- 1) Financial and administrative services (including, but not limited to, treasury, accounting, internal and external financial reporting, billing, corporate record keeping, cash management and banking, planning, budgeting, internal audit, risk management, financial planning and analysis, and other administrative functions)
- 2) Real property/land, engineering and geology/geophysics services
- 3) Environmental, health and safety services (including, but not limited to, permit filing and support for permit filing)
- 4) Information technology, telephone, office support and other technology services
- 5) Legal services
- 6) Human resources services
- 7) Payroll (including serving as common paymaster, within the meaning of Section 3121(s) of the Internal Revenue Code of 1986, for the Company)
- 8) Business development services
- 9) Investor relations, regulatory compliance and governmental relations
- 10) Tax services (including in its capacity as common paymaster, within the meaning of Section 3121(s) of the Internal Revenue Code of 1986, for the Company, (a) paying and delivering to the appropriate U.S. federal, state and local taxing authorities all payroll and income taxes withheld from, or payable with respect to, the compensation of the Services Personnel and (b) filing all information returns required under applicable law)
- 11) Insurance administration and claims reporting
- 12) Such other corporate, general and administrative services as may be agreed upon by the Parties from time to time

Exhibit A – Second Amended and Restated Services Agreement

SECOND AMENDMENT

THIS SECOND AMENDMENT, dated as of February 26, 2019 (this “**Agreement**”), by and among the Lenders party hereto, **ANTERO MIDSTREAM PARTNERS LP**, a Delaware limited partnership (the “**Borrower**”), and **WELLS FARGO BANK, NATIONAL ASSOCIATION**, as Administrative Agent (the “**Administrative Agent**”), Swingline Lender and an L/C Issuer.

RECITALS:

WHEREAS, reference is hereby made to the Amended and Restated Credit Agreement, dated as of October 26, 2017, by and among the Borrower, each lender (collectively, the “**Lenders**” and individually, a “**Lender**”) and L/C Issuer from time to time party thereto, and Wells Fargo Bank, National Association, as Administrative Agent, Swingline Lender and an L/C Issuer (as amended by that certain First Amendment and Joinder Agreement, dated as of October 31, 2018 (the “**First Amendment**”), and as the same may be amended, restated, supplemented or otherwise modified from time to time, the “**Credit Agreement**”; capitalized terms used and not otherwise defined herein being used herein as therein defined);

WHEREAS, the Borrower desires to make certain amendments to the Credit Agreement pursuant to Section 10.01 of the Credit Agreement and as further set forth herein.

NOW, THEREFORE, in consideration of the premises and agreements, provisions and covenants herein contained, the parties hereto agree as follows:

SECTION 1. Amendment of the Credit Agreement. Effective as of the Amendment Effective Date, Section 1.01 of the Credit Agreement is hereby amended by amending and restating clause (b) of the definition of “Change of Control” as follows:

“(b) (i) if the Borrower is a limited partnership, the General Partner shall fail to directly or indirectly own and control beneficially and of record (free and clear of all Liens other than non-consensual Liens of the type permitted to be on Equity Interests under Section 7.01; provided that, this exception shall not apply to any foreclosure with respect to such Liens) 100% of the general partner interests of the Borrower, or (ii) if the Borrower is not a limited partnership, the General Partner shall fail to directly or indirectly own and control beneficially and of record (free and clear of all Liens other than non-consensual Liens of the type permitted to be on Equity Interests under Section 7.01; provided that, this exception shall not apply to any foreclosure with respect to such Liens) 100% of the ordinary voting power represented by the issued and outstanding Equity Interests of the Borrower; or”

Notwithstanding anything to the contrary in the First Amendment or in any other Loan Document, solely with respect to clause (b) of the definition of “Change of Control” in the Credit Agreement, this Agreement shall control and supersede any other prior or contemporaneously effective amendment or Loan Document with respect to clause (b) of the definition of “Change of Control”.

SECTION 2. Confirmation of Loan Documents. The Borrower hereby confirms and ratifies all of its obligations under the Loan Documents to which it is a party, including its obligations and the Liens granted by it under the Collateral Documents to which it is a party and confirms that all references in such Collateral Documents to the “Credit Agreement” (or words of similar import) refer to the Credit Agreement as amended and supplemented hereby without impairing any such obligations or Liens in any respect.

SECTION 3. Conditions to Effectiveness. The effectiveness of this Agreement is subject to the satisfaction or waiver of each of the following conditions (the date on which such conditions are satisfied or waived, the "Amendment Effective Date"):

(a) The Administrative Agent shall have received a counterpart of this Agreement, executed and delivered by the Borrower and the Required Lenders.

(b) The transactions contemplated by the Simplification Agreement shall have been consummated, in all material respects in accordance with the Simplification Agreement without any amendment, waiver or modification thereof that is materially adverse to the interests of the Lenders taken as a whole.

(c) Each of the representations and warranties contained in Article V of the Credit Agreement and in each of the other Loan Documents shall be true and correct in all material respects (except with respect to representations and warranties which are expressly qualified by materiality, which shall be true and correct in all respects) on and as of the Amendment Effective Date as if made on and as of such date except to the extent that such representations and warranties expressly specifically refer to an earlier date (in which case such representations and warranties are true and correct in all material respects as of such earlier date) (except with respect to representations and warranties which are expressly qualified by materiality, which shall be true and correct in all respects).

(d) No Default or Event of Default exists, both before and after giving effect to the consummation of the transactions contemplated by the Simplification Agreement.

(e) The Administrative Agent shall have received from the Borrower, a certificate, dated as of the Amendment Effective Date, certifying that the conditions specified in clauses (b), (c) and (d) above have been satisfied.

(f) The Borrower shall have paid all fees, charges and disbursements of counsel to the Administrative Agent (directly to such counsel if requested by the Administrative Agent) to the extent invoiced prior to or on the Amendment Effective Date.

