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

FORM 10-Q

(Mark One)

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

For the quarterly period ended June 30, 2018

OR

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

For the transition period from to

Commission file number: 001-36719

ANTERO MIDSTREAM PARTNERS LP
(Exact name of registrant as specified in its charter)

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

(303) 357-7310
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. ☒ Yes ☐ No

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☒	Accelerated filer ☐
Non-accelerated filer ☐ (Do not check if a smaller reporting company)	Smaller reporting company ☐
Emerging growth company ☐	

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

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

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

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CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

Some of the information in this Quarterly Report on Form 10-Q may contain forward-looking statements. Forward-looking statements give our current expectations, contain projections of results of operations or of financial condition, or forecasts of future events. Words such as “may,” “assume,” “forecast,” “position,” “predict,” “strategy,” “expect,” “intend,” “plan,” “estimate,” “anticipate,” “believe,” “project,” “budget,” “potential,” or “continue,” and similar expressions are used to identify forward-looking statements. They can be affected by assumptions used or by known or unknown risks or uncertainties. Consequently, no forward-looking statements can be guaranteed. When considering these forward-looking statements, you should keep in mind the risk factors and other cautionary statements in this Quarterly Report on Form 10-Q. Actual results may vary materially. You are cautioned not to place undue reliance on any forward-looking statements. You should also understand that it is not possible to predict or identify all such factors and should not consider the following list to be a complete statement of all potential risks and uncertainties. Factors that could cause our actual results to differ materially from the results contemplated by such forward-looking statements include:

- Antero Resources Corporation’s expected production and ability to meet its drilling and development plan;
- our ability to execute our business strategy;
- costs and outcomes associated with the ongoing review of potential transactions by the special committee of the board of directors of our general partner as described herein;
- our ability to realize the anticipated benefits of our investments in unconsolidated affiliates;
- natural gas, natural gas liquids (“NGLs”) and oil prices;
- competition and government regulations;
- actions taken by third-party producers, operators, processors and transporters;
- legal or environmental matters;
- costs of conducting our operations;
- general economic conditions;
- credit markets;
- operating hazards, natural disasters, weather-related delays, casualty losses and other matters beyond our control;
- uncertainty regarding our future operating results; and
- plans, objectives, expectations and intentions contained in this Quarterly Report on Form 10-Q that are not historical.

We caution you that these forward-looking statements are subject to all of the risks and uncertainties, most of which are difficult to predict and many of which are beyond our control, incidental to our business. These risks include, but are not limited to, commodity price volatility, inflation, environmental risks, drilling and completion and other operating risks, regulatory changes, the uncertainty inherent in projecting future rates of production, cash flows and access to capital, the timing of development expenditures, conflicts of interest among holders of our common units, and the other risks described under the heading “Item 1A. Risk Factors” in our Annual Report on Form 10-K for the year ended December 31, 2017 (the “2017 Form 10-K”) on file with the Securities and Exchange Commission (“SEC”).

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

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

Except as otherwise required by applicable law, we disclaim any duty to update any forward-looking statements, all of which are expressly qualified by the statements in this section, to reflect events or circumstances after the date of this Quarterly Report on Form 10-Q.

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

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

See accompanying notes to condensed consolidated financial statements.

ANTERO MIDSTREAM PARTNERS LP

Condensed Consolidated Statements of Operations and Comprehensive Income

Three Months Ended June 30, 2017 and 2018

(Unaudited)

(In thousands, except per unit amounts)

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

See accompanying notes to condensed consolidated financial statements.

ANTERO MIDSTREAM PARTNERS LP

Condensed Consolidated Statements of Operations and Comprehensive Income

Six Months Ended June 30, 2017 and 2018

(Unaudited)

(In thousands, except per unit amounts)

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

See accompanying notes to condensed consolidated financial statements.

ANTERO MIDSTREAM PARTNERS LP

Condensed Consolidated Statements of Partners' Capital

Six Months Ended June 30, 2018

(Unaudited)

(In thousands)

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

See accompanying notes to condensed consolidated financial statements.

ANTERO MIDSTREAM PARTNERS LP

Condensed Consolidated Statements of Cash Flows

Six Months Ended June 30, 2017 and 2018

(Unaudited)

(In thousands)

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

See accompanying notes to condensed consolidated financial statements.

ANTERO MIDSTREAM PARTNERS LP

Notes to Condensed Consolidated Financial Statements

December 31, 2017 and June 30, 2018

(1) Business and Organization

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

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

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

(2) Summary of Significant Accounting Policies

(a) Basis of Presentation

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

These unaudited condensed consolidated financial statements of the Partnership have been prepared in accordance with accounting principles generally accepted in the United States ("GAAP") for interim financial information, and, accordingly, do not include all of the information and footnotes required by GAAP for complete consolidated financial statements. In the opinion of management, these unaudited condensed consolidated financial statements include all adjustments (consisting of normal and recurring accruals) considered necessary for a fair presentation of the Partnership's financial position as of December 31, 2017 and June 30, 2018, and the results of our operations for three and six months ended June 30, 2017 and 2018, and its cash flows for the six months ended June 30, 2017 and 2018. The Partnership has no items of other comprehensive income; therefore, its net income is equal to its comprehensive income.

