UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended September 30, 2020

OR

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

For the transition period from to

Commission file number: 001-38075

ANTERO MIDSTREAM CORPORATION

(Exact name of registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation or organization)	**61-1748605** (IRS Employer Identification No.)
1615 Wynkoop Street **Denver, Colorado** (Address of principal executive offices)	**80202** (Zip Code)

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

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

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

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

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

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

Large Accelerated Filer ☒	Accelerated Filer ☐
Non-accelerated Filer ☐	Smaller Reporting Company ☐
Emerging Growth Company ☐	

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

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 476,639,002 shares of common stock outstanding as of October 23, 2020.

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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” within the meaning of Section 27A of the Securities Act of 1933, as amended (the “Securities Act”), and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). All statements, other than statements of historical fact, included in this Quarterly Report on Form 10-Q, regarding our strategy, future operations, financial position, estimated revenues and losses, projected costs, prospects, plans and objectives of management are forward-looking statements. Words such as “may,” “assume,” “forecast,” “position,” “predict,” “strategy,” “expect,” “intend,” “plan,” “estimate,” “anticipate,” “believe,” “project,” “budget,” “potential,” or “continue,” and similar expressions are used to identify forward-looking statements, although not all forward-looking statements contain such identifying words. When considering these forward-looking statements, investors should keep in mind the risk factors and other cautionary statements in this Quarterly Report on Form 10-Q. These forward-looking statements are based on management’s current beliefs, based on currently available information, as to the outcome and timing of future events. Factors that could cause our actual results to differ materially from the results contemplated by such forward-looking statements include:

- Antero Resources Corporation’s (“Antero Resources”) expected production and development plan;
- impacts to producer customers of insufficient storage capacity;
- our ability to execute our business strategy;
- our ability to obtain debt or equity financing on satisfactory terms to fund additional acquisitions, expansion projects, working capital requirements and the repayment or refinancing of indebtedness;
- our ability to realize the anticipated benefits of our investments in unconsolidated affiliates;
- natural gas, natural gas liquids (“NGLs”), and oil prices;
- impacts of world health events, including the coronavirus (COVID-19) pandemic;
- our ability to complete the construction of or purchase new gathering and compression, processing, water handling or other assets on schedule, at the budgeted cost or at all, and the ability of such assets to operate as designed or at expected levels;
- our ability to execute our share repurchase program;
- competition and government regulations;
- actions taken by third-party producers, operators, processors and transporters;
- pending legal or environmental matters;
- costs of conducting our operations;
- general economic conditions;
- credit markets;
- operating hazards, natural disasters, weather-related delays, casualty losses and other matters beyond our control;
- uncertainty regarding our future operating results; and
- our other plans, objectives, expectations and intentions contained in this Quarterly Report on Form 10-Q.

We caution investors that these forward-looking statements are subject to all of the risks and uncertainties incidental to our business, most of which are difficult to predict and many of which are beyond our control. These risks include, but are not limited to, commodity price volatility, inflation, environmental risks, Antero Resources’ drilling and completion and other operating risks, regulatory changes, the uncertainty inherent in projecting Antero Resources' future rates of production, cash flows and access to capital, the timing of development expenditures, impacts of world health events, including the COVID-19 pandemic, potential shut-ins of production by producers due to lack of downstream demand or storage capacity, and the other risks described or referenced under the heading "Risk Factors" herein, including the risk factors set forth in our Annual Report on Form 10-K for the year ended December 31, 2019 (the "2019 Form 10-K") and in our Quarterly Report on Form 10-Q for the quarter ended March 31, 2020, each of which is on file with the Securities and Exchange Commission ("SEC").

Should one or more of the risks or uncertainties described or referenced in this Quarterly Report on Form 10-Q 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 Quarterly Report on Form 10-Q are expressly qualified in their entirety by this cautionary statement. This cautionary statement should also be considered in connection with any subsequent written or oral forward-looking statements that we or persons acting on our behalf may issue.

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

PART I—FINANCIAL INFORMATION
ANTERO MIDSTREAM CORPORATION
Condensed Consolidated Balance Sheets
December 31, 2019 and September 30, 2020
(In thousands)

	December 31, 2019	(Unaudited) September 30, 2020
Assets		
Cash and cash equivalents	$ 1,235	2,393
Accounts receivable–Antero Resources	101,029	83,948
Accounts receivable–third party	4,574	3,599
Income tax receivable	—	17,547
Other current assets	1,720	521
Total current assets	108,558	108,008
Property and equipment, net	3,273,410	3,255,889
Investments in unconsolidated affiliates	709,639	728,325
Deferred tax asset	103,231	125,596
Customer relationships	1,498,119	1,445,108
Goodwill	575,461	—
Other assets, net	14,460	10,578
Total assets	$ 6,282,878	5,673,504
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable–Antero Resources	$ 3,146	2,429
Accounts payable–third party	6,645	19,920
Accrued liabilities	104,188	36,535
Contingent acquisition consideration	125,000	—
Other current liabilities	3,105	2,375
Total current liabilities	242,084	61,259
Long-term liabilities:		
Long-term debt	2,892,249	3,121,817
Other	5,131	4,937
Total liabilities	3,139,464	3,188,013
Stockholders' Equity:		
Preferred stock, $0.01 par value: 100,000 authorized at December 31, 2019 and September 30, 2020, respectively		
Series A non-voting perpetual preferred stock; 12 designated and 10 issued and outstanding at both December 31, 2019 and September 30, 2020	—	—
Common stock, $0.01 par value; 2,000,000 authorized; 484,042 and 476,597 issued and outstanding at December 31, 2019 and September 30, 2020, respectively	4,840	4,766
Additional paid-in capital	3,480,139	3,021,275
Accumulated deficit	(341,565)	(540,550)
Total stockholders' equity	3,143,414	2,485,491
Total liabilities and stockholders' equity	$ 6,282,878	5,673,504

See accompanying notes to unaudited condensed consolidated financial statements.

ANTERO MIDSTREAM CORPORATION
Condensed Consolidated Statements of Operations and Comprehensive Income (Loss)
Three Months Ended September 30, 2019 and 2020
(Unaudited)
(In thousands, except per share amounts)

	Three Months Ended September 30,	
	2019	2020
Revenue:		
Gathering and compression–Antero Resources	$ 175,719	190,214
Water handling–Antero Resources	96,939	61,001
Amortization of customer relationships	(28,863)	(17,800)
Total revenue	243,795	233,415
Operating expenses:		
Direct operating	61,808	38,052
General and administrative (including $20,129 and $3,678 of equity-based compensation in 2019 and 2020, respectively)	30,595	13,232
Facility idling	1,512	2,527
Impairment of goodwill	43,759	—
Impairment of property and equipment	407,848	947
Impairment of customer relationships	5,871	—
Depreciation	24,460	26,801
Accretion and change in fair value of contingent acquisition consideration	1,977	—
Accretion of asset retirement obligations	54	39
Total operating expenses	577,884	81,598
Operating income (loss)	(334,089)	151,817
Interest expense, net	(36,134)	(34,501)
Equity in earnings of unconsolidated affiliates	18,478	23,173
Income (loss) before income taxes	(351,745)	140,489
Provision for income tax benefit (expense)	62,268	(34,982)
Net income (loss) and comprehensive income (loss)	$ (289,477)	105,507
Net income (loss) per share–basic	$ (0.57)	0.22
Net income (loss) per share–diluted	$ (0.57)	0.22
Weighted average common shares outstanding:		
Basic	506,419	476,578
Diluted	506,419	478,694

See accompanying notes to unaudited condensed consolidated financial statements.

ANTERO MIDSTREAM CORPORATION
Condensed Consolidated Statements of Operations and Comprehensive Loss
Nine Months Ended September 30, 2019 and 2020
(Unaudited)
(In thousands, except per share amounts)

	Nine Months Ended September 30,	
	2019	2020
Revenue:		
Gathering and compression–Antero Resources	$ 378,178	527,334
Water handling–Antero Resources	214,471	222,536
Water handling–third party	50	—
Amortization of customer relationships	(39,178)	(53,011)
Total revenue	553,521	696,859
Operating expenses:		
Direct operating	140,788	128,847
General and administrative (including $53,095 and $9,713 of equity-based compensation in 2019 and 2020, respectively)	85,026	39,191
Facility idling	1,512	13,680
Impairment of goodwill	43,759	575,461
Impairment of property and equipment	408,442	90,030
Impairment of customer relationships	5,871	—
Depreciation	68,557	81,889
Accretion and change in fair value of contingent acquisition consideration	5,323	—
Accretion of asset retirement obligations	133	142
Loss on asset sale	—	240
Total operating expenses	759,411	929,480
Operating loss	(205,890)	(232,621)
Interest expense, net	(73,872)	(107,443)
Equity in earnings of unconsolidated affiliates	34,981	63,197
Loss before income taxes	(244,781)	(276,867)
Provision for income tax benefit	34,226	77,882
Net loss and comprehensive loss	$ (210,555)	(198,985)
Net loss per share–basic and diluted	$ (0.50)	(0.42)
Weighted average common shares outstanding:		
Basic	423,296	478,831
Diluted	423,296	478,831

See accompanying notes to unaudited condensed consolidated financial statements.

ANTERO MIDSTREAM CORPORATION
Condensed Consolidated Statement of Partners' Capital and Stockholders' Equity
Nine Months Ended September 30, 2019
(Unaudited)
(In thousands)

	Common Shares Representing Limited Partner Interests	Series B Unitholders	Preferred Stock	Common Stock Shares	Common Stock Amount	Additional Paid-In Capital	Accumulated Earnings (Deficit)	Total Equity
Balance at December 31, 2018	$ (41,969)	72,830	—	—	$ —	—	—	30,861
Distributions to unitholders	(30,543)	(3,720)	—	—	—	—	—	(34,263)
Net (loss) and comprehensive (loss) pre-acquisition	(13,549)	—	—	—	—	—	—	(13,549)
Equity-based compensation pre-acquisition	7,034	—	—	—	—	—	—	7,034
Exchange of common shares for shares of common stock and cash consideration paid	79,027	(69,110)	—	506,641	5,066	4,002,898	—	4,017,881
Issuance of Series A non-voting perpetual preferred stock	—	—	—	—	—	—	—	—
Equity-based compensation post-acquisition	—	—	—	—	—	4,389	—	4,389
Net income and comprehensive income post-acquisition	—	—	—	—	—	—	23,197	23,197
Balance at March 31, 2019	—	—	—	506,641	5,066	4,007,287	23,197	4,035,550
Dividends to stockholders	—	—	—	—	—	(152,180)	—	(152,180)
Equity-based compensation	—	—	—	—	—	21,543	—	21,543
Issuance of common stock upon vesting of equity-based compensation awards, net of common stock withheld for income taxes	—	—	—	206	2	(1,830)	—	(1,828)
Net income and comprehensive income	—	—	—	—	—	—	69,274	69,274
Balance at June 30, 2019	—	—	—	506,847	$ 5,068	3,874,820	92,471	3,972,359
Dividends to stockholders	—	—	—	—	—	(154,284)	—	(154,284)
Equity-based compensation	—	—	—	—	—	20,129	—	20,129
Issuance of common stock upon vesting of equity-based compensation awards, net of common stock withheld for income taxes	—	—	—	49	1	(179)	—	(178)
Repurchases and retirement of common stock	—	—	—	(3,518)	(35)	(25,484)	—	(25,519)
Net loss and comprehensive loss	—	—	—	—	—	—	(289,477)	(289,477)
Balance at September 30, 2019	$ —	—	—	503,378	$ 5,034	3,715,002	(197,006)	3,523,030

See accompanying notes to unaudited condensed consolidated financial statements.

ANTERO MIDSTREAM CORPORATION
Condensed Consolidated Statement of Stockholders' Equity
Nine Months Ended September 30, 2020
(Unaudited)
(In thousands)

	Preferred Stock	Common Stock		Additional Paid-In Capital	Accumulated Deficit	Total Equity
		Shares	Amount			
Balance at December 31, 2019	$ —	484,042	$ 4,840	3,480,139	(341,565)	3,143,414
Dividends to stockholders	—	—	—	(149,014)	—	(149,014)
Equity-based compensation	—	—	—	3,338	—	3,338
Issuance of common stock upon vesting of equity-based compensation awards, net of common stock withheld for income taxes	—	43	—	(26)	—	(26)
Repurchases and retirement of common stock	—	(4,700)	(46)	(15,778)	—	(15,824)
Net loss and comprehensive loss	—	—	—	—	(392,933)	(392,933)
Balance at March 31, 2020	—	479,385	4,794	3,318,659	(734,498)	2,588,955
Dividends to stockholders	—	—	—	(147,656)	—	(147,656)
Equity-based compensation	—	—	—	2,697	—	2,697
Issuance of common stock upon vesting of equity-based compensation awards, net of common stock withheld for income taxes	—	311	4	(370)	—	(366)
Repurchases and retirement of common stock	—	(3,210)	(33)	(8,856)	—	(8,889)
Net income and comprehensive income	—	—	—	—	88,441	88,441
Balance at June 30, 2020	—	476,486	4,765	3,164,474	(646,057)	2,523,182
Dividends to stockholders	—	—	—	(146,802)	—	(146,802)
Equity-based compensation	—	—	—	3,678	—	3,678
Issuance of common stock upon vesting of equity-based compensation awards, net of common stock withheld for income taxes	—	111	1	(75)	—	(74)
Net income and comprehensive income	—	—	—	—	105,507	105,507
Balance at September 30, 2020	$ —	476,597	4,766	3,021,275	(540,550)	2,485,491

See accompanying notes to unaudited condensed consolidated financial statements.