Notwithstanding the foregoing, the Amendment Effective Date shall not occur unless each of the foregoing conditions is satisfied (or waived pursuant to Section 10.1 of the Existing Credit Agreement) at or prior to 3:00 p.m., New York City time, on September 30, 2019.

SECTION 4. Representations and Warranties of the Borrower. The Borrower hereby represents and warrants, as of the Amendment Effective Date, as follows:

(a) Each of the representations and warranties contained in Article V of the Credit Agreement and in each of the other Loan Documents is true and correct in all material respects (except with respect to representations and warranties which are expressly qualified by materiality, which shall be true and correct in all respects) on and as of the Amendment Effective Date as if made on and as of such date except to the extent that such representations and warranties expressly specifically refer to an earlier date (in which case such representations and warranties are true and correct in all material respects as of such earlier date).

(b) No Default or Event of Default exists, both before and after giving effect to this Agreement.

SECTION 5. Effects on Loan Documents.

(a) Except as specifically amended herein, all Loan Documents shall continue to be in full force and effect and are hereby in all respects ratified and confirmed.

(b) The execution, delivery and effectiveness of this Agreement shall not operate as a waiver of any right, power or remedy of any Lender or the Administrative Agent under any of the Loan Documents, nor constitute a waiver of any provision of the Loan Documents.

(c) The Borrower and the other parties hereto acknowledge and agree that this Agreement shall constitute a Loan Document.

SECTION 6. Amendments; Execution in Counterparts.

(a) This Agreement shall not constitute an amendment of any other provision of the Credit Agreement not referred to herein and shall not be construed as a waiver or consent to any further or future action on the part of the Borrower that would require a waiver or consent of the Lenders or the Administrative Agent. Except as expressly amended hereby, the provisions of the Credit Agreement are and shall remain in full force and effect.

(b) This Agreement may not be amended nor may any provision hereof be waived except pursuant to a writing signed by the Borrower, the Administrative Agent, the Incremental Lenders and the other Lenders party hereto. This Agreement may be executed by one or more of the parties hereto on any number of separate counterparts, and all of said counterparts taken together shall be deemed to constitute one and the same instrument. Delivery of an executed signature page of this Agreement by facsimile or other electronic submission shall be effective as delivery of a manually executed counterpart hereof.

SECTION 7. GOVERNING LAW; WAIVER OF JURY TRIAL. THIS AGREEMENT SHALL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE STATE OF NEW YORK. EACH PARTY HERETO HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION DIRECTLY OR INDIRECTLY ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS AGREEMENT OR ANY OF THE OTHER LOAN DOCUMENTS. EACH PARTY HERETO (i) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (ii) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS, AS APPLICABLE, BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION AND IN SECTION 10.14 OF THE CREDIT AGREEMENT.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, each of the undersigned has caused its duly authorized officer to execute and deliver this Agreement as of the date first set forth above.

ANTERO MIDSTREAM PARTNERS LP

By: Antero Midstream Partners 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 Second Amendment (Antero)]

Consented to by:

WELLS FARGO BANK, NATIONAL ASSOCIATION
as Administrative Agent, Lender, Swingline Lender and L/C
Issuer

By: /s/ Jonathan Herrick
Name: Jonathan Herrick
Title: Director

[Signature Page to Second Amendment (Antero)]

Consented to by:

JPMorgan Chase Bank, N.A.

as a Lender and a L/C Issuer

By: /s/ David Morris
Name: David Morris
Title: Authorized Officer

ABN AMRO CAPITAL USA LLC

as a Lender

By: /s/ Darrell Holley
Name: Darrell Holley
Title: Managing Director

By: /s/ Anna C. Ferreira
Name: Anna C. Ferreira
Title: Vice-President

BARCLAYS BANK PLC

as a Lender

By: /s/ Jake Lam
Name: Jake Lam
Title: Assistance Vice President

CAPITAL ONE, NATIONAL ASSOCIATION

as a Lender

By: /s/ Christopher Kuna
Name: Christopher Kuna
Title: Director

CITIBANK, N.A.

as a Lender

By: /s/ Phil Ballard
Name: Phil Ballard
Title: Vice President

[Signature Page to Second Amendment (Antero)]

CREDIT AGRICOLE CORPORATE AND INVESTMENT BANK

as a Lender

By: /s/ Michael Willis
Name: Michael Willis
Title: Managing Director

By: /s/ Joseph Cariello
Name: Joseph Cariello
Title: Director

THE BANK OF NOVA SCOTIA, HOUSTON BRANCH

as a Lender

By: /s/ Marc Graham
Name: Marc Graham
Title: Managing Director

BMO HARRIS BANK N.A.

as a Lender

By: /s/ Melissa Guzmann
Name: Melissa Guzmann
Title: Director

CREDIT SUISSE AG, CAYMAN ISLANDS BRANCH,

as a Lender

By: /s/ Nupur Kumar
Name: Nupur Kumar
Title: Authorized Signatory

By: /s/ Christopher Zybrick
Name: Christopher Zybrick
Title: Authorized Signatory

SUMITOMO MITSUI BANKING CORPORATION

as a Lender

By: /s/ Katsuyuki Kubo
Name: Katsuyuki Kubo
Title: Managing Director

THE TORONTO-DOMINION BANK, NEW YORK BRANCH

as a Lender

By: /s/ Michael Borowiecki
Name: Michael Borowiecki
Title: Authorized Signatory

[Signature Page to Second Amendment (Antero)]