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

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

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

As of the date these condensed consolidated financial statements were filed with the SEC, we completed our evaluation of potential subsequent events for disclosure and no items requiring disclosure were identified, except the declaration of a cash distribution to unitholders, as described in Note 9—Partnership Equity and Distributions.

(b) Revenue Recognition

We provide gathering and compression and water handling and treatment services under fee-based contracts primarily based on throughput or at cost plus a margin. Under these arrangements, we receive fees for gathering oil and gas products, compression services, and water handling and treatment services. The revenue we earn from these arrangements is directly related to (1) in the case of natural gas gathering and compression, the volumes of metered natural gas that we gather, compress and deliver to natural gas compression sites or other transmission delivery points, (2) in the case of oil gathering, the volumes of metered oil that we gather and deliver to other transmission delivery points, (3) in the case of fresh water services, the quantities of fresh water delivered to our customers for use in their well completion operations, (4) in the case of wastewater treatment services performed by us, the quantities of wastewater treated for our customers, or (5) in the case of flowback and produced water services provided by third parties, the third party costs we incur plus 3%. We recognize revenue when we satisfy a performance obligation by delivering a service to a customer.

(c) Use of Estimates

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

(d) Cash and Cash Equivalents

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

(e) Property and Equipment

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

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

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

ANTERO MIDSTREAM PARTNERS LP

Notes to Condensed Consolidated Financial Statements

December 31, 2017 and June 30, 2018

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

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

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

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

(f) Asset Retirement Obligations

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

We are under no legal obligations, neither contractually nor under the doctrine of promissory estoppel, to restore or dismantle our gathering pipelines, compressor stations, water delivery pipelines and facilities and water treatment facility upon abandonment. Our gathering pipelines, compressor stations, fresh water delivery pipelines and facilities and water treatment facility have an indeterminate life, if properly maintained. Accordingly, we are not able to make a reasonable estimate of when future dismantlement and removal dates of our pipelines, compressor stations and facilities will occur. It has been determined by our operational management team that abandoning all other ancillary equipment, outside of the assets stated above, would require minimal costs.

(g) Equity-Based Compensation

Our condensed consolidated financial statements reflect various equity-based compensation awards granted by Antero Resources, as well as compensation expense associated with our own plan. These awards include profits interests awards, restricted stock, stock options, restricted units, and phantom units. In each period, we recognize expense in an amount allocated from Antero

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

Under the Antero Midstream Partners LP Long-Term Incentive Plan ("Midstream LTIP"), certain non-employee directors of our general partner and certain officers, employees and consultants of our general partner and its affiliates are eligible to receive awards representing equity interests in the Partnership. An aggregate of 10,000,000 common units may be delivered pursuant to awards under the Midstream LTIP, subject to customary adjustments. For accounting purposes, these units are treated as if they are distributed from us to Antero Resources. Antero Resources recognizes compensation expense for the units awarded to its employees and a portion of that expense is allocated to us. See Note 8—Equity-Based Compensation.

(h) Income Taxes

Our condensed consolidated financial statements do not include a provision for income taxes as we are treated as a partnership for federal and state income tax purposes, with each partner being separately taxed on its distributive share of our items of income, gain, loss, or deduction.

(i) Fair Value Measures

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

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

(j) Investments in Unconsolidated Affiliates

The Partnership uses the equity method to account for its investments in companies if the investment provides the Partnership with the ability to exercise significant influence over, but not control, the operating and financial policies of the investee. The Partnership's consolidated net income includes the Partnership's proportionate share of the net income or loss of such companies. The Partnership's judgment regarding the level of influence over each equity method investee includes considering key factors such as the Partnership's ownership interest, representation on the board of directors and participation in policy-making decisions of the investee and material intercompany transactions. See Note 13–Equity Method Investments.

(k) Adoption of New Accounting Principle

On May 28, 2014, the FASB issued Accounting Standards Update ("ASU") No. 2014-09, Revenue from Contracts with Customers, which requires an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The ASU replaces most existing revenue recognition guidance in GAAP when it became effective and was incorporated into GAAP as Accounting Standards Codification ("ASC") Topic 606. The new standard became effective for us on January 1, 2018. The standard permits the use of either the full retrospective or modified restrospective transition method. The