ANTERO MIDSTREAM CORPORATION
Condensed Consolidated Statements of Cash Flows
Nine Months Ended September 30, 2019 and 2020
(Unaudited)
(In thousands)

	Nine Months Ended September 30, 2019	2020
Cash flows provided by (used in) operating activities:		
Net income (loss)	$ (210,555)	(198,985)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Distributions from Antero Midstream Partners LP, prior to the Transactions	43,492	—
Depreciation	68,557	81,889
Payment of contingent consideration in excess of acquisition date fair value	—	(8,076)
Accretion and change in fair value of contingent acquisition consideration	5,456	142
Impairment	458,072	665,491
Deferred income taxes	(34,226)	(21,425)
Equity-based compensation	53,095	9,713
Equity in earnings of unconsolidated affiliates	(34,981)	(63,197)
Distributions from unconsolidated affiliates	42,570	69,313
Amortization of customer relationships	39,178	53,011
Amortization of deferred financing costs	2,123	3,299
Settlement of asset retirement obligations	—	(1,517)
Loss on asset sale	—	240
Changes in assets and liabilities:		
Accounts receivable–Antero Resources	38,331	17,081
Accounts receivable–third party	12	1,139
Income tax receivable	—	(17,547)
Other current assets	(1,788)	1,036
Accounts payable–Antero Resources	(503)	(717)
Accounts payable–third party	(3,635)	6,239
Income taxes payable	(15,678)	—
Accrued liabilities	(19,648)	(50,240)
Net cash provided by operating activities	429,872	546,889
Cash flows provided by (used in) investing activities:		
Additions to gathering systems and facilities	(170,921)	(137,978)
Additions to water handling systems	(91,144)	(27,287)
Investments in unconsolidated affiliates	(117,339)	(24,802)
Cash received on acquisition of Antero Midstream Partners LP	619,532	—
Cash consideration paid to Antero Midstream Partners LP unitholders	(598,709)	—
Cash received in asset sale	—	123
Change in other assets	3,338	1,938
Change in other liabilities	(1,050)	—
Net cash used in investing activities	(356,293)	(188,006)
Cash flows provided by (used in) financing activities:		
Distributions to unitholders and dividends to stockholders	(336,772)	(443,059)
Distributions to Series B unitholders	(3,720)	—
Distributions to preferred stockholders	(235)	(413)
Repurchases of common stock	(25,519)	(24,713)
Issuance of senior notes	650,000	—
Payments of deferred financing costs	(8,523)	—
Borrowings (repayments) on bank credit facilities, net	(349,500)	228,000
Payment for contingent acquisition consideration	—	(116,924)
Employee tax withholding for settlement of equity compensation awards	(2,008)	(466)
Other	(124)	(150)
Net cash used in financing activities	(76,401)	(357,725)
Net increase (decrease) in cash and cash equivalents	(2,822)	1,158
Cash and cash equivalents, beginning of period	2,822	1,235
Cash and cash equivalents, end of period	$ —	2,393
Supplemental disclosure of cash flow information:		
Cash paid during the period for interest	$ 75,071	135,426
Cash received (paid) during the period for income taxes	$ (16,001)	38,910
Increase (decrease) in accrued capital expenditures and accounts payable for property and equipment	$ 34,667	(11,318)

See accompanying notes to unaudited condensed consolidated financial statements.

ANTERO MIDSTREAM CORPORATION
Notes to Unaudited Condensed Consolidated Financial Statements
December 31, 2019 and September 30, 2020

(1) Organization

Antero Midstream Corporation was originally formed as Antero Resources Midstream Management LLC in 2013 to become the general partner of Antero Midstream Partners LP ("Antero Midstream Partners"). On May 4, 2017, Antero Resources Midstream Management LLC converted from a limited liability company to a limited partnership under the laws of the State of Delaware and changed its name to Antero Midstream GP LP ("AMGP") in connection with its initial public offering. On March 12, 2019, pursuant to the Simplification Agreement, dated as of October 9, 2018, by and among AMGP, Antero Midstream Partners and certain of their affiliates (the "Simplification Agreement"), (i) AMGP was converted from a limited partnership to a corporation under the laws of the State of Delaware and changed its name to Antero Midstream Corporation (the "Conversion"), (ii) an indirect, wholly owned subsidiary of Antero Midstream Corporation was merged with and into Antero Midstream Partners, with Antero Midstream Partners surviving the merger as an indirect, wholly owned subsidiary of Antero Midstream Corporation (the "Merger"), and (iii) Antero Midstream Corporation exchanged (the "Series B Exchange" and, together with the Conversion, the Merger and the other transactions pursuant to by the Simplification Agreement, the "Transactions") each issued and outstanding Series B Unit (the "Series B Units") representing a membership interest in Antero IDR Holdings LLC ("IDR Holdings") for 176.0041 shares of its common stock, par value $0.01 per share ("AM common stock"). As a result of the Transactions, Antero Midstream Partners became and is now a wholly owned subsidiary of Antero Midstream Corporation and former shareholders of AMGP, unitholders of Antero Midstream Partners, including Antero Resources Corporation ("Antero Resources"), and holders of Series B Units became owners of AM common stock. Unless the context otherwise requires, references to the "Company," or "Antero Midstream" refer to (i) for the period prior to March 13, 2019, AMGP and its consolidated subsidiaries, which did not include Antero Midstream Partners and its subsidiaries, and (ii) for the period beginning on March 13, 2019, Antero Midstream Corporation and its consolidated subsidiaries, including Antero Midstream Partners and its subsidiaries, including Antero Midstream LLC, Antero Water LLC ("Antero Water"), Antero Treatment LLC, and Antero Midstream Finance Corporation ("Finance Corp").

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

(2) Summary of Significant Accounting Policies

(a) Basis of Presentation

These unaudited condensed consolidated financial statements have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission (the "SEC") applicable to interim financial information and should be read in the context of the Company's December 31, 2019 consolidated financial statements and notes thereto for a more complete understanding of the Company's operations, financial position, and accounting policies. The Company's December 31, 2019 consolidated financial statements were included in the Company's 2019 Annual Report on Form 10-K, which was filed with the SEC.

These unaudited condensed consolidated financial statements of the Company 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 to present fairly the Company's financial position as of December 31, 2019 and September 30, 2020, the results of the Company's operations for the three and nine months ended September 30, 2019 and 2020, and its cash flows for the nine months ended September 30, 2019 and 2020. The Company has no items of other comprehensive income (loss); therefore, net income (loss) is equal to comprehensive income (loss).

Certain costs of doing business incurred and charged to the Company by Antero Resources have been reflected in the accompanying unaudited condensed consolidated financial statements. These costs include general and administrative expenses provided to the Company by Antero Resources in exchange for:

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

Transactions between the Company and Antero Resources have been identified in the unaudited condensed consolidated financial statements (see Note 6—Transactions with Affiliates).

(b) Principles of Consolidation

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

(c) Revenue Recognition

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

(d) Use of Estimates

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

(e) Cash and Cash Equivalents

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

ANTERO MIDSTREAM CORPORATION
Notes to the Unaudited Condensed Consolidated Financial Statements (Continued)
December 31, 2019 and September 30, 2020

(f) Property and Equipment

Property and equipment primarily consists of gathering pipelines, compressor stations and the wastewater treatment facility and related landfill (collectively, the "Clearwater Facility") previously used for the disposal of salt therefrom, other flowback and produced water treatment facilities, and fresh water delivery pipelines and facilities stated at historical cost less accumulated depreciation, amortization and impairment. The Company capitalizes construction-related direct labor and material costs. Maintenance and repair costs are expensed as incurred.

Depreciation of property and equipment is computed using the straight-line method over the estimated useful lives and salvage values of assets. The depreciation of fixed assets recorded under operating lease agreements is included in depreciation expense. Uncertainties that may impact these estimates of useful lives include, among others, changes in laws and regulations relating to environmental matters, including air and water quality, restoration and abandonment requirements, economic conditions, and supply and demand for the Company's services in the areas in which it operates. When assets are placed into service, management makes estimates with respect to useful lives and salvage values that management believes are reasonable.

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

The Company evaluates its long-lived assets for impairment when events or changes in circumstances indicate that the related carrying values of the assets may not be recoverable. Generally, the basis for making such assessments is undiscounted future cash flow projections for the assets being assessed. If the carrying values of the assets are deemed not recoverable, the carrying values are reduced to the estimated fair values, which are based on discounted future cash flows using assumptions as to revenues, costs, and discount rates typical of third-party market participants, which is a Level 3 fair value measurement. The Company recognized an $89 million impairment with respect to the freshwater delivery system during the nine months ended September 30, 2020.

(g) Asset Retirement Obligations

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

Asset retirement obligations are recorded for fresh water impoundments and waste water pits when an abandonment date is identified. The Company records the fair value of its freshwater impoundment and waste water pit retirement obligations as liabilities in the period in which the regulatory obligation to retire a specific asset is triggered. The fair value is based on the total reclamation costs of the assets. Retirement obligations are increased each year to reflect the passage of time by accreting the balance at the weighted average credit-adjusted risk-free rate that is used to calculate the recorded liability, with accretion charged to direct costs. Actual cash expenditures to perform remediation activities reduce the retirement obligation liabilities as incurred. After initial measurement, asset retirement obligations are adjusted at the end of each period to reflect changes, if any, in the estimated future cash flows underlying the obligation. Fresh water impoundments and wastewater pit retirement assets are capitalized as the related retirement obligations are incurred, and are amortized on a straight-line basis until reclamation.

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

(h) Equity-Based Compensation

The Company's unaudited condensed consolidated financial statements include equity-based compensation costs related to awards granted by its own plans, as in place before and after the Transactions, as well as costs allocated by Antero Resources for grants made prior to the Transactions. Costs allocated from Antero Resources are offset to additional paid in capital on the unaudited condensed consolidated balance sheet. See Note 6—Transactions with Affiliates for additional information regarding Antero Resources' allocation of expenses to the Company. For awards granted under its own plan, the Company recognizes compensation cost related to all equity-based awards in the financial statements based on the estimated grant date fair value. The Company is authorized to grant various types of equity-based compensation awards, including stock options, stock appreciation rights, restricted stock awards, restricted stock unit ("RSU") awards, dividend equivalent awards and other types of awards. The grant date fair values of such awards are determined based on the type of award and may utilize market prices on the date of grant, Black-Scholes option-pricing model, Monte Carlo simulations or other acceptable valuation methodologies, as appropriate for the type of equity-based award. Compensation cost is recognized ratably over the applicable vesting or service period. Forfeitures are accounted for as they occur by reversing the expense previously recognized for awards that were forfeited during the period. See Note 11—Equity-Based Compensation.

(i) Income Taxes

The Company recognizes deferred tax assets and liabilities for temporary differences resulting from net operating loss carryforwards for income tax purposes and the differences between the financial statement and tax basis of assets and liabilities. The effect of changes in tax laws or tax rates is recognized in income during the period such changes are enacted. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion, or all, of the deferred tax assets will not be realized. The Company regularly reviews its tax positions in each significant taxing jurisdiction during the process of evaluating its tax provision. The Company makes adjustments to its tax provision when: (i) facts and circumstances regarding a tax position change, causing a change in management's judgment regarding that tax position; and/or (ii) a tax position is effectively settled with a tax authority at a differing amount.

In March 2020, the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act") was enacted. The CARES Act allows corporations with net operating losses ("NOLs") incurred in 2018, 2019, and 2020 to carry back such NOLs to each of the five years preceding the year of the NOLs, beginning with the earliest year in which there was taxable income, and claim an income tax refund in the applicable carryback years. As a result of this NOLs carryback provision in the CARES Act, the Company was able to recognize an income tax refund receivable in March 2020 of $55 million, including $11 million in income tax benefit for the current year and $44 million of previously recognized deferred income tax benefit. As of September 30, 2020, the Company had received $39 million of this refund.

(j) Fair Value Measures

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

The carrying values on the unaudited condensed balance sheet of the Company's cash and cash equivalents, accounts receivable—Antero Resources, accounts receivable—third party, other current assets, accounts payable—Antero Resources, accounts payable—third party, accrued liabilities and other current liabilities approximate fair values due to their short-term maturities. The assets and liabilities of Antero Midstream Partners were recorded at fair value as of the acquisition date, March 12, 2019 (see Note 3—Business Combination). Additionally, the Company uses certain valuation techniques in performing its goodwill impairment test described below and in determining the fair value of property and equipment, both of which were subject to impairment write-downs during the nine months ended September 30, 2020.

(k) Investments in Unconsolidated Affiliates

The Company uses the equity method to account for its investments in companies if the investment provides the Company with the ability to exercise significant influence over, but not control of, the operating and financial policies of the investee. The Company's unaudited condensed consolidated net income (loss) includes the Company's proportionate share of the net income or loss of such companies. The Company's judgment regarding the level of influence over each equity method investee includes considering key factors such as the Company's ownership interest, representation on the board of directors and participation in policy-making decisions of the investee and material intercompany transactions. See Note 15—Investments in Unconsolidated Affiliates.

(l) Business Combinations

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

(m) Goodwill and Intangible Assets

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

Amortization of intangible assets with definite lives is calculated using the straight-line method, which is reflective of the benefit pattern in which the estimated economic benefit is expected to be received over the estimated useful life of the intangible asset. Intangible assets subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the intangible asset may not be recoverable. If the sum of the expected undiscounted future cash flows related to the asset is less than the carrying amount of the asset, an impairment loss is recognized based on the fair value of the asset. As of March 31, 2020, the Company's goodwill was fully impaired. See Note 4—Clearwater Facility Idling and Note 5—Goodwill and Intangibles.

(n) Treasury Share Retirement

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

(3) Business Combination

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

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

Fair value of shares of AM common stock issued[1]	$	4,017,881
Cash		598,709
Total fair value of consideration transferred	$	4,616,590

(1) The fair value of each share of AM common stock issued in connection with the Transactions was determined to be $12.54, the closing price of AMGP common shares on March 12, 2019.

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

Cash and cash equivalents	$ 619,532
Accounts receivable–Antero Resources	142,312
Accounts receivable–third party	117
Other current assets	1,150
Property and equipment, net	3,371,427
Investments in unconsolidated affiliates	568,285
Customer relationships	1,567,000
Other assets, net	42,887
Total assets acquired	6,312,710
Accounts payable–Antero Resources	3,316
Accounts payable–third party	30,674
Accrued liabilities	87,021
Other current liabilities	537
Long-term debt	2,364,935
Contingent acquisition consideration	116,924
Other liabilities	8,524
Total liabilities assumed	2,611,931
Net assets acquired, excluding goodwill	3,700,779
Goodwill	915,811
Net assets acquired	$ 4,616,590

All customer relationships are subject to amortization, which is recognized over a weighted-average period of23 years for the remaining economic life of the relationship.

The purchase price allocation resulted in the recognition of$915 million of goodwill, including $575 million within the Company's gathering and processing segment and $340 million of goodwill within its water handling segment. Substantially all of the goodwill is expected to be deductible for tax purposes. Goodwill represented the efficiencies realized with simplifying the Company's corporate structure to own, operate and develop midstream energy infrastructure primarily to service Antero Resources. See Note 5—Goodwill and Intangibles.

The Company's unaudited condensed consolidated statement of operations for the nine months ended September 30, 2019 include$6 million of acquisition-related costs associated with the Transactions. These costs were expensed as general and administrative costs.

(4) Clearwater Facility Idling

On September 18, 2019, the Company commenced a strategic evaluation of the Clearwater Facility, at which time such facility was idled. The Company expects the facility to continue to be idled for the foreseeable future. Accordingly, the Company performed an impairment analysis of the facility and determined: (i) to reduce the carrying value of the facility to its estimated salvage value, which included the land associated with the Clearwater Facility; (ii) the fair value of the goodwill assigned to the wastewater treatment reporting unit was less than its carrying value, resulting in an impairment charge to goodwill; and (iii) the customer relationships intangible asset was impaired. The following table shows the impairment charges for the year ended December 31, 2019 related to the Clearwater Facility (in thousands):

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

The Company incurred $2.5 million and $13.7 million in facility idling costs for the care and maintenance of the Clearwater Facility during the three and nine months ended September 30, 2020, respectively.

(5) Goodwill and Intangibles

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

During the third quarter of 2019, the Company incurred impairment charges to the goodwill and customer relationships intangible asset associated with the Clearwater Facility, which is in the water handling segment. See Note 4—Clearwater Facility Idling.

During the fourth quarter of 2019, the Company incurred impairment charges of $298 million to its fresh water delivery and services reporting unit, which is in the water handling segment. This was primarily due to decreased water volumes driven by decreased drilling operations by Antero Resources. There was no goodwill remaining in this segment after this impairment was incurred.