U.S. BANK NATIONAL ASSOCIATION

as a Lender

By: /s/ John C. Lozano

Name: John C. Lozano

Title: Senior Vice President

BANK OF AMERICA, N.A.,

as a Lender

By: /s/ Greg M. Hall

Name: Greg M. Hall

Title: Vice President

BRANCH BANKING AND TRUST COMPANY

as a Lender

By: /s/ James Giordano

Name: James Giordano

Title: Senior Vice President

**CANADIAN IMPERIAL BANK OF COMMERCE,
NEW YORK BRANCH,**

as a Lender

By: /s/ Trude Nelson

Name: Trudy Nelson

Title: Authorized Signatory

By: /s/ Megan Larson

Name: Megan Larson

Title: Authorized Signatory

PNC BANK, NATIONAL ASSOCIATION,

as a Lender

By: /s/ Denise S. Davis

Name: Denise S. Davis

Title: Vice President

ING CAPITAL, LLC

as a Lender

By: /s/ Josh Strong

Name: Josh Strong

[Signature Page to Second Amendment (Antero)]

Title: Director

By: /s/ Scott Lamoreaux

Name: Scott Lamoreaux

Title: Director

COMPASS BANK,
as a Lender

By: /s/ Mark H. Wolf

Name: Mark H. Wolf

Title: Senior Vice President

[Signature Page to Second Amendment (Antero)]

JOINDER AGREEMENT

THIS JOINDER AGREEMENT, dated as of November 19, 2019 (this “**Agreement**”), by and among the institutions set forth on Schedule 1 hereto (each an “**Incremental Lender**” and collectively the “**Incremental Lenders**”), **ANTERO MIDSTREAM PARTNERS LP**, a Delaware limited partnership (the “**Borrower**”), and **WELLS FARGO BANK, NATIONAL ASSOCIATION**, as Administrative Agent (the “**Administrative Agent**”), Swingline Lender and an L/C Issuer.

RECITALS:

WHEREAS, reference is hereby made to the Amended and Restated Credit Agreement, dated as of October 26, 2017, by and among the Borrower, each lender (collectively, the “**Lenders**” and individually, a “**Lender**”) and L/C Issuer from time to time party thereto, and Wells Fargo Bank, National Association, as Administrative Agent, Swingline Lender and an L/C Issuer (as amended by that certain First Amendment and Joinder Agreement, dated as of October 31, 2018, and that certain Second Amendment, dated as of February 26, 2019, and as the same may be amended, restated, supplemented or otherwise modified from time to time, the “**Credit Agreement**”; capitalized terms used and not otherwise defined herein being used herein as therein defined);

WHEREAS, subject to the terms and conditions of the Credit Agreement, the Borrower may increase the existing Commitments (such increased Commitments, the “**Incremental Revolving Facility Commitments**”) by entering into one or more joinder agreements with the Incremental Lenders; and

WHEREAS, pursuant to Section 2.13 of the Credit Agreement, the Administrative Agent and the Borrower may amend the Credit Agreement in order to evidence the existence and terms of the Incremental Revolving Facility Commitments without the consent of other Lenders.

NOW, THEREFORE, in consideration of the premises and agreements, provisions and covenants herein contained, the parties hereto agree as follows:

SECTION 1. Incremental Revolving Facility Commitments.

(a) Each Incremental Lender party hereto hereby agrees to commit to provide its respective Incremental Revolving Facility Commitment as set forth on Schedule 1 annexed hereto, on the terms and subject to the conditions set forth below.

(b) On the Increase Effective Date, (i) each of the existing Lenders shall assign to each of the Incremental Lenders, and each of the Incremental Lenders shall purchase from each of the existing Lenders, at the principal amount thereof, such interests in the outstanding Loans and participations in Letters of Credit and Swingline Loans outstanding on the Increase Effective Date that will result in, after giving effect to all such assignments and purchases, such Loans and participations in Letters of Credit and Swingline Loans being held by existing Lenders and the Incremental Lenders ratably in accordance with their Commitments after giving effect to the addition of the Incremental Revolving Facility Commitments hereby; (ii) each Incremental Revolving Facility Commitment shall be deemed, for all purposes, a Commitment and each loan made thereunder shall be deemed, for all purposes, a Loan and have the same terms as any existing Loan and (iii) each Incremental Lender shall become a Lender with respect to the Incremental Revolving Facility Commitments and all matters relating thereto.

(c) Each Incremental Lender (i) confirms that it has received a copy of the Credit Agreement and the other Loan Documents, together with copies of the financial statements referred to therein and such

other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into this Agreement; (ii) agrees that it will, independently and without reliance upon the Administrative Agent or any other Lender or agent thereunder and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Credit Agreement; (iii) appoints and authorizes the Administrative Agent to take such action as agent on its behalf and to exercise such powers under the Credit Agreement and the other Loan Documents as are delegated to Administrative Agent by the terms thereof, together with such powers as are reasonably incidental thereto; and (iv) agrees that it will perform in accordance with their terms all of the obligations which by the terms of the Credit Agreement are required to be performed by it as a Lender.

(d) For purposes of the Credit Agreement, the initial notice address of each Incremental Lender shall be as set forth below its signature below.

(e) For each Incremental Lender that is a Foreign Lender, delivered herewith to Administrative Agent are such forms, certificates or other evidence with respect to United States federal income tax withholding matters as such Incremental Lender may be required to deliver to Administrative Agent pursuant to subsection 3.01(e) of the Credit Agreement.

SECTION 2. Amendment of the Credit Agreement. Effective as of the Increase Effective Date,

(a) Section 1.01 of the Credit Agreement is hereby amended as follows:

(i) by inserting the following defined terms:

“Increase Agreement” means that certain Joinder Agreement, dated as of November 19, 2019, among the Borrower, the Administrative Agent and the Lenders party thereto.

“Increase Effective Date” means the “Increase Effective Date” as defined in the Increase Agreement.

“Second Amendment” means that certain Second Amendment, dated as of February 26, 2019, among the Borrower, the Administrative Agent and the Lenders party thereto.

(ii) by amending and restating the following definitions:

“Aggregate Commitments” means the Commitments of all the Lenders. As of the Increase Effective Date, the Aggregate Commitments are \$2,131,500,000.