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

(l) Recently Issued Accounting Standard

On February 25, 2016, the FASB issued ASU No. 2016-02, *Leases*, which requires all leasing arrangements to be presented in the balance sheet as liabilities along with a corresponding asset. The ASU will replace most existing leases guidance in GAAP when it becomes effective. The new standard becomes effective for us on January 1, 2019. Although early application is permitted, we do not plan to early adopt the ASU. The standard requires the use of the modified retrospective transition method. We are evaluating the effect that ASU 2016-02 will have on our consolidated financial statements and related disclosures. We are evaluating the standard's applicability to our various contractual arrangements with Antero Resources, and we believe that the application of the ASU to our contractual arrangements with Antero Resources could be subject to differing interpretations. The accounting treatment for these arrangements under the ASU could include (i) the recognition of our Antero contracts as leases under the ASU, (ii) characterization of our servicing revenues from gathering, compression, and water handling and treatment as revenues from leasing or financing, and (iii) derecognition of assets on our balance sheet that are used to provide services under contracts containing variable payment terms. Other interpretations and applications of the standard may be possible, including no material changes to the accounting for these contractual arrangements. We continue to monitor relevant industry guidance regarding implementation of ASU 2016-02 and will adjust our implementation of the standard as necessary. We believe that adoption of the standard will not impact our operational strategies, growth prospects, or cash flow.

(3) Transactions with Affiliates

(a) Revenues

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

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

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

(c) Allocation of Costs

The employees supporting our operations are employees of Antero Resources. Direct operating expense includes allocated costs of $1.2 million and $1.9 million during the three months ended June 30, 2017 and 2018, and $2.4 million and $3.6 million during the six months ended June 30, 2017 and 2018 respectively, related to labor charges for Antero Resources employees associated with the operation of our gathering lines, compressor stations, and water handling and treatment assets. General and administrative expense includes allocated costs of $13.8 million and $14.0 million during the three months ended June 30, 2017 and 2018, respectively, and $26.8 million and $27.2 million during the six months ended June 30, 2017 and 2018, respectively. These costs relate to: (i) various business services, including payroll processing, accounts payable processing and facilities management, (ii) various corporate services, including legal, accounting, treasury, information technology and human resources and (iii) compensation, including equity-based compensation (see Note 8—Equity-Based Compensation for more information). These expenses are charged or allocated to us based on the nature of the expenses and are allocated based on a combination of our proportionate share of gross property and equipment, capital expenditures and labor costs, as applicable. We reimburse Antero Resources directly for all general and administrative costs allocated to us, with the exception of noncash equity compensation allocated to the Partnership for awards issued under the Antero Resources long-term incentive plan or the Midstream LTIP.

(4) Revenue

(a) Revenue from Contracts with Customers

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

Gathering and Compression Agreement

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

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

Water Handling and Treatment Agreement

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

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

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

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Minimum Volume Commitments

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

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

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

(b) Disaggregation of Revenue

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

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

(c) Transaction Price Allocated to Remaining Performance Obligations

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

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

(d) Contract Balances

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

(5) Long-Term Debt

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

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

(a) Revolving Credit Facility

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

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

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

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

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

Principal amounts borrowed are payable on the maturity date with such borrowings bearing interest that is payable quarterly or, in the case of Eurodollar Rate Loans, at the end of the applicable interest period if shorter than six months. Interest is payable at a variable rate based on LIBOR or the base rate, determined by election at the time of borrowing, plus an applicable margin rate. Interest at the time of borrowing is determined with reference to (i) during any period that is not an Investment Grade Period, the Partnership's then-current leverage ratio and (ii) during an Investment Grade Period, with reference to the rating given to the Partnership by Moody's or Standard and Poor's. During any period that is not an Investment Grade Period, the applicable margin rates range from 25 basis points to 225 basis points. During an Investment Grade Period, the applicable margin rates range from 12.5 basis points to 200 basis points. Commitment fees on the unused portion of the revolving credit facility are due quarterly at rates ranging from 0.25% to 0.375% based on the leverage ratio, during a period that is not an Investment Grade Period, and 0.175% to 0.375% based on the Partnership's rating during an Investment Grade Period.

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

(b) 5.375% Senior Notes Due 2024

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

(6) Accrued Liabilities

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

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

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(7) Asset Retirement Obligations

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

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

(8) Equity-Based Compensation

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

Midstream LTIP

Our general partner manages our operations and activities, and Antero Resources employs the personnel who provide support to our operations. Our general partner has adopted the Midstream LTIP, pursuant to which non-employee directors of our general partner and certain officers, employees and consultants of our general partner and its affiliates are eligible to receive awards representing limited partner interests in the Partnership. An aggregate of 10,000,000 common units may be delivered pursuant to awards under the Midstream LTIP, subject to customary adjustments. A total of 7,729,437 common units are available for future grant under the Midstream LTIP as of June 30, 2018. Restricted units and phantom units granted under the Midstream LTIP vest subject to the satisfaction of service requirements, upon the completion of which common units in the Partnership are delivered to the holder of the restricted units or phantom units. Phantom units also contain distribution equivalent rights which entitle the holder of vested common units to receive a "catch up" payment equal to common unit distributions paid during the vesting period of the phantom unit award. Compensation related to each restricted unit and phantom unit award is recognized on a straight-line basis over the requisite service period of the entire award. The grant date fair values of these awards are determined based on the closing price of the Partnership's common units on the date of grant. These units are accounted for as if they are distributed by the Partnership to Antero Resources. Antero Resources recognizes compensation expense for the units awarded and a portion of that expense is allocated to the Partnership. Antero Resources allocates equity-based compensation expense to the Partnership based on our proportionate share of Antero Resources' labor costs. The Partnership's portion of the equity-based compensation expense is included in general and administrative expenses, and recorded as a credit to the applicable classes of partners' capital.