During the first quarter of 2020, the Company performed an interim impairment analysis of the goodwill due to changes in Antero Resources' drilling plans as a result of the decline in commodity prices. As a result of this evaluation, the Company impaired all remaining goodwill of $575 million associated with its gathering and processing segment in the first quarter of 2020.

All customer relationships are subject to amortization and are amortized over a weighted-average period of23 years, which reflects the remaining economic life of the relationships. The changes in the carrying amount of customer relationships for the nine months ended September 30, 2020 were as follows (in thousands):

Customer relationships as of December 31, 2019	$	1,498,119
Accumulated amortization		(53,011)
Customer relationships as of September 30, 2020	$	1,445,108

Future amortization expense is as follows (in thousands):

Remainder of year ending December 31, 2020	$	17,663
Year ending December 31, 2021		70,672
Year ending December 31, 2022		70,672
Year ending December 31, 2023		70,672
Year ending December 31, 2024		70,672
Year ending December 31, 2025		70,672
Thereafter		1,074,085
Total	$	1,445,108

(6) Transactions with Affiliates

(a) Revenues

Substantially all revenues earned in the three and nine months ended September30, 2019 and 2020 were earned from Antero Resources, under various agreements for gathering and compression and water handling services. Revenues earned from gathering and processing services consists of lease income.

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

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

(c) Allocation of Costs Charged by Antero Resources

The employees supporting the Company's operations are concurrently employed by Antero Resources and the Company. Direct operating expense includes costs charged to the Company of $1.8 million and $1.6 million during the three months ended September 30, 2019 and 2020, respectively, and $4.1 million and $5.1 million during the nine months ended September 30, 2019 and 2020, respectively. These costs were for services provided by employees associated with the operation of the Company's gathering lines, compressor stations, and water handling assets. General and administrative expense includes costs charged to the Company by Antero Resources of $9.6 million and $5.6 million during the three months ended September 30, 2019 and 2020, respectively, and $23.5 million and $18.4 million during the nine months ended September 30, 2019 and 2020, respectively. These costs relate to: (i) various business services, including payroll processing, accounts payable processing and facilities management, (ii) various corporate services, including legal, accounting, treasury, information technology and human resources and (iii) compensation, including certain equity-based compensation. These expenses are charged to the Company based on (i) the nature of the expenses and are apportioned based on a combination of the Company's proportionate share of gross property and equipment, capital expenditures and labor costs, as applicable, and (ii) an annual management services fee. The Company reimburses Antero Resources directly for all general and administrative costs charged to it. See Note 11—Equity-Based Compensation.

(7) Revenue

(a) Revenue from Contracts with Customers

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

Gathering and Compression Agreement

Pursuant to the gathering and compression agreement with Antero Resources, Antero Resources has dedicated substantially all of its current and future acreage in West Virginia, Ohio and Pennsylvania to the Company for gathering and compression services except for acreage subject to third-party commitments or pre-existing dedications. The Company also has an option to gather and compress natural gas produced by Antero Resources on any additional acreage it acquires during the term of the agreement outside of West Virginia, Ohio and Pennsylvania on the same terms and conditions. In December 2019, the Company and Antero Resources agreed to extend the initial term of the gathering and compression agreement to 2038 and established a growth incentive fee program whereby low pressure gathering fees will be reduced from 2020 through 2023 to the extent Antero Resources achieves certain volumetric targets at certain points during such time. Antero Resources achieved the volumetric targets for the first three quarters of 2020. For the three and nine months ended September 30, 2020, the Company provided Antero Resources $12 million and $36 million in rebates, respectively. Upon completion of the initial contract term, the gathering and compression agreement will continue in effect from year to year until such time as the agreement is terminated, effective upon an anniversary of the effective date of the agreement, by either the Company or Antero Resources on or before the 180th day prior to the anniversary of such effective date.

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

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

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

Water Services Agreement

The Company is party to a water services agreement with Antero Resources, whereby the Company provides certain water handling services to Antero Resources within an area of dedication in defined service areas in West Virginia and Ohio. Upon completion of the initial term in 2035, the water services agreement will continue in effect from year to year until such time as the agreement is terminated, effective upon an anniversary of the effective date of the agreement, by either the Company or Antero Resources on or before the 180th day prior to the anniversary of such effective date. Under the agreement, the Company receives a fixed fee per barrel for fresh water deliveries by pipeline directly to the well site. Additionally, the Company receives a fixed fee per barrel for fresh water delivered by truck to high-rate transfer facilities. For flowback and produced water blending services, the Company receives a cost of service fee based on the costs incurred by the Company. Antero Resources also agreed to pay the Company a fixed fee per barrel for wastewater treatment at the Clearwater Facility, which was idled in the third quarter of 2019 and which the Company expects will remain idled for the foreseeable future. All such fees under the agreement are subject to annual CPI-based adjustments and additional fees based on certain costs.

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

The Company satisfies its performance obligations and recognizes revenue when the fresh water volumes have been delivered to the hydration unit of a specified well pad, flowback and produced water blending services have been completed, or prior to the idling of the Clearwater Facility in September 2019, when the wastewater volumes were delivered to the Clearwater Facility. The Company invoices the customer the month after water services are performed, and payment is due in the same month. For services contracted through third-party providers, the Company's performance obligation is satisfied when the service to be performed by the third-party provider has been completed. The Company invoices the customer after the third-party provider billing is received, and payment is due in the same month.

Minimum Volume Commitments

The gathering and compression agreement includes certain minimum volume commitment provisions. If and to the extent Antero Resources requests that the Company construct new high pressure lines and compressor stations, the gathering and compression agreement contains minimum volume commitments that require Antero Resources to utilize or pay for75% of the

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gathering capacity and 70% of the compression capacity of such new construction for 10 years. The Company recognizes lease income from its minimum volume commitments under its gathering and compression agreement on a straight-line basis and additional operating lease income is earned when excess volumes are delivered under the contract. The Company is not party to any leases that have not commenced. Minimum volume commitments for fresh water deliveries under the water services agreement concluded at December 31, 2019.

Minimum revenue amounts under the gathering and compression minimum volume commitments as of September 30, 2020 are as follows (in thousands):

Remainder of 2020	$	27,543
Year ending December 31, 2021		248,147
Year ending December 31, 2022		248,147
Year ending December 31, 2023		248,147
Year ending December 31, 2024		248,827
Year ending December 31, 2025		235,105
Thereafter		556,311
Total	$	1,812,227

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(b) Disaggregation of Revenue

In the following table, revenue is disaggregated by type of service and type of fee and is identified by the reportable segment to which such revenues relate. For more information on reportable segments, see Note 16—Reporting Segments.

(in thousands)	Three Months Ended September 30, 2019	Three Months Ended September 30, 2020	Nine Months Ended September 30, 2019	Nine Months Ended September 30, 2020	Reportable segment
Revenue from contracts with customers					
Type of service					
Gathering—low pressure	$ 80,741	92,673	175,375	259,612	Gathering and Processing[1]
Gathering—low pressure rebate	—	(12,000)	—	(36,000)	Gathering and Processing[1]
Gathering—high pressure	51,434	57,665	108,466	158,155	Gathering and Processing[1]
Compression	43,544	51,876	94,337	145,567	Gathering and Processing[1]
Fresh water delivery	50,434	40,398	104,638	143,116	Water Handling
Wastewater treatment	10,617	—	25,059	—	Water Handling
Other fluid handling	35,888	20,603	84,824	79,420	Water Handling
Amortization of customer relationships[2]	(16,363)	(9,342)	(19,266)	(27,819)	Gathering and Processing
Amortization of customer relationships[2]	(12,500)	(8,458)	(19,912)	(25,192)	Water Handling
Total	$ 243,795	233,415	553,521	696,859	
Type of contract					
Per Unit Fixed Fee	$ 175,719	202,214	378,178	563,334	Gathering and Processing[1]
Gathering—low pressure rebate	—	(12,000)	—	(36,000)	Gathering and Processing[1]
Per Unit Fixed Fee	61,051	40,398	129,697	143,116	Water Handling
Cost plus 3%	35,888	17,743	84,824	72,430	Water Handling
Cost of service fee	—	2,860	—	6,990	Water Handling
Amortization of customer relationships[2]	(16,363)	(9,342)	(19,266)	(27,819)	Gathering and Processing
Amortization of customer relationships[2]	(12,500)	(8,458)	(19,912)	(25,192)	Water Handling
Total	$ 243,795	233,415	553,521	696,859	

(1) Revenue related to the gathering and processing segment is classified as lease income related to the gathering system.
(2) Fair value of customer contracts acquired as part of the Transactions discussed in Note 3—Business Combination.

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(c) Transaction Price Allocated to Remaining Performance Obligations

The majority of the Company's service contracts have a term greater than one year. As such, the Company is not required to disclose the transaction price allocated to remaining performance obligations if the variable consideration is allocated entirely to a wholly unsatisfied performance obligation. Under the Company's service contracts, each unit of product delivered to the customer represents a separate performance obligation; therefore, future volumes are wholly unsatisfied and disclosure of the transaction price allocated to remaining performance obligations is not required.

The remainder of the Company's service contracts, which relate to contracts with third parties, are short-term in nature with a contract term of one year or less. Accordingly, the Company is not required to disclose the transaction price allocated to remaining performance obligations if the performance obligation is part of a contract that has an original expected duration of one year or less.

(d) Contract Balances

Under the Company's service contracts, the Company invoices customers after its performance obligations have been satisfied, at which point payment is unconditional. Accordingly, the Company's service contracts do not give rise to contract assets or liabilities. At December 31, 2019 and September 30, 2020, the Company's receivables with customers were $101 million and $84 million, respectively.

(8) Property and Equipment

The Company's investment in property and equipment for the periods presented is as follows:

(in thousands)	Estimated useful lives	December 31, 2019	September 30, 2020
Land	n/a	$ 23,549	23,582
Gathering systems and facilities	40-50 years[1]	2,375,241	2,624,591
Permanent buried pipelines and equipment	7-20 years	602,230	538,249
Surface pipelines and equipment	1-7 years	48,594	43,978
Landfill	n/a[2]	1,244	1,244
Heavy trucks and equipment	3-5 years	6,617	5,919
Above ground storage tanks	5-10 years	3,418	2,443
Construction-in-progress	n/a	300,165	146,728
Total property and equipment		3,361,058	3,386,734
Less accumulated depreciation		(87,648)	(130,845)
Property and equipment, net		$ 3,273,410	3,255,889

(1) Gathering systems and facilities are recognized as a single-leased asset withno residual value.
(2) Amortization of landfill costs is recorded over the life of the landfill on a units-of-consumption basis.

Due to the decline in the industry environment as a result of low commodity prices, the Company evaluated its assets for impairment during the first quarter of 2020. As a result of this evaluation, the Company recorded an impairment expense of $89 million, which included an $83 million impairment expense to its permanent buried pipelines and equipment and a $6 million impairment expense to its surface pipelines and equipment.

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(9) Long-Term Debt

The Company's long-term debt as of December 31, 2019 and September 30, 2020 was as follows:

(in thousands)	December 31, 2019	(Unaudited) September 30, 2020
Credit Facility (a)	$ 959,500	1,187,500
5.375% senior notes due 2024 (b)	650,000	650,000
5.75% senior notes due 2027 (c)	650,000	650,000
5.75% senior notes due 2028 (d)	650,000	650,000
Total principal	2,909,500	3,137,500
Unamortized debt premiums	5,142	4,483
Unamortized debt issuance costs	(22,393)	(20,166)
Total long-term debt	$ 2,892,249	3,121,817

(a) Antero Midstream Partners Revolving Credit Facility

Antero Midstream Partners, an indirect, wholly owned subsidiary of Antero Midstream Corporation, as borrower (the "Borrower"), has a senior secured revolving credit facility (the "Credit Facility") with a consortium of banks. Lender commitments under the Credit Facility are currently $2.13 billion. As of December 31, 2019, the Borrower had outstanding borrowings under the Credit Facility of $960 million with a weighted average interest rate of 3.15%. As of September 30, 2020, the Borrower had outstanding borrowings under the Credit Facility of $1.2 billion with a weighted average interest rate of 1.66%. No letters of credit under the Credit Facility were outstanding at either December 31, 2019 or September 30, 2020. The maturity date of the facility is October 26, 2022. The Credit Facility includes fall away covenants and lower interest rates that are triggered if and when the Borrower is assigned an Investment Grade Rating (as defined in the Credit Facility).

The Credit Facility contains certain covenants including restrictions on indebtedness, and requirements with respect to leverage and interest coverage ratios. The Credit Facility permits distributions to the holders of the Borrower's equity interests in accordance with the cash distribution policy previously adopted by the board of directors of the general partner of the Borrower, provided that no event of default exists or would be caused thereby, and only to the extent permitted by the Company's organizational documents. The Borrower was in compliance with all of the financial covenants under the Credit Facility as of December 31, 2019 and September 30, 2020.

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 the Borrower's then-current leverage ratio subject to certain exceptions. Commitment fees on the unused portion of the Credit Facility are due quarterly at rates ranging from 0.25% to 0.375% (subject to certain exceptions) based on the leverage ratio then in effect.

(b) 5.375% Senior Notes Due 2024

On September 13, 2016, Antero Midstream Partners and its wholly owned subsidiary, Finance Corp (together with Antero Midstream Partners, the "Issuers"), issued $650 million in aggregate principal amount of 5.375% senior notes due September 15, 2024 (the "2024 Notes") at par. The 2024 Notes were recorded at their fair value of $652.6 million as of March 12, 2019, the closing date of the Transactions, and the related premium of $2.6 million will be amortized into interest expense over the life of the 2024 Notes. The 2024 Notes are unsecured and effectively subordinated to the Credit Facility to the extent of the value of the collateral securing the Credit Facility. The 2024 Notes are fully and unconditionally guaranteed on a joint and several senior unsecured basis by Antero Midstream Corporation, Antero Midstream Partners' wholly owned subsidiaries (other than Finance Corp) and certain of its future restricted subsidiaries. Interest on the 2024 Notes is payable on March 15 and September 15 of each year. Antero Midstream Partners may redeem all or part of the 2024 Notes at any time at redemption prices ranging from 102.688% as of September 30, 2020 to

100.00% on or after September 15, 2022. If Antero Midstream Partners undergoes a change of control followed by a rating decline, the holders of the 2024 Notes will have the right to require Antero Midstream Partners to repurchase all or a portion of the 2024 Notes at a price equal to 101% of the principal amount of the 2024 Notes, plus accrued and unpaid interest.