“Agreement” means this Credit Agreement, as amended by the First Amendment, the Second Amendment and the Increase Agreement, and as the same may from time to time be further amended, modified, supplemented or restated.

(b) Schedule 2.01 to the Credit Agreement is hereby replaced in its entirety with Schedule 2 to this Agreement.

SECTION 3. Confirmation of Loan Documents. The Borrower hereby confirms and ratifies all of its obligations under the Loan Documents to which it is a party, including its obligations and the Liens granted by it under the Collateral Documents to which it is a party and confirms that all references in such

Collateral Documents to the “Credit Agreement” (or words of similar import) refer to the Credit Agreement as amended and supplemented hereby without impairing any such obligations or Liens in any respect.

SECTION 4. Conditions to Effectiveness. The effectiveness of this Agreement and the obligations of the Incremental Lenders to make Loans under the Incremental Revolving Facility Commitments hereunder are subject to the satisfaction or waiver of each of the following conditions (the date on which such conditions are satisfied or waived, the “Increase Effective Date”):

(a) The Administrative Agent shall have received (i) a counterpart of this Agreement, executed and delivered by the Borrower and each Incremental Lender party hereto and (ii) a reaffirmation agreement in form and substance satisfactory to the Administrative Agent, executed and delivered by each of the Loan Parties with respect to its obligations and the Liens granted by it under the Collateral Documents.

(b) The Administrative Agent shall have received, on behalf of itself, the Lenders and each L/C Issuer on the Increase Effective Date, the favorable written opinion of Vinson & Elkins LLP, counsel to the Loan Parties, in form and substance satisfactory to the Administrative Agent, dated as of the Increase Effective Date.

(c) The Administrative Agent shall have received a certificate, executed on behalf of the Borrower by a Responsible Officer of the Borrower, which certificate shall certify as to the Solvency of the Borrower and its Subsidiaries, on a consolidated basis, after giving effect to the incurrence of the Incremental Revolving Facility Commitments.

(d) The Administrative Agent shall have received from the Borrower, a certificate, dated as of the Increase Effective Date, fulfilling the requirements of Section 2.13(e) of the Credit Agreement, with appropriate insertions and attachments.

(e) The Borrower shall have paid to Wells Fargo Securities, LLC, for the account of each Incremental Lender, on a pro rata basis in accordance with their final Incremental Revolving Facility Commitments, upfront fees as separately agreed between the Borrower and the Incremental Lenders.

(f) The Borrower shall have paid all fees, charges and disbursements of counsel to the Administrative Agent (directly to such counsel if requested by the Administrative Agent) to the extent invoiced prior to or on the Increase Effective Date.

(g) Upon the reasonable request of any Lender made at least ten (10) Business Days prior to the Increase Effective Date, the Administrative Agent shall have received, at least five (5) Business Days prior to the Increase Effective 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 USA Patriot Act and the requirements of the Beneficial Ownership Regulation (as defined in the Credit Agreement as amended by this Amendment).

(h) The Administrative Agent shall have received and reviewed lien searches reasonably requested by the Administrative Agent.

(i) The Administrative Agent shall have received with respect to the Borrower and each other Loan Party (i) certificates of good standing as of a recent date issued by the appropriate Governmental Authority of the state or jurisdiction of its incorporation or organization, where applicable; and (ii) a certificate of a Responsible Officer of each Loan Party dated the Increase Effective Date and certifying (A) that there have been no changes to the Organization Documents of such Loan Party from those most

recently delivered to the Administrative Agent in connection with the Credit Agreement and that such documents remain in full force and effect, (B) that attached thereto is a true and complete copy of resolutions duly adopted by the board of directors or other governing body of such Loan Party (and, if applicable, any parent company of such Loan Party) authorizing the execution, delivery and performance of this Agreement and any related Loan Documents and the borrowings hereunder and thereunder, and that such resolutions have not been modified, rescinded or amended and are in full force and effect, and (C) as to the incumbency and specimen signature of each officer executing any Loan Document or any other document delivered in connection herewith on behalf of such Loan Party.

(j) The Administrative Agent shall have received flood certification(s) from a firm reasonably acceptable to the Administrative Agent covering any buildings (defined as structures with two or more rigid outside walls and a fully secured roof that is affixed to a permanent site) constituting Collateral showing whether or not such buildings are located in a special flood hazard area subject by federal regulation to mandatory flood insurance requirements.

(k) The Administrative Agent shall have received a Note executed by the Borrower in favor of each Lender requesting a Note.

(l) The Borrower shall have delivered all notices required by and in compliance with Section 2.13 of the Credit Agreement.

SECTION 5. Post-Closing Obligations. Within 60 days of the Increase Effective Date (or such longer period as permitted by the Administrative Agent in its sole discretion):

(a) the Administrative Agent shall have received mortgage modifications with respect to any Mortgaged Property in each case in proper form for recording in the relevant jurisdiction and in a form reasonably satisfactory to the Administrative Agent,

(b) the Administrative Agent shall have received a favorable opinion of counsel to the Loan Parties in each state where Mortgaged Property is located, addressed to the Administrative Agent and each Lender, covering such matters as may be reasonably requested by the Administrative Agent in connection with the satisfaction of the requirements set forth in clause (a) above;

(c) the Administrative Agent shall have received all other items reasonably requested by the Administrative Agent that are reasonably necessary to maintain the continuing perfection or priority of the Lien of the Mortgages as security for the Obligations and such other information, instruments and documents as the Administrative Agent (or its counsel) may reasonably request in connection therewith; and

(d) the Borrower shall have paid or made arrangements to pay all applicable recording taxes, fees, charges, costs and expenses required for the recording of any Collateral Documents or amendments or modifications thereto to be recorded in accordance with this Section 5.