A summary of restricted unit and phantom unit awards activity during the six months ended June 30, 2018 is as follows:

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

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

(9) Partnership Equity and Distributions

Our Minimum Quarterly Distribution

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

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

Total Quarterly Distribution Target Amount	Marginal Percentage Interest in Distributions: Unitholders	Holder of IDRs
above $0.1955 up to $0.2125	85 %	15 %
above $0.2125 up to $0.2550	75 %	25 %
above $0.2550	50 %	50 %

General Partner Interest

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

Cash Distributions

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

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

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

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(10) Net Income Per Limited Partner Unit

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

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

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

Basic earnings per unit is computed by dividing net earnings attributable to unitholders by the weighted average number of units outstanding during each period. Diluted net income per limited partner unit reflects the potential dilution that could occur if agreements to issue common units, such as awards under long-term incentive plans, were exercised, settled or converted into common units. When it is determined that potential common units resulting from an award should be included in the diluted net income per limited partner unit calculation, the impact is reflected by applying the treasury stock method. Earnings per common unit assuming dilution for the three months ended June 30, 2018 was calculated based on the diluted weighted average number of units outstanding of 187,318,269 including 300,243 dilutive units attributable to non-vested restricted unit and phantom unit awards. Earnings per common unit assuming dilution for the six months ended June 30, 2018 was calculated based on the diluted weighted average number of units outstanding of 187,242,417, including 266,300 dilutive units attributable to non-vested restricted unit and phantom unit awards. For the three and six months ended June 30, 2018 there were no non-vested phantom unit and restricted unit awards that were anti-dilutive and therefore excluded from the calculation of diluted earnings per unit.

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

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

(11) Sale of Common Units Under Equity Distribution Agreement

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

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

(12) Fair Value Measurement

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

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

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

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

As of June 30, 2018, we expect to pay the entire amount of the contingent consideration amounts in 2019 and 2020. The fair value measurement is based on significant inputs not observable in the market and thus represents a Level 3 measurement within the fair value hierarchy. The fair value of the contingent consideration liability associated with future milestone payments was based on the risk adjusted present value of the contingent consideration payout.

The carrying values of accounts receivable and accounts payable at December 31, 2017 and June 30, 2018 approximated fair value because of their short-term nature. The carrying value of the amounts under the revolving credit facility at December 31, 2017 and June 30, 2018 approximated fair value because the variable interest rates are reflective of current market conditions.

Based on Level 2 market data inputs, the fair value of the Partnership's 2024 Notes was approximately $654.9 million at June 30, 2018.

(13) Equity Method Investments

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

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

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

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

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

(14) Reporting Segments

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

Gathering and Processing

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

Water Handling and Treatment

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

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

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

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

ANTERO MIDSTREAM PARTNERS LP

Notes to Condensed Consolidated Financial Statements

December 31, 2017 and June 30, 2018

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

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

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our condensed consolidated financial statements and related notes included elsewhere in this report. The information provided below supplements, but does not form part of, our condensed consolidated financial statements. This discussion contains forward-looking statements that are based on the views and beliefs of our management, as well as assumptions and estimates made by our management. Actual results could differ materially from such forward-looking statements as a result of various risk factors, including those that may not be in the control of management. For further information on items that could impact our future operating performance or financial condition, please see "Item 1A. Risk Factors." and the section entitled "Cautionary Statement Regarding Forward-Looking Statements." We do not undertake any obligation to publicly update any forward-looking statements except as otherwise required by applicable law. For more information please refer to the Annual Report on Form 10-K for the year ended December 31, 2017, filed with the SEC on February 13, 2018.

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

Overview

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

Address, Website and Availability of Public Filings

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

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

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

Second Quarter 2018 Developments and Highlights

Financial Results

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

For the six months ended June 30, 2018, we generated cash flows from operations of $312 million, net income of $218 million, and Adjusted EBITDA of $337 million. This compares to cash flows from operations of $235 million, net income of $162 million, and Adjusted EBITDA of $258 million for the six months ended June 30, 2017. See "—Non-GAAP Financial Measures" for a definition of Adjusted EBITDA (a non-GAAP measure) and a reconciliation of Adjusted EBITDA to net income for the three and six months ended June 30, 2017 and 2018.