(c) 5.75% Senior Notes Due 2027

On February 25, 2019, the Issuers issued $650 million in aggregate principal amount of 5.75% senior notes due March 1, 2027 (the "2027 Notes") at par. The 2027 Notes were recorded at their fair value of $653.3 million as of March 12, 2019, the closing date of the Transactions, and the related premium of $3.3 million will be amortized into interest expense over the life of the 2027 Notes. The 2027 Notes are unsecured and effectively subordinated to the Credit Facility to the extent of the value of the collateral securing the Credit Facility. The 2027 Notes are fully and unconditionally guaranteed on a joint and several senior unsecured basis by Antero Midstream Corporation, Antero Midstream Partners' wholly owned subsidiaries (other than Finance Corp) and certain of its future restricted subsidiaries. Interest on the 2027 Notes is payable on March 1 and September 1 of each year. Antero Midstream Partners may redeem all or part of the 2027 Notes at any time on or after March 1, 2022 at redemption prices ranging from 102.875% on or after March 1, 2022 to 100.00% on or after March 1, 2025. In addition, prior to March 1, 2022, Antero Midstream Partners may redeem up to 35% of the aggregate principal amount of the 2027 Notes with an amount of cash not greater than the net cash proceeds of certain equity offerings, if certain conditions are met, at a redemption price of 105.75% of the principal amount of the 2027 Notes, plus accrued and unpaid interest. At any time prior to March 1, 2022, Antero Midstream Partners may also redeem the 2027 Notes, in whole or in part, at a price equal to 100% of the principal amount of the 2027 Notes plus a "make-whole" premium and accrued and unpaid interest. If Antero Midstream Partners undergoes a change of control followed by a rating decline, the holders of the 2027 Notes will have the right to require Antero Midstream Partners to repurchase all or a portion of the 2027 Notes at a price equal to 101% of the principal amount of the 2027 Notes, plus accrued and unpaid interest.

(d) 5.75% Senior Notes Due 2028

On June 28, 2019, the Issuers issued $650 million in aggregate principal amount of 5.75% senior notes due January 15, 2028 (the "2028 Notes") at par. The 2028 Notes are unsecured and effectively subordinated to the Credit Facility to the extent of the value of the collateral securing the Credit Facility. The 2028 Notes are fully and unconditionally guaranteed on a joint and several senior unsecured basis by Antero Midstream Corporation, Antero Midstream Partners' wholly owned subsidiaries (other than Finance Corp) and certain of its future restricted subsidiaries. Interest on the 2028 Notes is payable on January 15 and July 15 of each year. Antero Midstream Partners may redeem all or part of the 2028 Notes at any time on or after January 15, 2023 at redemption prices ranging from 102.875% on or after January 15, 2023 to 100.00% on or after January 15, 2026. In addition, prior to January 15, 2023, Antero Midstream Partners may redeem up to 35% of the aggregate principal amount of the 2028 Notes with an amount of cash not greater than the net cash proceeds of certain equity offerings, if certain conditions are met, at a redemption price of 105.75% of the principal amount of the 2028 Notes, plus accrued and unpaid interest. At any time prior to January 15, 2023, Antero Midstream Partners may also redeem the 2028 Notes, in whole or in part, at a price equal to 100% of the principal amount of the 2028 Notes plus a "make-whole" premium and accrued and unpaid interest. If Antero Midstream Partners undergoes a change of control followed by a rating decline, the holders of the 2028 Notes will have the right to require Antero Midstream Partners to repurchase all or a portion of the 2028 Notes at a price equal to 101% of the principal amount of the 2028 Notes, plus accrued and unpaid interest.

(10) Accrued Liabilities

Accrued liabilities as of December 31, 2019 and September 30, 2020 consisted of the following items:

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(in thousands)	December 31, 2019	(Unaudited) September 30, 2020
Capital expenditures	$ 27,427	9,073
Operating expenses	24,980	9,454
Interest expense	44,440	13,155
Other	7,341	4,853
Total accrued liabilities	$ 104,188	36,535

(11) Equity-Based Compensation

The Company's general and administrative expenses include equity-based compensation costs related to the Antero Midstream GP LP Long-Term Incentive Plan ("AMGP LTIP") and the Series B Units prior to the Transactions. Equity-based compensation after the Transactions include (i) costs allocated to Antero Midstream Corporation by Antero Resources for grants made prior to the Transactions pursuant to the Antero Resources Corporation Long-Term Incentive Plan (the "AR LTIP"), (ii) costs related to the Antero Midstream Corporation Long-Term Incentive Plan (the "AM LTIP") and (iii) the Exchanged B Units (as defined below). Antero Midstream Corporation'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 equity. Equity-based compensation expense allocated to Antero Midstream Corporation was $3.6 million for the period from March 13, 2019 to September 30, 2019. For the three and nine months ended September 30, 2020, equity-based compensation allocated to Antero Midstream Corporation was $1.2 million and $4.5 million, respectively. For grants made prior to the Transactions, Antero Resources has total unamortized expense related to its various equity-based compensation plans that can be allocated to the Company of approximately $11.4 million as of September 30, 2020, which includes grants made under the Antero Midstream Partners Long Term Incentive Plan (the "AMP LTIP") prior to the Transactions, which were converted into awards under the AM LTIP. A portion of this will be allocated to Antero Midstream Partners as it is amortized over the remaining service period of the related awards. Antero Midstream Corporation does not reimburse Antero Resources for noncash equity compensation allocated to it for awards issued under the AR LTIP.

Exchanged B Units

Upon Closing of the Transactions, each Series B Unit, vested and unvested, was exchanged for 176.0041 shares of AM common stock (the "Series B Exchange"). A total of 17,353,999 shares of the Company's common stock were issued in exchange for the 98,600 Series B Units then outstanding (the "Exchanged B Units"). The Company recognized $18 million and $47 million of equity-based compensation expense related to the Series B awards for the three and nine months ended September 30, 2019, respectively, including expenses recognized with respect to the Series B Units prior to the Closing of the Transactions and expenses recognized with respect to the Exchanged B Units following the closing of the Transactions through September 30, 2019. There were no forfeitures after the Series B Exchange was completed.

AMGP LTIP

The Company recognized expense of $0.2 million for the nine months ended September 30, 2019. In connection with the Transactions, the AMGP LTIP was terminated on March 12, 2019. No expense was recognized for the three months ended September 30, 2019.

AM LTIP

The Company is authorized to grant up to 15,398,901 shares of AM common stock to employees and directors under the AM LTIP. The AM LTIP provides for the grant of stock options, stock appreciation rights, restricted stock, RSUs, dividend equivalents, other stock-based awards, cash awards and substitute awards. The terms and conditions of the awards granted are established by the compensation committee of the Board. As of September 30, 2020, a total of 11,263,683 shares were available for future grant under the AM LTIP. For the three and nine months ended September 30, 2019, the Company recognized expense of $1.4 million and $2.8

million, respectively, related to these awards. For the three and nine months ended September 30, 2020, the Company recognized expense of $2.3 million and $5.0 million, respectively, related to these awards.

Restricted Stock Unit Awards

A summary of the RSU awards activity during the nine months ended September 30, 2020 is as follows:

	Number of units	Weighted Average grant date fair value	Aggregate intrinsic value (in thousands)
Total AM LTIP RSUs awarded and unvested—December 31, 2019	1,275,990	$ 14.38	$ 9,685
Granted	2,495,907	$ 6.34	
Vested	(499,365)	$ 14.33	
Forfeited	(47,367)	$ 14.43	
Total AM LTIP RSUs awarded and unvested—September 30, 2020	3,225,165	$ 8.17	$ 17,319

Intrinsic values are based on the closing price of the Company's common shares on the referenced dates. At September 30, 2020, unamortized expense of $21 million related to the unvested RSUs is expected to be recognized over a weighted average period of approximately 2.5 years and the Company's proportionate share will be allocated to it as it is recognized.

Performance Share Unit Awards Based on Return on Invested Capital

In 2020, the likelihood of achieving the performance conditions related to return on invested capital for the performance share unit ("PSU") awards outstanding was probable and, therefore, for the three and nine months ended September 30, 2020, the Company recognized expense of $0.1 million and $0.2 million, respectively. As of September 30, 2019, the likelihood of achieving the performance conditions of the PSUs decreased to a level of improbable and, therefore, previously recognized expense of $0.2 million was reversed during the three months ended September 30, 2019.

As of September 30, 2020, there was $0.5 million of unamortized equity-based compensation expense related to unvested PSUs that is expected to be recognized over a weighted average period of 1.5 years.

Cash Awards

In January 2020, the Company granted cash awards of $2.2 million to certain executives under the AM LTIP that vest ratably over a period of up to three years. In July 2020, the Company granted additional cash awards of $0.7 million to certain non-executive employees under the AM LTIP plan that vest ratable over a period of four years. As of September 30, 2020, the Company has accrued $1.3 million in other liabilities in the unaudited condensed consolidated balance sheet related to cash awards.

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(12) Cash Distributions and Dividends

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

Quarter and Year	Record Date	Distribution Date	Distributions/ Dividends	Distributions/ Dividends per share
Q4 2018	February 1, 2019	February 21, 2019	$ 30,543	$ 0.164
Q1 2019	April 26, 2019	May 8, 2019	152,082	$ 0.3025
Q1 2019	May 15, 2019	May 15, 2019	98	*
Q2 2019	July 26, 2019	August 7, 2019	154,146	$ 0.3075
Q2 2019	August 14, 2019	September 18, 2019	138	*
Q3 2019	November 1, 2019	November 13, 2019	153,033	$ 0.3075
Q3 2019	November 14, 2019	November 14, 2019	138	*
**	December 31, 2019	December 31, 2019	2,299	**
	Total 2019		$ 492,477	
Q4 2019	January 31, 2020	February 12, 2020	$ 148,876	$ 0.3075
*	February 14, 2020	February 14, 2020	138	*
Q1 2020	April 30, 2020	May 12, 2020	147,519	$ 0.3075
*	May 15, 2020	May 15, 2020	137	*
Q2 2020	July 30, 2020	August 12, 2020	146,664	$ 0.3075
*	August 14, 2020	August 14, 2020	138	*
	Total 2020		$ 443,472	

* Dividends are paid in accordance with the terms of the Series A Preferred Stock (as defined below) as discussed in Note 13—Equity and Earnings Per Common Share.

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

On October 14, 2020, the Board announced the declaration of a cash dividend on the shares of AM common stock of $0.3075 per share for the quarter ended September 30, 2020. The dividend will be payable on November 12, 2020 to stockholders of record as of October 29, 2020. The Company pays dividends (i) out of surplus or (ii) if there is no surplus, out of the net profits for the fiscal year in which the dividend is declared and/or the preceding fiscal year, as provided under Delaware law.

The Board also declared a cash dividend of $138 thousand on the shares of Series A Preferred Stock of Antero Midstream Corporation to be paid on November 16, 2020 in accordance with the terms of the Series A Preferred Stock, which are discussed in Note 13—Equity and Earnings Per Common Share. As of September 30, 2020, there were dividends in the amount of $69 thousand accumulated in arrears on the Company's Series A Preferred Stock.

(13) Equity and Earnings Per Common Share

(a) Preferred Stock

The Board authorized 100,000,000 shares of preferred stock in connection with the closing of the Transactions (see Note 3—Business Combination) on March 12, 2019, and issued 10,000 shares of preferred stock designated as "5.5% Series A Non-Voting Perpetual Preferred Stock" (the "Series A Preferred Stock"), to The Antero Foundation on that date. Dividends on the Series A Preferred Stock are cumulative from the date of original issue and payable in cash on the 45th day following the end of each fiscal quarter, or such other dates as the Board will approve, at a rate of 5.5% per annum on (i) the liquidation preference per share of Series A Preferred Stock (as described below) and (ii) the amount of accrued and unpaid dividends for any prior dividend period on such share of Series A Preferred Stock, if any. At any time following the date of issue, in the event of a change of control, or at any time on or after March 12, 2029, the Company may redeem the Series A Preferred Stock at a price equal to $1,000 per share, plus any accrued and unpaid dividends, payable in cash; provided that if any shares of the Series A Preferred Stock are held by The Antero Foundation at the time of such redemption, the price for redemption of each share of Series A Preferred Stock will be the greater of (i) $1,000 per share, plus any accrued but unpaid dividends, and (ii) the fair market value of the Series A Preferred Stock. On or after March 12, 2029, the holder of each share of Series A Preferred Stock (other than The Antero Foundation) may convert such shares, at any time and from time to time, at the option of the holder into a number of shares of AM common stock equal to the conversion ratio in effect on the applicable conversion date, subject to certain limitations. The Series A Preferred Stock ranks senior to the AM common stock as to dividend rights, as well as with respect to rights upon liquidation, winding-up or dissolution of the Company. Holders of the Series A Preferred Stock do not have any voting rights in the Company, except as required by law, or any preemptive rights.

(b) Weighted Average Shares Outstanding

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
(in thousands)	**2019**	**2020**	**2019**	**2020**
Basic weighted average number of shares outstanding	506,419	476,578	423,296	478,831
Add: Dilutive effect of RSUs	—	254	—	—
Add: Dilutive effect of Series A preferred stock	—	1,862	—	—
Diluted weighted average number of shares outstanding	506,419	478,694	423,296	478,831
Weighted average number of outstanding equity awards excluded from calculation of diluted earnings per common share[(1)]:				
RSUs	1,309	2,995	1,103	2,168
Preferred shares	1,351	—	1,351	1,862

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

(c) Earnings Per Common Share

Earnings per common share—basic for each period is computed by dividing net income (loss) attributable to Antero Midstream Corporation by the basic weighted average number of shares of AM common stock outstanding during the period. Earnings per common share—assuming dilution for each period is computed after giving consideration to the potential dilution from outstanding equity awards, calculated using the treasury stock method. During periods in which the Company incurs a net loss, diluted weighted average shares outstanding are equal to basic weighted average shares outstanding because the effect of all equity awards is anti-dilutive.

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(in thousands, except per share amounts)	Three Months Ended September 30, 2019	Three Months Ended September 30, 2020	Nine Months Ended September 30, 2019	Nine Months Ended September 30, 2020
Net income (loss)	$ (289,477)	105,507	(210,555)	(198,985)
Less preferred stock dividends	(138)	(138)	(304)	(413)
Net income (loss) available to common shareholders	$ (289,615)	105,369	(210,859)	(199,398)
Net income (loss) per share–basic	$ (0.57)	0.22	(0.50)	(0.42)
Net income (loss) per share–diluted	$ (0.57)	0.22	(0.50)	(0.42)
Weighted average common shares outstanding–basic	506,419	476,578	423,296	478,831
Weighted average common shares outstanding–diluted	506,419	478,694	423,296	478,831

(14) Fair Value Measurement

Business Combination

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

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

Goodwill

The Company estimated the fair value of its assets in performing its goodwill impairment analysis in the first quarter of 2020. The Company utilized a combination of approaches to discounted cash flow approach, comparable company method and the market value approach. The Company used a weighted-average cost of capital of 18.0% as of March 31, 2020, which is based on significant inputs not observable in the market, and thus represents a Level 3 measurement within the fair value hierarchy.

Property and equipment

The Company estimated the undiscounted future cash flow projections to assess its property and equipment for impairment. The carrying values of certain freshwater permanent buried pipelines and equipment and fresh water surface pipelines and equipment were deemed not recoverable. As a result, the carrying values have been reduced to the estimated fair values, which are based on discounted future cash flows using assumptions as to revenues, costs, and a discount rate typical of third-party market participants of 19.0% as of March 31, 2020, which is a Level 3 fair value measurement within the fair value hierarchy.