SECTION 6. Representations and Warranties of the Borrower. The Borrower hereby represents and warrants, as of the Increase Effective Date, as follows:

(a) Each of the representations and warranties contained in Article V of the Credit Agreement and in each of the other Loan Documents is true and correct in all material respects (except with respect to representations and warranties which are expressly qualified by materiality, which shall be true and correct in all respects) on and as of the Increase Effective Date as if made on and as of such date except to the

extent that such representations and warranties expressly specifically refer to an earlier date (in which case such representations and warranties are true and correct in all material respects as of such earlier date).

(b) No Default or Event of Default exists, both before and after giving effect to the incurrence of the Incremental Revolving Facility Commitments.

SECTION 7. Effects on Loan Documents.

(a) Except as specifically amended herein, all Loan Documents shall continue to be in full force and effect and are hereby in all respects ratified and confirmed.

(b) The execution, delivery and effectiveness of this Agreement shall not operate as a waiver of any right, power or remedy of any Lender or the Administrative Agent under any of the Loan Documents, nor constitute a waiver of any provision of the Loan Documents.

(c) The Borrower and the other parties hereto acknowledge and agree that this Agreement shall constitute a Loan Document.

SECTION 8. Amendments; Execution in Counterparts.

(a) This Agreement shall not constitute an amendment of any other provision of the Credit Agreement not referred to herein and shall not be construed as a waiver or consent to any further or future action on the part of the Borrower that would require a waiver or consent of the Lenders or the Administrative Agent. Except as expressly amended hereby, the provisions of the Credit Agreement are and shall remain in full force and effect.

(b) This Agreement may not be amended nor may any provision hereof be waived except pursuant to a writing signed by the Borrower, the Administrative Agent, the Incremental Lenders and the other Lenders party hereto. This Agreement may be executed by one or more of the parties hereto on any number of separate counterparts, and all of said counterparts taken together shall be deemed to constitute one and the same instrument. Delivery of an executed signature page of this Agreement by facsimile or other electronic submission shall be effective as delivery of a manually executed counterpart hereof.

SECTION 9. GOVERNING LAW; WAIVER OF JURY TRIAL. THIS AGREEMENT SHALL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE STATE OF NEW YORK. EACH PARTY HERETO HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION DIRECTLY OR INDIRECTLY ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS AGREEMENT OR ANY OF THE OTHER LOAN DOCUMENTS. EACH PARTY HERETO (i) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (ii) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS, AS APPLICABLE, BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION AND IN SECTION 10.14 OF THE CREDIT AGREEMENT.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, each of the undersigned has caused its duly authorized officer to execute and deliver this Agreement as of the date first set forth above.

ANTERO MIDSTREAM PARTNERS LP

By: Antero Midstream Partners 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 Joinder Agreement (Antero)]

Consented to by:

WELLS FARGO BANK, NATIONAL ASSOCIATION
as Administrative Agent, Lender, Swingline Lender and L/C Issuer

By: /s/ Jonathan Herrick

Name: Jonathan Herrick

Title: Director

[Signature Page to Joinder Agreement (Antero)]

Consented to by:

ROYAL BANK OF CANADA,
as an Incremental Lender

By: /s/ Katy Berkemeyer

Name: Katy Berkemeyer

Title: Authorized Signatory

[Signature Page to Joinder Agreement (Antero)]

INCREMENTAL REVOLVING FACILITY COMMITMENTS

Name of Incremental Lender	Incremental Revolving Facility Commitments
Royal Bank of Canada	\$131,500,000
	Total: \$131,500,000

**SCHEDULE 2
TO JOINDER AGREEMENT**

Name of Lender	Commitments	Applicable Percentage
Wells Fargo Bank, National Association	\$145,500,000	6.826178747%
JPMorgan Chase Bank, N.A.	\$145,500,000	6.826178747%
ABN AMRO Capital USA LLC	\$131,500,000	6.169364298%
Barclays Bank PLC	\$131,500,000	6.169364298%
Capital One, National Association	\$131,500,000	6.169364298%
Citibank, N.A.	\$131,500,000	6.169364298%
Credit Agricole Corporate and Investment Bank	\$131,500,000	6.169364298%
The Bank of Nova Scotia	\$131,500,000	6.169364298%
Royal Bank of Canada	\$131,500,000	6.169364298%
BMO Harris Bank N.A.	\$91,000,000	4.269293924%
Credit Suisse AG, Cayman Islands Branch	\$91,000,000	4.269293924%
Sumitomo Mitsui Banking Corporation	\$91,000,000	4.269293924%
The Toronto-Dominion Bank, New York Branch	\$91,000,000	4.269293924%
U.S. Bank National Association	\$91,000,000	4.269293924%
Bank of America, N.A.	\$80,000,000	3.753225428%
Branch Banking and Trust Company	\$80,000,000	3.753225428%
Canadian Imperial Bank of Commerce, New York Branch	\$80,000,000	3.753225428%
PNC Bank, National Association	\$80,000,000	3.753225428%
ING Capital, LLC	\$80,000,000	3.753225428%
Compass Bank	\$65,000,000	3.049495660%
	Total: \$2,131,500,000	100.0%

SUBSIDIARIES OF ANTERO MIDSTREAM CORPORATION

<u>Name of Subsidiary</u>	<u>Jurisdiction of Organization</u>
Antero Midstream NewCo Inc.	Delaware
Antero IDR Holdings LLC	Delaware
Antero Midstream Partners GP LLC	Delaware
Antero Midstream Preferred Co LLC	Delaware
Antero Midstream Partners LP	Delaware
Antero Midstream LLC	Delaware
Antero Treatment LLC	Delaware
Antero Water LLC	Delaware

Consent of Independent Registered Public Accounting Firm

The Board of Directors
Antero Midstream Corporation:

We consent to the incorporation by reference in the registration statement (No. 333-230230) on Form S-3 and (No. 333-230254) on Form S-8 of Antero Midstream Corporation of our report dated February 12, 2020, with respect to the consolidated balance sheets of Antero Midstream Corporation as of December 31, 2018 and 2019, the related consolidated statements of operations and comprehensive income, partners' capital and stockholders' equity, and cash flows for each of the years in the three-year period ended December 31, 2019, and the related notes, and the effectiveness of internal control over financial reporting as of December 31, 2019, which report appears in the December 31, 2019 annual report on Form 10-K of Antero Midstream Corporation.