Cash Distributions

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

2018 Capital Budget and Capital Spending

Our 2018 capital budget is approximately $650 million, which includes $585 million of expansion capital and $65 million of maintenance capital. The capital budget includes $385 million of capital for gathering and compression infrastructure, approximately 90% of which will be invested in the Marcellus Shale and the remaining 10% will be invested in the Utica Shale. The gathering and compression budget is expected to fund construction of over 51 miles of gathering pipelines in the Marcellus and Utica Shales combined. We also expect to invest $35 million for water infrastructure capital to construct 25 miles of additional buried fresh water pipelines and surface pipelines to support Antero Resources' completion activities. Approximately 85% of the water infrastructure budget will be allocated to the Marcellus Shale and the remaining 15% will be allocated to the Utica Shale. Our 2018 budget also includes $15 million of capital for the final completion of our advanced wastewater treatment facility, which was placed in service in May 2018, and $215 million for our investment in the joint venture to develop processing and fractionation assets (the "Joint Venture") with MarkWest Energy Partners, L.P. ("MarkWest").

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

Credit Facility

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

Special Committee Formation

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

Items Affecting Comparability of Our Financial Results

Certain of the historical financial results discussed below may not be comparable to our future financial results primarily as a result of the significant increase in the scope of our operations over the last several years. Our gathering and compression and water handling and treatment systems are relatively new, having been substantially built within the last four years. Accordingly, our revenues and expenses over that time reflect the significant ramp up in our operations. Additionally, our wastewater treatment facility ran at reduced operating rates below the stated capacity during the quarter. The facility was placed in service in May 2018, but has not yet had a significant impact on our financial results. The facility was temporarily taken offline in June 2018 for maintenance and to install additional pretreatment facilities to improve operations. The facility was placed back into commercial service at the end of July 2018. Similarly, Antero Resources has experienced significant changes in its production and drilling and completion schedule over that same period. Accordingly, it may be difficult to project trends from our historical financial data going forward.

Results of Operations

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

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

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

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

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

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

* Not meaningful or applicable.

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

Sources of Water Handling and Treatment Revenue. Water handling and treatment revenues are generated from fresh water delivery and other fluid handling services. Fresh water delivery and treatment fees at our wastewater treatment facility are billed at a fixed fee per barrel. Other fluid handling services, including the disposal and treatment of wastewater and high rate transfer of fresh water and services provided by third parties are billed at our cost plus 3%.

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

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

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

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

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

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

Depreciation expense. Total depreciation expense increased by 19%, from $31 million for the three months ended June 30, 2017 to $36 million for the three months ended June 30, 2018. The increase was primarily due to additional gathering, compression, and water handling and treatment assets placed into service, including our wastewater treatment facility which was placed in service in May 2018.

Accretion of contingent acquisition consideration. Accretion of contingent acquisition consideration remained relatively consistent at $4 million for each of the three months ended June 30, 2017 and 2018. In connection with Antero Resources' contribution of Antero Water LLC and certain wastewater treatment assets to us in September 2015 (the "Water Acquisition"), we have agreed to pay Antero Resources (a) $125 million in cash if we deliver 176 million barrels or more of fresh water during the period between January 1, 2017 and December 31, 2019 and (b) an additional $125 million in cash if we deliver 219 million barrels or more of fresh water during the period between January 1, 2018 and December 31, 2020. In conjunction with the Water Acquisition on September 23, 2015, we recorded a liability for the discounted net present value of the contingent acquisition consideration and, as time passes, we recognize accretion expense to increase the discounted liability to the expected liability amounts in 2019 and 2020. As of June 30, 2018, we expect to pay the entire amount of the contingent consideration amounts in 2019 and 2020.

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

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

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

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

Adjusted EBITDA. Adjusted EBITDA increased by 26%, from $139 million for the three months ended June 30, 2017 to $176 million for the three months ended June 30, 2018. The increase was primarily due to an increase in revenue resulting from an increase in gathering, compression, and water volumes. For a discussion of the non-GAAP financial measure Adjusted EBITDA, including a reconciliation of Adjusted EBITDA to its most directly comparable financial measure calculated and presented in accordance with GAAP, read "—Non-GAAP Financial Measures" below.

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

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

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

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

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

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

* Not meaningful or applicable.

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

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

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

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

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

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

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

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

Depreciation expense. Total depreciation expense increased by 19%, from $58 million for the six months ended June 30, 2017 to $69 million for the six months ended June 30, 2018. The increase was primarily due to additional gathering, compression, and water handling and treatment assets placed into service, including our wastewater treatment facility which was placed in service in May 2018.

Accretion of contingent acquisition consideration. Accretion of contingent acquisition consideration increased from $7 million for the six months ended June 30, 2017 to $8 million for the six months ended June 30, 2018. In connection with Antero Resources' contribution of Antero Water LLC and certain wastewater treatment assets to us in September 2015 (the "Water Acquisition"), we have agreed to pay Antero Resources (a) $125 million in cash if we deliver 176 million barrels or more of fresh water during the period between January 1, 2017 and December 31, 2019 and (b) an additional $125 million in cash if we deliver 219 million barrels or more of fresh water during the period between January 1, 2018 and December 31, 2020. In conjunction with the Water Acquisition on September 23, 2015, we recorded a liability for the discounted net present value of the contingent acquisition consideration and, as time passes, we recognize accretion expense to increase the discounted liability to the expected liability amounts in 2019 and 2020. As of June 30, 2018, we expect to pay the entire amount of the contingent consideration amounts in 2019 and 2020.