Contingent Acquisition Consideration

In connection with Antero Resources' contribution of Antero Water and certain water handling assets to Antero Midstream Partners in September 2015 (the "Water Acquisition"), Antero Midstream Partners agreed to pay Antero Resources (a) $125 million in cash if Antero Midstream Partners delivered 176,295,000 barrels or more of fresh water during the period between January 1, 2017 and December 31, 2019 and (b) an additional $125 million in cash if Antero Midstream Partners delivers 219,200,000 barrels or more of fresh water during the period between January 1, 2018 and December 31, 2020. This contingent consideration liability is valued based on Level 3 inputs related to expected average volumes and weighted average cost of capital.

In January 2020, Antero Midstream Partners paid Antero Resources $125 million and, as of September 30, 2020, no additional contingent acquisition consideration is expected to be earned. 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.

Senior Unsecured Notes

As of September 30, 2020, the fair value of the Company's 2024 Notes, 2027 Notes and 2028 Notes were approximately $554 million, $536 million and $533 million, respectively, based on Level 2 market data inputs.

Other Assets and Liabilities

The carrying values of accounts receivable and accounts payable at December 31, 2019 and September 30, 2020 approximated fair value because of their short-term nature. The carrying value of the amounts under the Credit Facility at December 31, 2019 and September 30, 2020 approximated fair value because the variable interest rates are reflective of current market conditions.

(15) Investments in Unconsolidated Affiliates

Investment in Antero Midstream Partners

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

Investment in Stonewall and MarkWest Joint Venture

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

The Company has a 50% equity interest in the joint venture (the "Joint Venture") to develop processing and fractionation assets with MarkWest Energy Partners, L.P. ("MarkWest"), a wholly owned subsidiary of MPLX, LP. The Joint Venture was formed to develop processing and fractionation assets in Appalachia. MarkWest operates the Joint Venture assets, which consist of processing plants in West Virginia and a one-third interest in two MarkWest fractionators in Ohio.

The Company's net income (loss) includes its proportionate share of the net income of the Joint Venture and Stonewall. When the Company records its proportionate share of net income, it increases equity income in the unaudited condensed consolidated statements of operations and comprehensive income and the carrying value of that investment on its balance sheet. When distributions on the Company's proportionate share of net income are received, they are recorded as reductions to the carrying value of the investment on the condensed consolidated balance sheet and are classified as cash inflows from operating activities in accordance with the nature of the distribution approach under FASB ASC Topic 230, *Statement of Cash Flows*. The Company uses the equity method of accounting to account for its investments in Stonewall and the Joint Venture because it exercises significant influence, but not control, over the entities. The Company's judgment regarding the level of influence over its equity investments includes considering

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key factors such as its ownership interest, representation on the applicable board of directors and participation in policy-making decisions of Stonewall and the Joint Venture.

The following table is a reconciliation of the Company's investments in these unconsolidated affiliates:

(in thousands)	Antero Midstream Partners LP	Stonewall	MarkWest Joint Venture	Total Investment in Unconsolidated Affiliates
Balance at December 31, 2018	$ 43,492	—	—	43,492
Distributions from unconsolidated affiliates	(43,492)	—	—	(43,492)
Balance at March 12, 2019	—	—	—	—
Investments in unconsolidated affiliates acquired from Antero Midstream Partners	—	142,071	426,214	568,285
Additional Investments	—	—	154,359	154,359
Equity in net income of unconsolidated affiliates[1]	—	4,117	47,198	51,315
Distributions from unconsolidated affiliates	—	(5,730)	(58,590)	(64,320)
Balance at December 31, 2019	—	140,458	569,181	709,639
Additional investments	—	—	24,802	24,802
Equity in net income of unconsolidated affiliates[1]	—	5,098	58,099	63,197
Distributions from unconsolidated affiliates	—	(6,555)	(62,758)	(69,313)
Balance at September 30, 2020	$ —	139,001	589,324	728,325

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

(16) Reporting Segments

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

Gathering and Processing

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

Water Handling

The Company's water handling segment includestwo independent systems that deliver fresh water from sources including the Ohio River, local reservoirs and several regional waterways. The water handling segment also includes the Clearwater Facility that was placed in service in 2018 and idled in September 2019 (See Note 4—Clearwater Facility Idling), as well as other fluid handling services, which includes high rate transfer, wastewater transportation, disposal and treatment. See Note 8—Property and Equipment.

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

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The summarized operating results and assets of the Company's reportable segments were as follows for the three and nine months ended September 30, 2019 and 2020:

(in thousands)	Gathering and Processing	Water Handling	Unallocated (1)	Consolidated Total
Three months ended September 30, 2019				
Revenues:				
Revenue–Antero Resources	$ 175,719	96,939	—	272,658
Amortization of customer contracts	(16,363)	(12,500)	—	(28,863)
Total revenues	159,356	84,439	—	243,795
Operating expenses:				
Direct operating	13,197	48,611	—	61,808
General and administrative (excluding equity-based compensation)	6,741	3,098	627	10,466
Facility idling	—	1,512	—	1,512
Equity-based compensation	1,348	450	18,331	20,129
Impairment of goodwill	—	43,759	—	43,759
Impairment of property and equipment	—	407,848	—	407,848
Impairment of customer relationships	—	5,871	—	5,871
Depreciation	11,709	12,751	—	24,460
Accretion and change in fair value of contingent acquisition consideration	—	1,977	—	1,977
Accretion of asset retirement obligations	—	54	—	54
Total expenses	32,995	525,931	18,958	577,884
Operating income (loss)	$ 126,361	(441,492)	(18,958)	(334,089)
Equity in earnings of unconsolidated affiliates	$ 18,478	—	—	18,478
Total assets	$ 4,768,005	1,639,295	38,204	6,445,504
Additions to property and equipment	$ 81,715	39,160	—	120,875

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

ANTERO MIDSTREAM CORPORATION
Notes to the Unaudited Condensed Consolidated Financial Statements (Continued)
December 31, 2019 and September 30, 2020

(in thousands)	Gathering and Processing	Water Handling	Unallocated (1)	Consolidated Total
Three months ended September 30, 2020				
Revenues:				
Revenue–Antero Resources	$ 190,214	61,001	—	251,215
Amortization of customer relationships	(9,342)	(8,458)	—	(17,800)
Total revenues	180,872	52,543	—	233,415
Operating expenses:				
Direct operating	16,078	21,974	—	38,052
General and administrative (excluding equity-based compensation)	5,405	2,579	1,570	9,554
Facility idling	—	2,527	—	2,527
Equity-based compensation	2,732	521	425	3,678
Impairment of property and equipment	947	—	—	947
Depreciation	14,900	11,901	—	26,801
Accretion of asset retirement obligations	—	39	—	39
Total expenses	40,062	39,541	1,995	81,598
Operating income	$ 140,810	13,002	(1,995)	151,817
Equity in earnings of unconsolidated affiliates	$ 23,173	—	—	23,173
Total assets	$ 4,383,313	1,146,687	143,504	5,673,504
Additions to property and equipment	$ 34,041	7,810	—	41,851

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

ANTERO MIDSTREAM CORPORATION
Notes to the Unaudited Condensed Consolidated Financial Statements (Continued)
December 31, 2019 and September 30, 2020

(in thousands)	Gathering and Processing	Water Handling	Unallocated (1)	Consolidated Total
Nine months ended September 30, 2019				
Revenues:				
Revenue–Antero Resources	$ 378,178	214,471	—	592,649
Revenue–third-party	—	50	—	50
Amortization of customer relationships	(19,266)	(19,912)	—	(39,178)
Total revenues	358,912	194,609	—	553,521
Operating expenses:				
Direct operating	28,509	112,279	—	140,788
General and administrative (excluding equity-based compensation)	15,096	7,630	9,205	31,931
Facility idling	—	1,512	—	1,512
Equity-based compensation	4,011	1,589	47,495	53,095
Impairment of goodwill	—	43,759	—	43,759
Impairment of property and equipment	592	407,850	—	408,442
Impairment of customer relationships	—	5,871	—	5,871
Depreciation	26,990	41,567	—	68,557
Accretion and change in fair value of contingent acquisition consideration	—	5,323	—	5,323
Accretion of asset retirement obligations	—	133	—	133
Total operating expenses	75,198	627,513	56,700	759,411
Operating income (loss)	$ 283,714	(432,904)	(56,700)	(205,890)
Equity in earnings of unconsolidated affiliates	$ 34,981	—	—	34,981
Total assets	$ 4,768,005	1,639,295	38,204	6,445,504
Additions to property and equipment	$ 170,921	91,144	—	262,065

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

ANTERO MIDSTREAM CORPORATION
Notes to the Unaudited Condensed Consolidated Financial Statements (Continued)
December 31, 2019 and September 30, 2020

(in thousands)	Gathering and Processing	Water Handling	Unallocated (1)	Consolidated Total
Nine months ended September 30, 2020				
Revenues:				
Revenue–Antero Resources	$ 527,334	222,536	—	749,870
Amortization of customer relationships	(27,819)	(25,192)	—	(53,011)
Total revenues	499,515	197,344	—	696,859
Operating expenses:				
Direct operating	43,528	85,319	—	128,847
General and administrative (excluding equity-based compensation)	15,889	8,178	5,411	29,478
Facility idling	—	13,680	—	13,680
Equity-based compensation	7,531	1,507	675	9,713
Impairment of goodwill	575,461	—	—	575,461
Impairment of property and equipment	947	89,083	—	90,030
Depreciation	42,356	39,533	—	81,889
Accretion of asset retirement obligations	—	142	—	142
Loss on asset sale	—	240	—	240
Total operating expenses	685,712	237,682	6,086	929,480
Operating loss	$ (186,197)	(40,338)	(6,086)	(232,621)
Equity in earnings of unconsolidated affiliates	$ 63,197	—	—	63,197
Total assets	$ 4,383,313	1,146,687	143,504	5,673,504
Additions to property and equipment, net	$ 137,978	27,287	—	165,265

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

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 unaudited condensed consolidated financial statements and related notes included elsewhere in this report. The information provided below supplements, but does not form part of, our unaudited 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 "Cautionary Statement Regarding Forward-Looking Statements." We do not undertake any obligation to publicly update any forward-looking statements except as otherwise required by applicable law.

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

The Merger has been accounted for as an acquisition by AMGP of Antero Midstream Partners under ASC 805, Business Combinations and accounted for as a business combination, with the assumed assets and liabilities of Antero Midstream Partners recorded at fair value. As a result, the unaudited condensed consolidated statements of operations and comprehensive income and cash flows for the nine months ended September 30, 2019 include the results of operations of Antero Midstream Partners and its subsidiaries commencing on March 13, 2019. Unless the context otherwise requires, references to the "Company," "we," "us," or "our" refer to (i) for the period prior to March 13, 2019, AMGP and its consolidated subsidiaries, which did not include Antero Midstream Partners and its subsidiaries, and (ii) for the period beginning and after March 13, 2019, Antero Midstream Corporation and its consolidated subsidiaries, including Antero Midstream Partners and its subsidiaries.

Overview

We are a growth-oriented midstream energy company formed to own, operate and develop midstream energy assets to primarily service Antero Resources' production and completion activity. We believe that our strategically located assets and our relationship with Antero Resources have allowed us to become a leading midstream energy company serving the Marcellus and Utica shale plays. Our assets consist of gathering pipelines, compressor stations, and interests in processing and fractionation plants that collect and process production from Antero Resources' wells in the Marcellus and Utica Shales in West Virginia and Ohio. Our assets also include two independent fresh water delivery systems that deliver fresh water from the Ohio River and several regional waterways. These fresh water delivery systems consist of permanent buried pipelines, surface pipelines and fresh water storage facilitates, as well as pumping stations and impoundments to transport the fresh water throughout the pipelines. These services are provided by us directly or through third-parties with which we contract. Our assets also include other flowback and produced water treatment facilities that we use to provide water treatment services to Antero Resources.

Recent Developments and Highlights

COVID-19 Pandemic

In March 2020, the World Health Organization declared the COVID-19 outbreak a pandemic. Governments have tried to slow the spread of the virus by imposing social distancing guidelines, travel restrictions and stay-at-home orders, which have caused a significant decrease in activity in the global economy and the demand for oil, and to a lesser extent, natural gas and NGLs. Also in March 2020, Saudi Arabia and Russia failed to agree to cut production of oil along with the Organization of the Petroleum Exporting Countries ("OPEC"), and Saudi Arabia significantly reduced the price at which it sells oil and announced plans to increase production, which contributed to a sharp drop in the price of oil. While OPEC, Russia and other allied producers reached an agreement in April 2020 to reduce production, oil prices have remained low. The imbalance between the supply of and demand for oil, as well as the uncertainty around the extent and timing of an economic recovery, have caused extreme market volatility and a substantial adverse effect on commodity prices.

As a midstream energy company, we are recognized as an essential business under various federal, state and local regulations related to the COVID-19 pandemic. We have continued to operate as permitted under these regulations while taking steps to protect the health and safety of our workers. We have implemented protocols to reduce the risk of an outbreak within our field operations, and these protocols have not reduced Antero Resources' production and our throughput in a significant manner. A substantial portion of our non-field level employees continue to operate in remote work from home arrangements, and we have been able to maintain a consistent level of effectiveness through these arrangements, including maintaining our day-to-day operations, our financial reporting systems and our internal control over financial reporting.

Our midstream assets are located in West Virginia and Ohio to serve the production of natural gas, NGLs and oil in the Appalachian Basin, primarily by Antero Resources. Our operations support well completion and production operations for Antero Resources and as such, we are directly impacted by changes in Antero Resources' operations. While Antero Resources has seen a decrease in the overall demand for its products, demand for natural gas and NGLs has not declined as much as demand for oil, and there has not been as substantial an oversupply of natural gas and NGLs as there has been of oil. Furthermore, the decrease in demand for oil has significantly reduced the number of rigs drilling for oil in the continental U.S. and, as a result, estimates of future gas supply associated with oil production have declined. Additionally, the restart of economic activity in Asia and Europe, coupled with lower refinery liquefied petroleum gas ("LPG") production from refineries in the U.S., Europe, and Asia during the second quarter, provided support for international LPG prices relative to oil. Further, reductions in OPEC+ and North American oil production and the associated NGL volumes are expected to have a supportive effect on propane and butane prices through the remainder of 2020 and into 2021. During the three and nine months ended September 30, 2020, all of our gathering, compression and processing revenues were derived from the production of natural gas.

Neither our nor Antero Resources' supply chain has experienced any significant interruptions. The industry continues to experience storage capacity constraints for oil and certain NGL products, and Antero Resources may become subject to those constraints if it is not able to sell its production or certain components thereof, or enter into additional storage arrangements. The lack of a market or available storage for any one NGL product or oil could result in Antero Resources having to delay or discontinue well completions and commercial production or shut in production for other products as it has disclosed that it cannot curtail the production of individual products in a meaningful way without reducing the production of other products. Antero Resources has indicated that the potential impacts of these constraints may include partial shut-in of production, although it is not able to determine the extent of or for how long any shut-ins may occur. Antero Resources has also indicated that because some of its wells produce rich gas, which is processed, and some produce dry gas, which does not require processing, it has the ability to change the mix of products that it produces and wells that it completes to adjust its production to address takeaway capacity constraints for certain products. For example, Antero Resources has indicated that it has the ability to shut-in rich gas wells and still produce from its dry gas wells if processing or storage capacity of NGL products becomes further limited or constrained. Also, prior to the COVID-19 pandemic, Antero Resources had developed a diverse set of buyers and destinations, as well as in-field and off-site storage capacity for its condensate volumes. Since the outbreak of the pandemic, Antero Resources has expanded its customer base and its condensate storage capacity within the basin. However, any production curtailments or shut-ins by Antero Resources or our other customers will reduce throughput for our gathering and processing systems. In addition, if our customers delay or discontinue drilling or completion activities, it will reduce the volumes of water that we handle and therefore revenues for our water distribution and handling business.