/s/ KPMG LLP

Denver, Colorado
February 12, 2020

**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 Corporation, certify that:

1. I have reviewed this Annual Report on Form 10-K for the year ended December 31, 2019 of Antero Midstream Corporation (the “registrant”);
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant’s other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared; and
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles; and
 - c. Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting.
5. The registrant’s other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: February 12, 2020

/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 Corporation, certify that:

1. I have reviewed this Annual Report on Form 10-K for the year ended December 31, 2019 of Antero Midstream Corporation (the “registrant”);
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant’s other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared; and
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles; and
 - c. Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting.
5. The registrant’s other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: February 12, 2020

/s/ Michael N. Kennedy

Michael N. Kennedy
Chief Financial Officer

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

In connection with this Annual Report on Form 10-K of Antero Midstream Corporation for the year ended December 31, 2019, I, Paul M. Rady, Chief Executive Officer of Antero Midstream Corporation, 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 Annual Report on Form 10-K for the year ended December 31, 2019 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 Annual Report on Form 10-K for the year ended December 31, 2019 fairly presents, in all material respects, the financial condition and results of operations of Antero Midstream Corporation for the periods presented therein.

Date: February 12, 2020

/s/ Paul M. Rady

Paul M. Rady

Chief Executive Officer

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

In connection with this Annual Report on Form 10-K of Antero Midstream Corporation for the year ended December 31, 2019, I, Michael N. Kennedy, Chief Financial Officer of Antero Midstream Corporation, 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 Annual Report on Form 10-K for the year ended December 31, 2019 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 Annual Report on Form 10-K for the year ended December 31, 2019 fairly presents, in all material respects, the financial condition and results of operations of Antero Midstream Corporation for the periods presented therein.

Date: February 12, 2020

/s/ Michael N. Kennedy

Michael N. Kennedy

Chief Financial Officer

UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL STATEMENTS

Set forth below are the unaudited pro forma condensed combined statements of operations and comprehensive income of Antero Midstream Corporation for the years ended December 31, 2018 and 2019. The unaudited pro forma condensed combined financial statements for the year ended December 31, 2018 have been derived from (i) the consolidated financial statements of Antero Midstream GP LP (“AMGP”) for the year ended December 31, 2018 and (ii) the consolidated financial statements of Antero Midstream Partners LP (“Antero Midstream Partners”) for the year ended December 31, 2018, adjusted to reflect the acquisition of Antero Midstream Partners by AMGP. The unaudited pro forma condensed combined financial statements for the year ended December 31, 2019 have been derived from (i) the consolidated financial statements of Antero Midstream Corporation for the year ended December 31, 2019 and (ii) the consolidated financial information of Antero Midstream Partners for the period from January 1, 2019 through March 12, 2019, adjusted to reflect the acquisition of Antero Midstream Partners by AMGP.

On March 12, 2019, pursuant to that certain Simplification Agreement, dated October 9, 2018 (the “Simplification Agreement”), (i) AMGP converted from a limited partnership to a corporation under the laws of the State of Delaware (the “Conversion”) and changed its name to Antero Midstream Corporation, (ii) a wholly owned subsidiary of Antero Midstream Corporation merged with and into Antero Midstream Partners, with Antero Midstream Partners surviving such merger as an indirect, wholly owned subsidiary of Antero Midstream Corporation (the “Merger”) and (iii) Antero Midstream Corporation exchanged each issued and outstanding Series B Unit (each, a “Series B Unit”) representing a membership interest in Antero IDR Holdings LLC (“IDR Holdings”) for 176.0041 shares of Antero Midstream Corporation common stock (the “Series B Exchange” and, together with the Conversion, the Merger and the other transactions contemplated by the Simplification Agreement, the “Transactions”). As a result of the Transactions, Antero Midstream Partners is now a wholly owned subsidiary of Antero Midstream Corporation and former shareholders of AMGP, unitholders of Antero Midstream Partners, including Antero Resources Corporation (“Antero Resources”), and holders of Series B Units now own Antero Midstream Corporation’s common stock (“Antero Midstream Corporation Common Stock”).

As discussed further in the notes to the unaudited pro forma condensed combined financial statements, the Transactions include:

- the issuance by Antero Midstream Corporation of one share of Antero Midstream Corporation Common Stock for each outstanding common share representing limited partner interests in AMGP (each, an “AMGP Common Share”) outstanding immediately prior to the Conversion;
- the issuance by Antero Midstream Corporation of 10,000 shares of Series A Non-Voting Perpetual Preferred Stock of Antero Midstream Corporation (the “Antero Midstream Corporation Preferred Stock”) to Antero Midstream Preferred Co LLC, a wholly owned subsidiary of AMGP (“Preferred Co”), for consideration of \$0.01 per share;
- the issuance by Antero Midstream Corporation of approximately 158.4 million shares of Antero Midstream Corporation Common Stock in exchange for all the common units representing limited partner interests in Antero Midstream Partners (the “Antero Midstream Common Units”) held by Antero Resources, based on the \$3.00 in cash and 1.6023 shares of Antero Midstream Corporation Common Stock for each Antero Midstream Common Unit held that Antero Resources received;
- the issuance by Antero Midstream Corporation of approximately 144.6 million shares of Antero Midstream Corporation Common Stock in exchange for all Antero Midstream Common Units held by the unitholders of Antero Midstream Partners other than Antero Resources (the “Antero Midstream Public Unitholders”), based on the \$3.415 in cash and 1.6350 shares of New AM Common Stock for each Antero Midstream Common Unit held that Antero Midstream Public Unitholders received;
- the issuance by Antero Midstream Corporation of approximately 17.35 million shares of New AM Common Stock in exchange for all Series B Units in the Series B Exchange;
- the payment of cash consideration of approximately \$599 million from borrowings under Antero Midstream Partners’ revolving credit facility; and
- the elimination of the burden of Antero Midstream Partners’ incentive distribution rights.