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

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

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

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

Adjusted EBITDA. Adjusted EBITDA increased by 30%, from $258 million for the six months ended June 30, 2017 to $337 million for the six months ended June 30, 2018. The increase was primarily due to an increase in revenue resulting from an increase in gathering, compression, and water volumes. For a discussion of the non-GAAP financial measure Adjusted EBITDA, including a reconciliation of Adjusted EBITDA to its most directly comparable financial measure calculated and presented in accordance with GAAP, read "—Non-GAAP Financial Measures" below.

Capital Resources and Liquidity

Sources and Uses of Cash

Capital resources and liquidity are provided by operating cash flow, cash on our balance sheet, borrowings under our revolving credit facility and capital market transactions. We expect that the combination of these capital resources will be adequate to meet our working capital requirements, capital expenditures program and expected quarterly cash distributions for at least the next twelve months.

The board of directors of our general partner has adopted a cash distribution policy pursuant to which we intend to distribute at least the minimum quarterly distribution of $0.17 per unit ($0.68 per unit on an annualized basis) on all of our units to the extent we have sufficient cash after the establishment of cash reserves and the payment of our expenses, including payments to our general partner and its affiliates. The board of directors of our general partner has declared a cash distribution of $0.415 per unit for the quarter ended June 30, 2018. The distribution will be payable on August 17, 2018 to unitholders of record as of August 2, 2018.

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

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

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

Cash Flows Provided by Operating Activities

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

Cash Flows Used in Investing Activities

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

The board of directors of our general partner has approved a capital budget of $650 million for 2018, which includes $585 million of expansion capital and $65 million of maintenance capital. Our capital budgets may be adjusted as business conditions warrant. The amount, timing, and allocation of capital expenditures is largely discretionary and within our control. If natural gas, NGLs, and oil prices decline to levels below acceptable levels, or costs increase to levels above acceptable levels, Antero Resources could choose to defer a significant portion of its budgeted capital expenditures until later periods. As a result, we may also defer a significant portion of our budgeted capital expenditures to achieve the desired balance between sources and uses of liquidity and prioritize capital projects that we believe have the highest expected returns and potential to generate near-term cash flows. We routinely monitor and adjust our capital expenditures in response to changes in Antero Resources' development plans, changes in prices, availability of financing, acquisition costs, industry conditions, the timing of regulatory approvals, success or lack of success in Antero Resources' drilling activities, contractual obligations, internally generated cash flows and other factors both within and outside our control.

Cash Flows Provided by Financing Activities

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

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

Debt Agreements

Revolving Credit Facility

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

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

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

We have a choice of borrowing in Eurodollars or at the base rate. Principal amounts borrowed are payable on the maturity date with such borrowings bearing interest that is payable (i) with respect to base rate loans, quarterly and (ii) with respect to Eurodollar loans, the last day of each Interest Period (as defined below); provided that if any Interest Period for a Eurodollar loan exceeds three months, interest will be payable on the respective dates that fall every three months after the beginning of such Interest Period. Eurodollar loans bear interest at a rate per annum equal to the LIBOR Rate administered by the ICE Benchmark Administration for one, two, three, six or, if available to the lenders, twelve months (the “Interest Period”) plus an applicable margin ranging from (i) 125 to 225 basis points during any period that is not an Investment Grade Period, depending on the leverage ratio then in effect and (ii) 112.5 to 200 basis points during an Investment Grade Period, depending on the Partnership’s credit rating then in effect. Base rate loans bear interest at a rate per annum equal to the greatest of (i) the agent bank’s reference rate, (ii) the federal funds effective rate plus 50 basis points and (iii) the rate for one month Eurodollar loans plus 100 basis points, plus an applicable margin ranging from (i) 25 to 125 basis points during any period that is not an Investment Grade Period, depending on the leverage ratio then in effect and (ii) 12.5 to 100 basis points during an Investment Grade Period, depending on the Partnership’s credit rating then in effect.

During any period that is not an Investment Grade Period, the revolving credit facility is guaranteed by our subsidiaries and is secured by mortgages on substantially all of our and our subsidiaries’ properties; provided that the liens securing the revolving credit facility shall be automatically released during an Investment Grade Period. The revolving credit facility contains restrictive covenants that may limit our ability to, among other things:

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

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

- a consolidated interest coverage ratio, which is the ratio of our consolidated EBITDA to its consolidated current interest charges of at least 2.5 to 1.0 at the end of each fiscal quarter; provided that during an Investment Grade Period, the Partnership will not 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 as of December, 31 2017 and June 30, 2018. The actual borrowing capacity available to us may be limited by the interest coverage ratio, consolidated total leverage ratio, and consolidated senior secured leverage ratio covenants.

5.375% Senior Notes Due 2024

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

Contractual Obligations

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

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

(1) Includes outstanding principal amounts on the revolving credit facility at June 30, 2018. This table does not include future commitment fees, interest expense or other fees on our revolving credit facility because they are floating rate instruments and we cannot determine with accuracy the timing of future loan advances, repayments, or future interest rates to be charged.