In addition, Antero Resources announced in April 2020 that it had reduced its drilling and completion capital budget for 2020 by approximately 34% since the beginning of the year. Antero Resources continues to monitor its five-year drilling plan and has indicated it will make further revisions as appropriate. Reducing its 2020 capital budget may impact production levels in 2021 and forward to the extent fewer wells are brought online, which will directly impact our throughput and cash flows for the same time periods.

During the first quarter of 2020 and the two preceding quarters, we recognized various impairment charges related to certain freshwater delivery system assets and fully impaired our Clearwater Facility and goodwill. Additional impairment charges related to our assets may occur if we experience disruptions in operations, decreases in our revenues or other adverse effects of the COVID-19 pandemic.

In March 2020, the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act") was enacted. The CARES Act allows corporations with net operating losses ("NOLs") incurred in 2018, 2019, and 2020 to carry back such NOLs to each of the five years preceding the year of the NOLs, beginning with the earliest year in which there was taxable income, and claim an income tax refund in the applicable carryback years. As a result of this NOLs carryback provision in the CARES Act, we were able to recognize an income tax refund receivable in March 2020 of $55 million, including $11 million in income tax benefit for the current year and $44 million of previously recognized deferred income tax benefit. As of September 30, 2020, we had received $39 million of this refund.

The COVID-19 pandemic, commodity market volatility and resulting financial market instability are variables beyond our control and may adversely impact our generation of funds from operating cash flows, distributions from unconsolidated affiliates, available borrowings under our Credit Facility and our ability to access the capital markets.

Financial Results as Reported

The financial results of the Company for the nine months ended September 30, 2020 are not comparative to the nine months ended September 30, 2019 due to the closing of the Transactions on March 12, 2019. The results for the nine months ended September 30, 2019 are not reflective of the ongoing operations and financial results of the Company because the operating and financial results of Antero Midstream Partners are only included for the period from March 13, 2019 to September 30, 2019. Accordingly, in addition to presenting a discussion of Antero Midstream Corporation's results of operations, we are also presenting Antero Midstream Corporation's pro forma results of operations for the nine months ended September 30, 2019, which give pro forma effect to the Transactions as if they had occurred on January 1, 2019. See additional discussion below regarding "—Items Affecting Comparability of our Financial Results."

For the three months ended September 30, 2019, we recognized net loss of $289 million. For the three months ended September 30, 2020, we recognized net income of $106 million. For the three months ended September 30, 2019 and 2020, we generated cash flows provided by operations of $178 million and $185 million, respectively.

For the nine months ended September 30, 2019 and 2020, we recognized net loss of $211 million and $199 million, respectively. For the nine months ended September 30, 2019 and 2020, we generated cash flows provided by operations of $430 million and $547 million, respectively.

Dividends Declared

Our Board of Directors declared a cash dividend on the shares of AM common stock of $0.3075 per share for the quarter ended September 30, 2020. The dividend will be payable on November 12, 2020 to stockholders of record as of October 29, 2020. Our Board of Directors also declared a $138 thousand cash dividend on our shares of Series A Preferred Stock to be paid on November 16, 2020 in accordance with their terms, which are discussed in Note 13—Equity and Earnings Per Common Share.

2020 Capital Budget and Capital Spending

During 2020, we plan to expand our existing West Virginia and Ohio gathering, processing, water handling and fresh water delivery infrastructure to accommodate Antero Resources' development plans. We announced a reduction to our 2020 capital budget to a range of $200 million to $210 million from our previously revised budget range of $200 million to $215 million. Antero Resources periodically reviews its capital expenditures and adjusts its budget and budget allocation based on commodity prices, operating cash flow and liquidity. Any additional adjustments to Antero Resources' budget could result in further adjustments or reductions to our capital budget.

Our budget assumes there will not be any material curtailments to Antero Resources’ production as a result of basin-wide condensate storage constraints or any other unforeseen events arising from the COVID-19 global health pandemic. A curtailment could result in a temporary reduction in throughput volumes and revenues for Antero Midstream. Antero Resources and Antero Midstream continue to work together to find solutions to mitigate the potential impacts of the decline in demand for oil and NGLs. In light of the uncertain market conditions impacting the energy industry, Antero Midstream will continue to evaluate its capital budget as well as the appropriate amount of capital that is returned to shareholders through dividends and share repurchases in order to maintain its financial profile.

For the nine months ended September 30, 2020, our capital expenditures were approximately $190 million, including $130 million of expansion capital, $35 million of maintenance capital and $25 million of capital investment in the Joint Venture.

Growth Incentive Fee Program With Antero Resources

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

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

For the three months ended September 30, 2020, Antero Resources delivered low pressure gathering volumes of 3,051 MMcf/d, which resulted in a fee reduction of $12 million during the period. For the nine months ended September 30, 2020, we provided Antero Resources an aggregate of $36 million in fee reductions.

Credit Facility

We expect to fund our operations through borrowings under the Credit Facility, our operating cash flows and cash on our balance sheet. As of September 30, 2020, lender commitments under the Credit Facility were $2.13 billion, with a letter of credit sublimit of $150 million. At September 30, 2020, we had borrowings of $1.2 billion and no letters of credit outstanding under the Credit Facility. See “—Debt Agreements—Antero Midstream Partners Revolving Credit Facility” for a description of the Credit Facility.

Items Affecting Comparability of Our Financial Results

Our financial results for the nine months ended September 30, 2020 discussed below are not comparable to our financial results for the nine months ended September 30, 2019 primarily as a result of the Merger. The Merger was accounted for as an acquisition by AMGP of Antero Midstream Partners under ASC 805, *Business Combinations*, and accounted for as a business combination with the acquired assets and liabilities of Antero Midstream Partners recorded at their estimated fair value. As such, effective March 12, 2019, Antero Midstream Corporation commenced consolidating Antero Midstream Partners and its subsidiaries in its condensed consolidated financial statements. As a result, the unaudited condensed consolidated statements of operations and comprehensive income and cash flows of Antero Midstream Corporation for the nine months ended at September 30, 2020 includes the results of Antero Midstream Partners for the entire period. The historical unaudited condensed consolidated statements of operations and comprehensive income and cash flows for the nine months ended September 30, 2019 only include the results of operations of Antero Midstream Partners and its subsidiaries for the period after March 12, 2019, prior to which they only included AMGP's income from distributions made on the IDRs of Antero Midstream Partners and AMGP's expenses, which were limited to general and administrative expenses and equity-based compensation of AMGP.

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

Results of Operations as Reported

Nine Months Ended September 30, 2019 Compared to Nine Months Ended September 30, 2020

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

General and administrative expenses. General and administrative expenses (excluding equity-based compensation expense) decreased 8% from $32 million for the nine months ended September 30, 2019 to $29 million for the nine months ended September 30, 2020 primarily due to cost reduction efforts, partially offset by the inclusion of general and administrative expenses of Antero Midstream Partners after the completion of the Transactions on March 12, 2019. Equity-based compensation decreased from $53 million for the nine months ended September 30, 2019 to $10 million for the nine months ended September 30, 2020 due to the Exchanged B Units that were fully vested on December 31, 2019.

Impairment of goodwill expense. Impairment of goodwill expense of $44 million for the nine months ended September 30, 2019 was for goodwill associated with the Clearwater Facility. Impairment of goodwill expense of $575 million for the nine months ended September 30, 2020 was for goodwill that was associated with our gathering system as a result of declines in commodity prices and the industry environment.

Impairment of property and equipment expense. Impairment of property and equipment expense of $408 million for the nine months ended September 30, 2019 was primarily due to the idling of the Clearwater Facility. Impairment of property and equipment expense of $90 million for the nine months ended September 30, 2020 was primarily due to the impairment of fresh water delivery assets in the Utica Shale region.

Impairment of customer relationship expense. Impairment of customer relationship expense of $6 million for the nine months ended September 30, 2019 reflects an impairment of the customer relationships associated with the idled Clearwater Facility.

Depreciation expense. Depreciation expense increased from $69 million for the nine months ended September 30, 2019 to $82 million for the nine months ended September 30, 2020 as a result of our acquisition of Antero Midstream Partners on March 12, 2019.

Interest expense. Interest expense increased from $74 million for the nine months ended September 30, 2019 to $107 million for the nine months ended September 30, 2020 as a result of the acquisition of Antero Midstream Partners on March 12, 2019 (which included the assumption of approximately $2.4 billion of debt) and Antero Midstream Partners' issuance of $650 million of 5.75% senior unsecured notes in June 2019.

Operating loss. Total operating loss was $206 million for the nine months ended September 30, 2019 and $233 million for the nine months ended September 30, 2020. The change is primarily due to impairment of goodwill and property and equipment and as a result of our acquisition of Antero Midstream Partners on March 12, 2019, partially offset by higher gathering and processing revenues and lower equity-based compensation charges.

Equity in earnings of unconsolidated affiliates. Equity in earnings of unconsolidated affiliates increased from $35 million for the nine months ended September 30, 2019 to $63 million for the nine months ended September 30, 2020 as a result of our acquisition of Antero Midstream Partners on March 12, 2019 and an increase in the level of operations at the Joint Venture in 2020.

Income tax benefit. Income tax benefit for the nine months ended September 30, 2019 was $34 million. Income tax benefit for the nine months ended September 30, 2020 was $78 million primarily due to the loss before income taxes for the nine months ended September 30, 2020 coupled with an $11 million benefit related to the carryback of NOLs to prior tax years. This carryback generated a federal income tax receivable of $55 million, of which $39 million had been received as of September 30, 2020. This carryback is a result of a provision included in the CARES Act that allows corporations with NOLs incurred in 2018, 2019 and 2020 to carry back such NOLs to each of the five years preceding the year of the NOLs, beginning with the earliest year in which there is taxable income, and claim an income tax refund in the applicable carryback years. The income tax receivable account is classified as a current asset on the balance sheet.

Segment Results of Operations

Actual segment results of operations and operations data have been presented for the three months ended September 30, 2019 and 2020 and the nine months ended September 30, 2020. We have also provided pro forma segment results of operations and pro forma operations data for the nine months ended September 30, 2019, which have been prepared to give pro forma effect to the Transactions as if they had occurred on January 1, 2019. The pro forma adjustments are based on currently available information and certain estimates and assumptions, including the finalized purchase price allocation for the acquisition of Antero Midstream Partners. Management believes that the pro forma assumptions provide a reasonable basis for presenting the significant effects of the Transactions.

The pro forma information is for illustrative purposes only. If the Transactions had occurred on January 1, 2019, operating results might have been materially different from those presented in the pro forma financial information. The pro forma financial information should not be relied upon as an indication of operating results that we would have achieved if the Transactions had taken place on January 1, 2019. In addition, future results may vary significantly from the pro forma results reflected herein and should not be relied upon as an indication of our future results. The pro forma information presented below should be read in conjunction with the unaudited pro forma condensed combined financial statements, which are filed as Exhibit 99.1 to this Quarterly Report on Form 10-Q.

Segment Results of Operations for the Three Months Ended September 30, 2019

(in thousands)	Gathering and Processing	Water Handling	Unallocated (1)	Consolidated Total
Three months ended September 30, 2019				
Revenues:				
Revenue–Antero Resources	$ 175,719	96,939	—	272,658
Amortization of customer relationships	(16,363)	(12,500)	—	(28,863)
Total revenues	159,356	84,439	—	243,795
Operating expenses:				
Direct operating	13,197	48,611	—	61,808
General and administrative (excluding equity-based compensation)	6,741	3,098	627	10,466
Facility idling	—	1,512	—	1,512
Equity-based compensation	1,348	450	18,331	20,129
Impairment of goodwill	—	43,759	—	43,759
Impairment of property and equipment	—	407,848	—	407,848
Impairment of customer relationships	—	5,871	—	5,871
Depreciation	11,709	12,751	—	24,460
Accretion and change in fair value of contingent acquisition consideration	—	1,977	—	1,977
Accretion of asset retirement obligations	—	54	—	54
Total expenses	32,995	525,931	18,958	577,884
Operating income (loss)	126,361	(441,492)	(18,958)	(334,089)
Other income (expenses):				
Interest expense, net	—	—	(36,134)	(36,134)
Equity in earnings of unconsolidated affiliates	18,478	—	—	18,478
Income (loss) before taxes	144,839	(441,492)	(55,092)	(351,745)
Provision for income tax benefit	—	—	62,268	62,268
Net income (loss) and comprehensive income (loss)	$ 144,839	(441,492)	7,176	(289,477)
Adjusted EBITDA(2)				$ 217,582

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

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

Segment Results of Operations for the Three Months Ended September 30, 2020

(in thousands)	Gathering and Processing	Water Handling	Unallocated [1]	Consolidated Total
Three months ended September 30, 2020				
Revenues:				
Revenue–Antero Resources	$ 202,214	61,001	—	263,215
Gathering—low pressure rebate	(12,000)	—	—	(12,000)
Amortization of customer relationships	(9,342)	(8,458)	—	(17,800)
Total revenues	180,872	52,543	—	233,415
Operating expenses:				
Direct operating	16,078	21,974	—	38,052
General and administrative (excluding equity-based compensation)	5,405	2,579	1,570	9,554
Facility idling	—	2,527	—	2,527
Equity-based compensation	2,732	521	425	3,678
Impairment of property and equipment	947	—	—	947
Depreciation	14,900	11,901	—	26,801
Accretion of asset retirement obligations	—	39	—	39
Total expenses	40,062	39,541	1,995	81,598
Operating income	140,810	13,002	(1,995)	151,817
Other income (expenses):				
Interest expense, net	—	—	(34,501)	(34,501)
Equity in earnings of unconsolidated affiliates	23,173	—	—	23,173
Income before taxes	163,983	13,002	(36,496)	140,489
Provision for income tax expense	—	—	(34,982)	(34,982)
Net income and comprehensive income	$ 163,983	13,002	(71,478)	105,507
Adjusted EBITDA[2]				$ 228,567

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

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

The operating data below represents the operating data of Antero Midstream Corporation and its subsidiaries, including Antero Midstream Partners and its subsidiaries, for the three months ended September 30, 2019 and 2020.