No effect was given to the conversion of phantom unit awards outstanding under Antero Midstream Partners’ long-term incentive plan, which awards were converted into restricted stock units of Antero Midstream Corporation, with substantially the same terms and conditions (including with respect to vesting) applicable to such Antero Midstream Partners phantom unit award. The issuance of Antero Midstream Corporation Common Stock for unvested Series B Units resulted in an additional charge to equity-

based compensation expense from the date of the completion of the Transactions through December 31, 2019 in the amount of \$31 million, which was amortized over from March 13, 2019 to December 31, 2019.

AMGP was the sole member of Antero Midstream Partners GP LLC, the general partner of Antero Midstream Partners, and also controlled the incentive distribution rights in Antero Midstream Partners through its ownership interest in IDR Holdings (subject to the rights of the holders of Series B Units to receive distributions in respect of their Series B Units). As a result of the Merger, Antero Midstream Partners became an indirect, wholly owned subsidiary of Antero Midstream Corporation, and former Antero Midstream Partners unitholders now collectively own a majority of the outstanding Antero Midstream Corporation Common Stock. The unaudited pro forma condensed combined financial statements should be read in conjunction with the consolidated financial statements and related notes included in Antero Midstream Corporation's Annual Report on Form 10-K for the year ended December 31, 2019 as filed with the Securities and Exchange Commission.

The unaudited pro forma condensed combined financial statements were prepared as if the Transactions had occurred on January 1, 2018. We derived the following unaudited pro forma condensed combined financial statements by applying pro forma adjustments to the historical consolidated financial statements of AMGP for the year ended December 31, 2018 and to the historical consolidated financial statements of Antero Midstream Corporation for the year ended December 31, 2019. The Transactions have been accounted for as a business combination under ASC 805, *Business Combinations*.

The pro forma adjustments are based upon currently available information and certain estimates and assumptions; therefore, actual results may differ from the pro forma adjustments. We believe, however, that the assumptions provide a reasonable basis for presenting the significant effects of the Transactions and are factually supportable, directly attributable and are expected to have a continuing impact on Antero Midstream Corporation's profit and loss and that the pro forma adjustments give appropriate effect to management's assumptions and are properly applied in the unaudited pro forma condensed combined financial statements. The notes to the unaudited pro forma condensed combined financial statements provide a detailed discussion of how such adjustments were derived and presented in the unaudited pro forma condensed combined financial statements.

The unaudited pro forma condensed combined financial statements are presented for informational purposes only. The unaudited pro forma condensed combined financial statements do not purport to represent what the results of operations or financial condition would have been had the transactions to which the pro forma adjustments relate actually occurred on the dates indicated and they do not purport to project the results of operations or financial condition for any future period or as of any future date.

ANTERO MIDSTREAM CORPORATION
Unaudited Pro Forma Condensed Combined Statement of Operations and Comprehensive Income
For the Year Ended December 31, 2018
(In thousands, except per share amounts)

	Antero Midstream GP LP	Antero Midstream Partners LP	Pro Forma Adjustments	Pro Forma Antero Midstream Corporation
Revenues:				
Equity in earnings of Antero Midstream Partners LP	\$ 142,906	—	(142,906)(a)	—
Gathering and compression—Antero Resources	—	520,566	—	520,566
Water handling—Antero Resources	—	506,449	—	506,449
Water handling—third party	—	924	—	924
Gain on sale of assets—Antero Resources	—	583	—	583
Amortization of customer relationships	—	—	(71,082)(b)	(71,082)
Total revenues	<u>142,906</u>	<u>1,028,522</u>	<u>(213,988)</u>	<u>957,440</u>
Operating expenses:				
Direct operating	—	316,423	—	316,423
General and administrative (excluding equity-based compensation)	8,740	40,556	—	49,296
Equity-based compensation	35,111	21,073	—	56,184
Impairment of property and equipment	—	5,771	—	5,771
Depreciation	—	130,013	15,732 (c)	145,745
Accretion and change in fair value of contingent acquisition consideration	—	(93,019)	—	(93,019)
Accretion of asset retirement obligations	—	135	—	135
Total operating expenses	<u>43,851</u>	<u>420,952</u>	<u>15,732</u>	<u>480,535</u>
Operating income	99,055	607,570	(229,720)	476,905
Other income (expenses)				
Interest expense, net	(136)	(61,906)	(21,752)(d)	(83,794)
Equity in earnings of unconsolidated affiliates	—	40,280	(6,091)(e)	34,189
Income before income taxes	<u>98,919</u>	<u>585,944</u>	<u>(257,563)</u>	<u>427,300</u>
Provision for income taxes (expense) benefit:				
Current	(32,311)	—	32,311 (f)	—
Deferred	—	—	(114,406)(f)	(114,406)
Total income taxes	<u>(32,311)</u>	<u>—</u>	<u>(82,095)</u>	<u>(114,406)</u>
Net income attributable to incentive distribution rights	—	(142,906)	142,906 (g)	—
Net income and comprehensive income	<u>66,608</u>	<u>443,038</u>	<u>(196,752)</u>	<u>312,894</u>
Net income attributable to vested Series B units	(5,236)	—	5,236 (h)	—
Net income attributable to common shareholders or unitholders	<u>\$ 61,372</u>	<u>443,038</u>	<u>(191,516)</u>	<u>312,894</u>
Net income per common share or unit—basic	\$ 0.33	2.37		0.62
Net income per common share or unit—diluted	\$ 0.33	2.36		0.62
Weighted average number of common shares or units outstanding—basic	186,203	187,048	314,640 (i)	500,843
Weighted average number of common shares or units outstanding—diluted	186,203	187,398	321,529 (i)	507,732