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

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

(4) Future capital contributions to unconsolidated affiliates are excluded from the table as neither the amounts nor the timing of the obligations can be determined in advance.

Non-GAAP Financial Measures

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

We use Adjusted EBITDA to assess:

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

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

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

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

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

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

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

(1) Cash reserved for bond interest expense on Antero Midstream's 5.375% senior notes outstanding during the period that is paid on a semi-annual basis on March 15th and September 15th of each year.

(2) Estimate of current period portion of expected cash payment for income tax withholding attributable to vesting of Midstream LTIP equity-based compensation awards paid in the second quarter 2018 and to be paid in the fourth quarter.

(3) Maintenance capital expenditures represent that portion of our estimated capital expenditures associated with (i) the connection of new wells to our gathering and processing systems that we believe will be necessary to offset the natural production declines Antero Resources will experience on its wells over time, and (ii) water delivery to new wells necessary to maintain the average throughput volume on our systems.

Critical Accounting Policies and Estimates

The discussion and analysis of our financial condition and results of operations are based upon our financial statements, which have been prepared in accordance with GAAP. The preparation of our condensed consolidated financial statements requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and related disclosure of contingent assets and liabilities. Certain accounting policies involve judgments and uncertainties to such an extent that there is reasonable likelihood that materially different amounts could have been reported under different conditions, or if different assumptions had been used. We evaluate our estimates and assumptions on a regular basis. We base our estimates on historical experience and various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates and assumptions used in preparation of our financial statements. We provide expanded discussion of our more significant accounting policies, estimates and judgments in our 2017 Form 10-K. We believe these accounting policies reflect our more significant estimates and assumptions used in preparation of our financial statements. Also, see note 2 of the notes to our audited consolidated financial statements, included in our 2017 Form 10-K, for a discussion of additional accounting policies and estimates made by management.

New Accounting Pronouncements

On February 25, 2016, the FASB issued ASU No. 2016-02, *Leases*, which requires all leasing arrangements to be presented in the balance sheet as liabilities along with a corresponding asset. The ASU will replace most existing leases guidance in GAAP when it becomes effective. The new standard becomes effective for us on January 1, 2019. Although early application is permitted, we do not plan to early adopt the ASU. The standard requires the use of the modified retrospective transition method. We are evaluating the effect that ASU 2016-02 will have on our consolidated financial statements and related disclosures. We are evaluating the standard's applicability to our various contractual arrangements with Antero Resources and we believe that the application of the ASU to our contractual arrangements with Antero Resources could be subject to differing interpretations. The accounting treatment for these arrangements under the ASU could include (i) the recognition of our Antero contracts as leases under the ASU, (ii) characterization of our servicing revenues from gathering, compression, and water handling and treatment as revenues from leasing or financing, and (iii) derecognition of assets on our balance sheet that are used to provide services under contracts containing variable payment terms. Other interpretations and applications of the standard may be possible. We continue to monitor relevant industry guidance regarding implementation of ASU 2016-02 and will adjust our implementation of the standard as necessary. We believe that adoption of the standard will not impact our operational strategies, growth prospects, or cash flows.

Off-Balance Sheet Arrangements

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

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

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

Commodity Price Risk

Our gathering and compression and water services agreements with Antero Resources provide for fixed-fee structures, and we intend to continue to pursue additional fixed-fee opportunities with Antero Resources and third parties in order to avoid direct commodity price exposure. However, to the extent that our future contractual arrangements with Antero Resources or third parties do not provide for fixed-fee structures, we may become subject to commodity price risk. We are subject to commodity price risks to the extent that they impact Antero Resources' development program and production and therefore our gathering, compression, and water handling and treatment volumes. We cannot predict to what extent our business would be impacted by lower commodity prices and any resulting impact on Antero Resources' operations.

Interest Rate Risk

Our primary exposure to interest rate risk results from outstanding borrowings under our Credit Facility, which has a floating interest rate. We do not currently, but may in the future, hedge the interest on portions of our borrowings under our revolving credit facility from time-to-time in order to manage risks associated with floating interest rates. At June 30, 2018, we had $770 million of borrowings and no letters of credit outstanding under the Credit Facility. A 1.0% increase in our Credit Facility interest rate would have resulted in an estimated $3.4 million increase in interest expense for the six months ended June 30, 2018.

Credit Risk

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

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

Item 4. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

As required by Rule 13a-15(b) under the Exchange Act we have evaluated, under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of the end of the period covered by this Quarterly Report on Form 10-Q. Our disclosure controls and procedures are designed to provide reasonable assurance that the information required to be disclosed by us in reports that we file under the Exchange Act is accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate, to allow timely decisions regarding required disclosure and is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the SEC. Based upon that evaluation, our principal executive officer and principal financial officer concluded that our disclosure controls and procedures were effective as of June 30, 2018 at a reasonable assurance level.