	Three Months Ended September 30, 2019	Three Months Ended September 30, 2020	Amount of Increase or Decrease	Percentage Change
Operating Data:				
Gathering—low pressure (MMcf)	248,208	280,688	32,480	13 %
Gathering—high pressure (MMcf)	244,937	276,699	31,762	13 %
Compression (MMcf)	223,904	259,523	35,619	16 %
Fresh water delivery (MBbl)	12,945	10,202	(2,743)	(21) %
Treated water (MBbl)	2,332	—	(2,332)	*
Other fluid handling (MBbl)	5,114	5,151	37	1 %
Wells serviced by fresh water delivery	30	21	(9)	(30) %
Gathering—low pressure (MMcf/d)	2,698	3,051	353	13 %
Gathering—high pressure (MMcf/d)	2,662	3,008	346	13 %
Compression (MMcf/d)	2,434	2,821	387	16 %
Fresh water delivery (MBbl/d)	141	111	(30)	(21) %
Treated water (MBbl/d)	25	—	(25)	*
Other fluid handling (MBbl/d)	56	56	—	*
Average realized fees:				
Average gathering—low pressure fee ($/Mcf)	$ 0.33	0.33	—	*
Average gathering—high pressure fee ($/Mcf)	$ 0.21	0.21	—	*
Average compression fee ($/Mcf)	$ 0.19	0.20	0.01	5 %
Average fresh water delivery fee ($/Bbl)	$ 3.90	3.96	0.06	2 %
Average treatment fee ($/Bbl)	$ 4.55	—	(4.55)	*
Joint Venture Operating Data:				
Processing—Joint Venture (MMcf)	95,333	136,555	41,222	43 %
Fractionation—Joint Venture (MBbl)	2,964	3,552	588	20 %
Processing—Joint Venture (MMcf/d)	1,036	1,484	448	43 %
Fractionation—Joint Venture (MBbl/d)	32	39	7	22 %

* Not meaningful or applicable.

Discussion of Results of Operations for the Three Months Ended September 30, 2019 Compared to the Three Months Ended September 30, 2020

Revenues. Total revenues remained relatively consistent declining by 4%, from $244 million, including amortization of customer relationships of $29 million, for the three months ended September 30, 2019 to $233 million, including amortization of customer relationships of $18 million, for the three months ended September 30, 2020. Gathering and processing revenues increased 14%, from $159 million for the three months ended September 30, 2019 to $181 million for the same period in 2020. Water handling revenues decreased by 38%, from $84 million for the three months ended September 30, 2019 to $53 million for the three months ended September 30, 2020. These fluctuations primarily resulted from the following:

Gathering and Processing

- low pressure gathering revenue remained consistent period over period primarily due an increase in throughput volumes of 32 Bcf, or 353 MMcf/d, which was almost fully offset by a $12 million rebate to Antero Resources for achieving certain volumetric targets. Low pressure gathering volumes increased due to 126 additional wells connected to our system since September 30, 2019;

- high pressure gathering revenue increased $6 million period over period due to an increase in throughput volumes of 32 Bcf, or 346 MMcf/d due to additional wells connected to our system; and

- compression revenue increased $8 million period over period due to an increase in throughput volumes of 36 Bcf, or 387 MMcf/d, primarily due to additional wells connected to our system and one compressor that came online in 2020.

Water Handling

- fresh water delivery revenue decreased $10 million period over period due to a decrease in fresh water delivery of 2,743 MBbl, or 30 MBbl/d, as a result of a decrease in the number of wells completed;

- revenue from the Clearwater Facility decreased $11 million period over period due to idling the Clearwater Facility in September 2019; and

- other fluid handling services revenue decreased $15 million primarily due to an $18 million decrease in services that are billed at cost plus 3% as a result of operational efficiencies associated with our flowback and produced wastewater services, which commenced in the fourth quarter of 2019, and cost reductions, partially offset by a $3 million increase in water blending services.

Direct operating expenses. Total direct operating expenses decreased by 38%, from $62 million for the three months ended September 30, 2019 to $38 million for the three months ended September 30, 2020. Gathering and processing direct operating expenses increased 22% from $13 million for the three months ended September 30, 2019 to $16 million for the three months ended September 30, 2020 primarily due to the cost associated with the new compressor station that came online in 2020 as well as higher throughput volumes between periods. Water handling direct operating expenses decreased from $49 million for the three months ended September 30, 2019 to $22 million for the three months ended September 30, 2020. The decrease was primarily due to the idling of the Clearwater Facility in September 2019 as well as operational efficiencies associated with flowback and produced wastewater services.

General and administrative (excluding equity-based compensation) expenses. General and administrative expenses (excluding equity-based compensation expense) decreased by 9%, from $10.5 million for the three months ended September 30, 2019 to $9.6 million for the three months ended September 30, 2020 primarily due to cost reduction efforts.

Equity-based compensation expenses. Equity-based compensation expenses decreased by 82% from $20 million for the three months ended September 30, 2019 to $4 million for the three months ended September 30, 2020 due to the Exchanged B Units that were fully vested on December 31, 2019.

Impairment of goodwill expense. Impairment of goodwill expense of $44 million for the three months ended September 30, 2019 was for goodwill associated with the Clearwater Facility.

Impairment of property and equipment expense. Impairment of property and equipment expense of $408 million for the three months ended September 30, 2019 was primarily due to the idling of the Clearwater Facility. Impairment of property and equipment expense of $1 million for the three months ended September 30, 2020 was related to advance costs that are not otherwise reimbursable for certain projects that were cancelled.

Impairment of customer relationship expense. Impairment of customer relationship expense of $6 million for the three months ended September 30, 2019 reflects an impairment of the customer relationships associated with the Clearwater Facility. There was no impairment of customer relationship expense for the three months ended September 30, 2020.

Depreciation expense. Total depreciation expense increased by 10%, from $24 million for the three months ended September 30, 2019 to $27 million for the three months ended September 30, 2020, primarily due to additional gathering, compression and water handling assets placed in service, partially offset by impairments of property and equipment during the third quarter of 2019 and first quarter of 2020.

Accretion and change in fair value of contingent acquisition consideration. Accretion of contingent acquisition consideration decreased from $2 million for the three months ended September 30, 2019 to none for the three months ended September 30, 2020 because contingent consideration was paid in January 2020. No additional contingent consideration is expected to be paid.

Operating income (loss). Total operating loss was $334 million for the three months ended September 30, 2019. Total operating income was $152 million for the three months ended September 30, 2020. Gathering and processing operating income increased by 11%, from $126 million for the three months ended September 30, 2019 to $141 million for the three months ended September 30, 2020. Water handling operating loss was $441 million for the three months ended September 30, 2019. Water handling operating income was $13 million for the three months ended September 30, 2020. The water handling operating loss during the three months ended September 30, 2019 was primarily due to the impairment of the Clearwater Facility and its associated goodwill and customer relationships.

Interest expense. Interest expense remained consistent for the three months ended September 30, 2019 and 2020 at $36 million and $35 million, respectively.

Equity in earnings of unconsolidated affiliates. Equity in earnings in unconsolidated affiliates increased by 25%, from $18 million for the three months ended September 30, 2019 to $23 million for the three months ended September 30, 2020 primarily attributable to an increase in the level of operations at the Joint Venture in the three months ended September 30, 2020.

Income tax benefit (expense). Provision for income taxes was a tax benefit of $62 million for the three months ended September 30, 2019 and tax expense of $35 million for the three months ended September 30, 2020. The income tax benefit for the three months ended September 30, 2019 was primarily due to the loss before income taxes resulting from the impairment of the Clearwater Facility and its associated goodwill and customer relationships.

Net income (loss). Net loss was $289 million for the three months ended September 30, 2019 primarily due to the impairment of the Clearwater Facility and the associated goodwill and customer relationships. Net income was $106 million for the three months ended September 30, 2020 primarily due to higher gathering and processing revenues and overall cost reductions.

Adjusted EBITDA. Adjusted EBITDA increased by 5%, from $218 million for the three months ended September 30, 2019 to $229 million for the three months ended September 30, 2020. The increase was primarily due to an increase in high pressure gathering and compression revenue and lower water handling direct operating costs, partially offset by lower water handling revenues between periods. For a discussion of the non-GAAP financial measure Adjusted EBITDA, including a reconciliation to its most directly comparable financial measure calculated and presented in accordance with GAAP, read "—Non-GAAP Financial Measures" below.

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Pro Forma Segment Results of Operations for the Nine Months Ended September 30, 2019

(in thousands)	Gathering and Processing	Water Handling	Pro Forma Adjustments	Unallocated [(1)]	Pro Forma Consolidated Total
Nine months ended September 30, 2019					
Revenues:					
Revenue–Antero Resources	$ 502,951	308,008	—	—	810,959
Revenue–third-party	—	101	—	—	101
Amortization of customer contracts	(19,266)	(19,912)	(14,095)	—	(53,273)
Total revenues	483,685	288,197	(14,095)	—	757,787
Operating expenses:					
Direct operating	39,682	165,924	—	—	205,606
General and administrative (excluding equity-based compensation)	24,989	14,053	(15,345)	9,205	32,902
Facility idling	—	1,512	—	—	1,512
Equity-based compensation	5,592	2,485	—	47,495	55,572
Impairment of goodwill	—	43,759	—	—	43,759
Impairment of property and equipment	7,182	408,242	—	—	415,424
Impairment of customer relationships	—	5,871	—	—	5,871
Depreciation	35,311	54,953	2,742	—	93,006
Accretion and change in fair value of contingent acquisition consideration	—	7,251	—	—	7,251
Accretion of asset retirement obligations	—	196	—	—	196
Total operating expenses	112,756	704,246	(12,603)	56,700	861,099
Operating income (loss)	370,929	(416,049)	(1,492)	(56,700)	(103,312)
Other income (expenses):					
Interest expense, net	—	—	(3,301)	(90,687)	(93,988)
Equity in earnings of unconsolidated affiliates	47,245	—	(1,340)	—	45,905
Income before taxes	418,174	(416,049)	(6,133)	(147,387)	(151,395)
Provision for income tax benefit	—	—	(23,347)	34,226	10,879
Net income and comprehensive income	$ 418,174	(416,049)	(29,480)	(113,161)	(140,516)
Adjusted EBITDA[(2)]					$ 626,215

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

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

Segment Results of Operations for the Nine Months Ended September 30, 2020

(in thousands)	Gathering and Processing	Water Handling	Unallocated (1)	Consolidated Total
Nine months ended September 30, 2020				
Revenues:				
Revenue–Antero Resources	$ 563,334	222,536	—	785,870
Gathering—low pressure rebate	(36,000)	—	—	(36,000)
Amortization of customer relationships	(27,819)	(25,192)	—	(53,011)
Total revenues	499,515	197,344	—	696,859
Operating expenses:				
Direct operating	43,528	85,319	—	128,847
General and administrative (excluding equity-based compensation)	15,889	8,178	5,411	29,478
Facility idling	—	13,680	—	13,680
Equity-based compensation	7,531	1,507	675	9,713
Impairment of goodwill	575,461	—	—	575,461
Impairment of property and equipment	947	89,083	—	90,030
Depreciation	42,356	39,533	—	81,889
Accretion of asset retirement obligations	—	142	—	142
Loss on asset sale	—	240	—	240
Total operating expenses	685,712	237,682	6,086	929,480
Operating loss	(186,197)	(40,338)	(6,086)	(232,621)
Other income (expenses):				
Interest expense, net	—	—	(107,443)	(107,443)
Equity in earnings of unconsolidated affiliates	63,197	—	—	63,197
Loss before taxes	(123,000)	(40,338)	(113,529)	(276,867)
Provision for income tax benefit	—	—	77,882	77,882
Net income loss and comprehensive loss	$ (123,000)	(40,338)	(35,647)	(198,985)
Adjusted EBITDA(2)				$ 647,178

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

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

The operating data below represents the operating data of Antero Midstream Corporation and its subsidiaries, including Antero Midstream Partners and its subsidiaries, for the nine months ended September 30, 2019 and 2020.

	Nine Months Ended September 30,		Amount of Increase	Percentage
	2019[(1)]	2020	or Decrease	Change
Operating Data:				
Gathering—low pressure (MMcf)	721,014	788,950	67,936	9 %
Gathering—high pressure (MMcf)	708,129	780,524	72,395	10 %
Compression (MMcf)	644,862	729,467	84,605	13 %
Fresh water delivery (MBbl)	37,824	36,139	(1,685)	(4) %
Treated water (MBbl)	7,137	—	(7,137)	*
Other fluid handling (MBbl)	15,266	16,184	918	6 %
Wells serviced by fresh water delivery	86	86	—	*
Gathering—low pressure (MMcf/d)	2,641	2,879	238	9 %
Gathering—high pressure (MMcf/d)	2,594	2,849	255	10 %
Compression (MMcf/d)	2,362	2,662	300	13 %
Fresh water delivery (MBbl/d)	139	132	(7)	(5) %
Treated water (MBbl/d)	26	—	(26)	*
Other fluid handling (MBbl/d)	56	59	3	5 %
Average realized fees:				
Average gathering—low pressure fee ($/Mcf)	$ 0.33	0.33	—	*
Average gathering—high pressure fee ($/Mcf)	$ 0.20	0.20	—	*
Average compression fee ($/Mcf)	$ 0.19	0.20	0.01	5 %
Average fresh water delivery fee ($/Bbl)	$ 3.89	3.96	0.07	2 %
Average treatment fee ($/Bbl)	$ 4.51	—	(4.51)	*
Joint Venture Operating Data:				
Processing—Joint Venture (MMcf)	274,755	384,860	110,105	40 %
Fractionation—Joint Venture (MBbl)	7,415	9,549	2,134	29 %
Processing—Joint Venture (MMcf/d)	1,006	1,405	399	40 %
Fractionation—Joint Venture (MBbl/d)	27	35	8	30 %

(1) Pro forma.

* Not meaningful or applicable.

Discussion of Results of Operations for the Nine Months Ended September 30, 2019 (Pro Forma) Compared to the Nine Months Ended September 30, 2020

Unless the context otherwise requires, references in this discussion of the pro forma results of operations for the nine months ended September 30, 2019 to the "Company," "we," "us" or "our" refer to, and the results of operations discussed below relate to, the combined results of Antero Midstream Corporation and Antero Midstream Partners as if the Transactions had occurred on January 1, 2019.

Revenues. Total revenues decreased by 8%, from $758 million, including amortization of customer relationships of $53 million, for the nine months ended September 30, 2019, to $697 million, including amortization of customer relationships of $53 million, for the nine months ended September 30, 2020. Gathering and processing revenues increased by 3%, from $484 million for the nine months ended September 30, 2019 to $500 million for the nine months ended September 30, 2020. Water handling revenues decreased by 32%, from $288 million for the nine months ended September 30, 2019 to $197 million for the nine months ended September 30, 2020. These fluctuations primarily resulted from the following:

Gathering and Processing

- low pressure gathering revenue decreased$11 million period over period due to $36 million in rebates to Antero Resources for achieving certain volumetric targets, partially offset by an increase in throughput volumes of 68 Bcf, or 238 MMcf/d. Low pressure gathering volumes increased due to 126 additional wells connected to our system since September 30, 2019;

- high pressure gathering revenue increased $15 million period over period due to an increase in throughput volumes of 73 Bcf, or 255MMcf/d, due to additional wells connected to our system; and

- compression revenue increased $20 million period over period due to an increase in throughput volumes of 85 Bcf, or 300 MMcf/d, primarily due to additional wells connected to our system and one compressor that came online in 2020.