ANTERO MIDSTREAM CORPORATION
Unaudited Pro Forma Condensed Combined Statement of Operations and Comprehensive Income
For the Year Ended December 31, 2019
(In thousands, except per share amounts)

	Antero Midstream Corporation	Antero Midstream Partners LP (k)	Pro Forma Adjustments	Pro Forma Antero Midstream Corporation
Revenues:				
Equity in earnings of Antero Midstream Partners LP	\$ —	—	—	—
Gathering and compression—Antero Resources	543,538	124,773	—	668,311
Water handling—Antero Resources	306,010	93,537	—	399,547
Water handling—third party	50	51	—	101
Amortization of customer relationships	(57,010)	—	(13,864)(b)	(70,874)
Total revenues	<u>792,588</u>	<u>218,361</u>	<u>(13,864)</u>	<u>997,085</u>
Operating expenses:				
Direct operating	195,818	64,818	—	260,636
General and administrative (excluding equity-based compensation)	44,596	16,316	(15,345)(j)	45,567
Facility idling	11,401	—	—	11,401
Equity-based compensation	73,517	2,477	—	75,994
Impairment of property and equipment	409,739	6,982	—	416,721
Impairment of goodwill	340,350	—	—	340,350
Impairment of customer relationships	11,871	—	—	11,871
Depreciation	95,526	21,707	3,130 (c)	120,363
Accretion and change in fair value of contingent acquisition consideration	8,076	1,928	—	10,004
Accretion of asset retirement obligations	187	63	—	250
Total operating expenses	<u>1,191,081</u>	<u>114,291</u>	<u>(12,215)</u>	<u>1,293,157</u>
Operating income (loss)	(398,493)	104,070	(1,649)	(296,072)
Other income (expenses)				
Interest expense, net	(110,402)	(16,815)	(3,301)(d)	(130,518)
Equity in earnings of unconsolidated affiliates	51,315	12,264	(1,185)(e)	62,394
Income (loss) before income taxes	<u>(457,580)</u>	<u>99,519</u>	<u>(6,135)</u>	<u>(364,196)</u>
Provision for income taxes (expense) benefit:				
Current	—	—	—	—
Deferred	102,466	—	(23,346)(f)	79,120
Total income taxes	<u>102,466</u>	<u>—</u>	<u>(23,346)</u>	<u>79,120</u>
Net income attributable to incentive distribution rights	—	—	—	—
Net income (loss) and comprehensive income (loss)	<u>(355,114)</u>	<u>99,519</u>	<u>(29,481)</u>	<u>(285,076)</u>
Net income attributable to vested Series B units				
Net loss attributable to common shareholders or unitholders	<u>\$ (355,114)</u>	<u>99,519</u>	<u>(29,481)</u>	<u>(285,076)</u>
Net loss per common share or unit—basic	\$ (0.80)			(0.57)
Net loss per common share or unit—diluted	\$ (0.80)			(0.57)
Weighted average number of common shares or units outstanding—basic	442,640		57,403 (i)	500,043
Weighted average number of common shares or units outstanding—diluted	442,640		57,403 (i)	500,043

(1) Basis of Presentation

The unaudited pro forma condensed combined financial statements were prepared as if the Transactions had occurred as of January 1, 2018. The Transactions have been accounted for as an acquisition by AMGP of Antero Midstream Partners under ASC 805, *Business Combinations*, and accounted for as a business combination, with the assumed assets and liabilities of Antero Midstream Partners recorded at fair value. Dividends related to the Series A Non-Voting Preferred Stock are considered to be immaterial to the net income per common share calculations and, therefore, are not reflected in the pro forma adjustments.

(2) Pro Forma Adjustments and Assumptions

- (a) Adjustment reflects the elimination of AMGP's equity in earnings in Antero Midstream Partners.
 - (b) Adjustment reflects the amortization of the customer relationships intangible asset.
 - (c) Adjustment reflects additional depreciation expense related to the fair value adjustment to property and equipment.
 - (d) Adjustment reflects additional interest expense due to the increase of \$599 million in outstanding indebtedness, assuming an effective interest rate of 3.8%, and the amortization of the fair value adjustment to long-term debt.
 - (e) Adjustment reflects a reduction in equity in earnings of affiliates for the amortization of the customer relationship intangible assets and depreciation related to the fair value adjustments to property and equipment, inherent within the fair value adjustment to investments in unconsolidated affiliates.
 - (f) Adjustment reflects an increase in income taxes resulting from the adjusted combined pro forma pre-tax income, adjusted for the effects of permanent book to tax differences, based on the estimated blended federal and state statutory tax rate of approximately 25% for year ended December 31, 2018, as well as a reclassification of AMGP's current income tax expense to deferred income tax expense. The pro forma adjustments to income taxes are treated as deferred income tax expense as the tax treatment of the Transactions results in an increase in the depreciable and amortizable basis in Antero Midstream Partners' assets for tax purposes.
 - (g) Adjustment reflects the elimination of the burden of Antero Midstream Corporation's incentive distribution rights in Antero Midstream Partners' distributions.
 - (h) Adjustment reflects the elimination of net income attributable to vested Series B Units.
 - (i) Adjustment reflects the issuance of approximately 186.2 million shares of Antero Midstream Corporation Common Stock in connection with the Conversion and the issuance of approximately 303.1 million shares of Antero Midstream Corporation Common Stock.
 - (j) Adjustment reflects a reduction to general and administrative expenses for expenses of the Transactions charged to expense.
 - (k) Reflects results of Antero Midstream Partners for the period from January 1, 2019 to March 12, 2019.
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