Changes in Internal Control Over Financial Reporting

There have been no changes in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the three months ended June 30, 2018 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II—OTHER INFORMATION

Item 1. Legal Proceedings.

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

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

Item 1A. Risk Factors.

We are subject to certain risks and hazards due to the nature of the business activities we conduct. For a discussion of these risks, see “Item 1A. Risk Factors” in our 2017 Form 10-K. The risks described in our 2017 Form 10-K could materially and adversely affect our business, financial condition, cash flows, and results of operations. There have been no material changes to the risks described in our 2017 Form 10-K. We may experience additional risks and uncertainties not currently known to us; or, as a result of developments occurring in the future, conditions that we currently deem to be immaterial may also materially and adversely affect our business, financial condition, cash flows and results of operations.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

Issuer Purchases of Equity Securities

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

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

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

Item 5. Other Information.

None.

Item 6. Exhibits.

3.1	Certificate of Conversion of Antero Resources Midstream LLC, dated November 5, 2014 (incorporated by reference to Exhibit 3.1 to the Current Report on Form 8-K (Commission File No. 001-36719) filed on November 7, 2014).
3.2	Amended and Restated Certificate of Limited Partnership of Antero Midstream Partners LP, dated April 11, 2017 (incorporated by reference to Exhibit 3.1 to the Current Report on Form 8-K (Commission File No. 001-36719) filed on April 11, 2017).
3.3	Agreement of Limited Partnership, dated as of November 10, 2014, by and between Antero Resources Midstream Management LLC, as the General Partner, and Antero Resources Corporation, as the Organizational Limited Partner (incorporated by reference to Exhibit 3.1 to the Current Report on Form 8-K (Commission File No. 001-36719) filed on November 17, 2014).
3.4	Amendment No. 1 to Agreement of Limited Partnership of Antero Midstream Partners LP, dated as of February 23, 2016 (incorporated by reference to Exhibit 3.4 to the Annual Report on Form 10-K (Commission File No. 001-36719) filed on February 24, 2016).
3.5	Amendment No. 2 to Agreement of Limited Partnership of Antero Midstream Partners LP, dated as of December 20, 2017 (incorporated by reference to Exhibit 3.1 to the Current Report on Form 8-K (Commission File No. 001-36719) filed on December 26, 2017).
10.1	Form of Amended and Restated Indemnification Agreement (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K (Commission File No. 001-36719) filed on April 17, 2018)
31.1*	Certification of the Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. Section 7241).
31.2*	Certification of the Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. Section 7241).
32.1*	Certification of the Chief Executive Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. Section 1350).
32.2*	Certification of the Chief Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. Section 1350).
101*	The following financial information from this Form 10-Q of ANTERO MIDSTREAM PARTNERS, LP for the quarter ended June 30, 2018, formatted in XBRL (eXtensible Business Reporting Language): (i) Condensed Consolidated Balance Sheets, (ii) Condensed Consolidated Statements of Operations, (iii) Condensed Consolidated Statements of Partners' Capital, (iv) Condensed Consolidated Statements of Cash Flows, and (v) Notes to the Condensed Consolidated Financial Statements, tagged as blocks of text.

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

SIGNATURES

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

ANTERO MIDSTREAM PARTNERS LP

By:	**ANTERO MIDSTREAM PARTNERS GP LLC,** **its general partner**
By:	/s/ Michael N. Kennedy Michael N. Kennedy *Chief Financial Officer*
Date:	August 1, 2018

Exhibit 31.1

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

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

1. I have reviewed this Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2018 of Antero Midstream Partners LP (the "registrant");

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

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

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

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

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

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

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

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

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

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

Date: August 1, 2018

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

Exhibit 31.2

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

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

1. I have reviewed this Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2018 of Antero Midstream Partners LP (the "registrant");

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

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

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

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

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

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

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

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

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

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

Date: August 1, 2018

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

Exhibit 32.1

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

In connection with this Quarterly Report on Form 10-Q of Antero Midstream Partners LP for the quarter ended June 30, 2018, I, Paul M. Rady, Chief Executive Officer of Antero Midstream Partners LP, hereby certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

1. This Quarterly Report on Form 10-Q for the quarter ended June 30, 2018 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in this Quarterly Report on Form 10-Q for the quarter ended June 30, 2018 fairly presents, in all material respects, the financial condition and results of operations of Antero Midstream Partners LP for the periods presented therein.

Date: August 1, 2018

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

Exhibit 32.2

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

In connection with this Quarterly Report on Form 10-Q of Antero Midstream Partners LP for the quarter ended June 30, 2018, I, Michael N. Kennedy, Chief Financial Officer of Antero Midstream Partners LP, hereby certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

1. This Quarterly Report on Form 10-Q for the quarter ended June 30, 2018 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in this Quarterly Report on Form 10-Q for the quarter ended June 30, 2018 fairly presents, in all material respects, the financial condition and results of operations of Antero Midstream Partners LP for the periods presented therein.

Date: August 1, 2018

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