Water Handling

- fresh water delivery revenue decreased $4 million period over period due to a decrease in fresh water delivery of 2MBbl, or 7 MBbl/d, as a result of a decrease in the number of wells completed;

- revenue from the Clearwater Facility decreased $32 million for the period due to idling the Clearwater Facility in September 2019; and

- other fluid handling services revenue decreased $49 million primarily due to a $56 million decrease in services that are billed at cost plus 3% as a result of operational efficiencies associated with our flowback and produced wastewater services, which commenced in the fourth quarter of 2019, and cost reductions, partially offset by a $7 million increase in water blending services.

Direct operating expenses. Total direct operating expenses decreased by 37%, from $206 million for the nine months ended September 30, 2019 to $129 million for the nine months ended September 30, 2020. Gathering and processing direct operating expenses increased 10% from $40 million for the nine months ended September 30, 2019 to $44 million for the nine months ended September 30, 2020 primarily due to the cost associated with the new compressor station that came online in 2020 as well as higher throughput volumes between periods. Water handling direct operating expenses decreased by 49%, from $166 million for the nine months ended September 30, 2019 to $85 million for the nine months ended September 30, 2020. The decrease was primarily due to operational efficiencies associated with flowback and produced wastewater services.

General and administrative (excluding equity-based compensation) expenses. General and administrative expenses (excluding equity-based compensation expense) decreased by 10%, from $33 million for the nine months ended September 30, 2019 to $29 million for the nine months ended September 30, 2020 primarily due to cost reduction efforts, partially offset by legal costs associated with the Clearwater Facility.

Equity-based compensation expenses. Equity-based compensation expenses decreased from $56 million for the nine months ended September 30, 2019 to $10 million for the nine months ended September 30, 2020 due to the Exchanged B Units that were fully vested on December 31, 2019.

Impairment of goodwill expense. Impairment of goodwill expense of $575 million for the nine months ended September 30, 2020 reflects an impairment of the goodwill that was associated with our gathering system due to declines in commodity prices and the industry environment. Impairment of goodwill expense of $44 million for the nine months ended September 30, 2019 related to goodwill associated with the Clearwater Facility.

Impairment of property and equipment expense. Impairment of property and equipment expense of $415 million for the nine months ended September 30, 2019 was primarily due to the idling of the Clearwater Facility and the decommissioning of assets related to a third-party compressor station. Impairment of property and equipment expense of $90 million for the nine months ended September 30, 2020 was primarily for the impairment of fresh water delivery assets in the Utica Shale region.

Impairment of customer relationship expense. Impairment of customer relationship expense of $6 million for the nine months ended September 30, 2019 reflects an impairment of the customer relationships associated with the Clearwater Facility.

Depreciation expense. Total depreciation expense decreased by 12%, from $93 million for the nine months ended September 30, 2019 to $82 million for the nine months ended September 30, 2020 primarily due to assets that were impaired during the third quarter of 2019 and the first quarter of 2020, partially offset by additional gathering, compression and water handling assets placed in service in 2020.

Accretion and change in fair value of contingent acquisition consideration. Accretion of contingent acquisition consideration decreased from $7 million for the nine months ended September 30, 2019 to none for the nine months ended September 30, 2020 because contingent consideration was paid in January 2020. No additional contingent consideration is expected to be paid.

Operating income (loss). Total operating loss for the nine months ended September 30, 2019 was $103 million. Total operating loss for the nine months ended September 30, 2020 was $233 million. Gathering and processing operating income was $371 million for the nine months ended September 30, 2019. Gathering and processing operating loss was $186 million for the nine months ended September 30, 2020 primarily due to an impairment of goodwill. Water handling operating loss was $416 million for the nine months ended September 30, 2019 and $40 million for the nine months ended September 30, 2020 primarily due to impairment charges related to the Clearwater Facility and fresh water delivery assets in the Utica Shale region in 2019 and 2020, respectively.

Interest expense. Interest expense increased by 14%, from $94 million for the nine months ended September 30, 2019 to $107 million for the nine months ended September 30, 2020 primarily due to an increase in interest expense incurred on higher borrowings under the Credit Facility during the period and the issuance of $650 million of 5.75% senior unsecured notes on June 28, 2019.

Equity in earnings of unconsolidated affiliates. Equity in earnings in unconsolidated affiliates increased by 38%, from $46 million for the nine months ended September 30, 2019 to $63 million for the nine months ended September 30, 2020 primarily attributable to an increase in the level of operations at the Joint Venture in the nine months ended September 30, 2020.

Net income (loss). Net loss was $141 million for the nine months ended September 30, 2019 primarily due to impairments of goodwill and property and equipment for the Clearwater Facility. Net loss was $199 million for the nine months ended September 30, 2020 primarily due to impairment of goodwill associated with our gathering system and impairment of property and equipment of our freshwater delivery assets in the Utica Shale region.

Adjusted EBITDA. Adjusted EBITDA increased by 3%, from $626 million for the nine months ended September 30, 2019 to $647 million for the nine months ended September 30, 2020. The increase was primarily due to increased throughput and decreased direct operating expenses. For a discussion of the non-GAAP financial measure Adjusted EBITDA, including a reconciliation to its most directly comparable financial measure calculated and presented in accordance with GAAP, read "—Non-GAAP Financial Measures" below.

Capital Resources and Liquidity as Reported

Sources and Uses of Cash

Capital resources and liquidity are provided by operating cash flow, cash on our balance sheet and available borrowings under the Credit Facility. We expect that the combination of these capital resources will be adequate to meet our working capital requirements, capital expenditures program, expected quarterly cash dividends and share repurchases under our share repurchases program for at least the next twelve months.

Our Board of Directors declared a cash dividend on the shares of AM common stock of $0.3075 per share for the quarter ended September 30, 2020. The dividend will be payable on November 12, 2020 to stockholders of record as of October 29, 2020. Our Board of Directors also declared a cash dividend of $138 thousand on the shares of Series A Preferred Stock, which will be paid on November 16, 2020 in accordance with their terms, which are discussed in Note 13—Equity and Earnings Per Common Share. As of September 30, 2020, there were dividends in the amount of $69 thousand accumulated in arrears on our Series A Preferred Stock.

We expect our future cash requirements relating to working capital, maintenance capital expenditures and quarterly cash dividends to our stockholders will be funded from cash flows internally generated from our operations. Our expansion capital expenditures will be funded by a combination of cash flows from operations or borrowings under the Credit Facility.

Cash Flows

The following table summarizes our cash flows for the nine months ended September 30, 2019 and 2020:

	Nine Months Ended September 30,		Increase/
(in thousands)	**2019**	**2020**	**(Decrease)**
Net cash provided by operating activities	$ 429,872	546,889	117,017
Net cash used in investing activities	(356,293)	(188,006)	(168,287)
Net cash used in financing activities	(76,401)	(357,725)	281,324
Net increase (decrease) in cash and cash equivalents	$ (2,822)	1,158	

Cash Flows Provided by Operating Activities

Net cash provided by operating activities was $430 million and $547 million for the nine months ended September 30, 2019 and 2020, respectively. The increase in cash flows provided by operations for the nine months ended September 30, 2020 compared to the nine months ended September 30, 2019 was primarily the result of higher gathering and processing revenues, lower direct operating and general and administrative costs and increased cash flows associated with the Merger between periods, partially offset by Clearwater Facility idling costs in 2020.

Cash Flows Used in Investing Activities

Net cash flows used in investing activities was $356 million and $188 million for the nine months ended September 30, 2019 and 2020, respectively. The decrease in cash flows used in investing activities was due to a (i) $93 million decrease in investments made in unconsolidated affiliates, (ii) $64 million decrease in additions to our water handling system and (iii) $33 million decrease in additions to our gathering system.

Antero Midstream Partners' capital spending for the full nine months ended September 30, 2019 included investing activities of (i) $219 million to our gathering system, (ii) $120 million to our water handling system, and (iii) $142 million invested in our Joint Venture.

Our current capital budget is a range of $200 million to $210 million for 2020. Our capital budget may be adjusted as business conditions warrant. If natural gas, NGLs, and oil prices decline to levels below acceptable levels or costs increase to levels above acceptable levels or if Antero Resources temporarily curtails or shuts-in production, 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 Used in Financing Activities

Net cash used in financing activities was $76 million and $358 million for the nine months ended September 30, 2019 and 2020, respectively. For the nine months ended September 30, 2019, net cash used in financing activities included: (i) total distributions to common and preferred shareholders and holders of Series B Units of $341 million; (ii) net repayments on the Credit Facility of $349 million; (iii) repurchases of common stock of $26 million; and (iv) the issuance of $650 million of 5.75% senior unsecured notes on June 28, 2019. Net cash used in financing activities for the nine months ended September 30, 2020 included: (i) total dividends paid to common and preferred shareholders of $443 million; (ii) $125 million (net of $8 million reflected in the cash flows provided by operating operations related to the accretion of fair value) paid to Antero Resources for the fair value of contingent acquisition consideration at the date of acquisition; (iii) $228 million in net borrowings on our Credit Facility; and (iv) $25 million of repurchases of common stock.

Debt Agreements and Contractual Obligations

Antero Midstream Partners Revolving Credit Facility

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

The Credit Facility matures on October 26, 2022. As of September 30, 2020, we had $1.2 billion of borrowings and no letters of credit outstanding under the Credit Facility. Lender commitments under the Credit Facility are currently $2.13 billion.

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 125 to 225 basis points (subject to certain exceptions), depending on the leverage ratio then in effect. Base rate loans bear interest at a rate per annum equal to the greatest of (i) the agent bank's reference rate, (ii) the federal funds effective rate plus 50 basis points and (iii) the rate for one month Eurodollar loans plus 100 basis points, plus an applicable margin ranging from 25 to 125 basis points (subject to certain exceptions) depending on the leverage ratio then in effect.

The Credit Facility is guaranteed by our subsidiaries and is secured by mortgages on substantially all of Antero Midstream Partners' and its subsidiaries' properties. The Credit Facility contains restrictive covenants that may limit our ability to, among other things:

- incur additional indebtedness;
- sell assets;
- make loans to others;
- make investments;
- enter into mergers;
- make certain restricted payments;

- incur liens; and
- engage in certain other transactions without the prior consent of the lenders.

The Credit Facility also requires us to maintain the following financial ratios (subject to certain exceptions):

- 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;
- 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, 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, a consolidated senior secure leverage ratio covenant rather than the consolidated total leverage ratio covenant, which is the ratio of consolidated senior secured debt to consolidated EBITDA, of not more than 3.75 to 1.0.

We were in compliance with the applicable covenants and ratios as of September30, 2020.

Senior Notes

Please refer to Note 9—Long-Term Debt to the unaudited condensed consolidated financial statements included in this Quarterly Report on Form 10-Q and to "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" included in our 2019 Form 10-K for information on our senior notes.

Contractual Obligations

Future capital contributions to unconsolidated affiliates are excluded from the table as neither the amounts nor the timing of the obligations can be determined in advance. A summary of our contractual obligations by maturity date as of September 30, 2020 is provided in the following table.

(in millions)	Remainder of 2020	Year Ended December 31, 2021	2022	2023	2024	2025	Thereafter	Total
Credit Facility [1]	$ —	—	1,188	—	—	—	—	1,188
Senior notes—principal	—	—	—	—	650	—	1,300	1,950
Senior notes—interest	—	110	110	110	110	75	150	665
Asset retirement obligations	2	—	—	2	—	—	2	6
Total	$ 2	110	1,298	112	760	75	1,452	3,809

(1) Includes outstanding principal amounts on the Credit Facility at September30, 2020. This table does not include future commitment fees, interest expense or other fees on the Credit Facility because they are floating rate instruments and we cannot determine with accuracy the timing of future loan advances, repayments or interest rates that may be charged.

Non-GAAP Financial Measures

We use Adjusted EBITDA as an important indicator of our performance. In our presentation of Adjusted EBITDA for the three months ended September 30, 2019 and the three and nine months ended September 30, 2020, net income (loss) and the corresponding adjustments reflect our actual results of operations. In our presentation of Adjusted EBITDA for the nine months ended September 30, 2019, net income (loss) and the corresponding adjustments reflect our pro forma results of operations. The pro forma information should be read in conjunction with the unaudited pro forma condensed combined financial statements, which are filed as Exhibit 99.1 to this Quarterly Report on Form 10-Q. For more information, see "Items Affecting Comparability of Our Financial Results."

We define Adjusted EBITDA as net income before net interest expense, income tax expense, depreciation, impairment, accretion and changes in fair value of contingent acquisition consideration, accretion of asset retirement obligations, equity-based compensation, excluding equity in earnings of unconsolidated affiliates, amortization of customer relationships, loss on asset sale and including cash distributions from unconsolidated affiliates.

We use Adjusted EBITDA to assess:

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

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

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
(in thousands)	**2019**	**2020**	**2019[1]**	**2020**
Reconciliation of Net Income (Loss) to Adjusted EBITDA:				
Net income (loss)	$ (289,477)	105,507	$ (140,516)	(198,985)
Interest expense, net	36,134	34,501	93,988	107,443
Income tax expense (benefit)	(62,268)	34,982	(10,879)	(77,882)
Amortization of customer relationships	28,863	17,800	53,273	53,011
Depreciation expense	24,460	26,801	93,006	81,889
Impairment	457,478	947	465,054	665,491
Accretion and change in fair value of contingent acquisition consideration	2,031	39	7,447	142
Equity-based compensation	20,129	3,678	55,572	9,713
Equity in earnings of unconsolidated affiliates	(18,478)	(23,173)	(45,905)	(63,197)
Loss on asset sale	—	—	—	240
Distributions from unconsolidated affiliates	18,710	27,485	55,175	69,313
Adjusted EBITDA	$ 217,582	228,567	$ 626,215	647,178

(1) Pro Forma.

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 unaudited 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 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 the 2019 Form 10-K. We believe these accounting policies reflect our more significant estimates and assumptions used in preparation of our financial statements.

New Accounting Pronouncements

There were no new accounting pronouncements issued during the three months ended September 30, 2020 that had or are expected to have a material effect on the Company's financial reporting.

Off-Balance Sheet Arrangements

As of September 30, 2020, 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 volumes. We cannot predict to what extent our business would be impacted by lower commodity prices and any resulting impact on Antero Resources' operations.

Interest Rate Risk

Our primary exposure to interest rate risk results from outstanding borrowings under the Credit Facility, which has a floating interest rate. We do not currently, but may in the future, hedge the interest on portions of our borrowings under the Credit Facility from time-to-time in order to manage risks associated with floating interest rates. At September 30, 2020, we had $1.2 billion of borrowings and no letters of credit outstanding under the Credit Facility. A 1.0% increase in the Credit Facility interest rate would have resulted in an estimated $8.7 million increase in interest expense for the nine months ended September 30, 2020.

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 operating results.

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

Item 4. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

As required by Rule 13a-15(b) under the Exchange Act, we have evaluated, under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of the end of the period covered by this Quarterly Report on Form 10-Q. Our disclosure controls and procedures are designed to provide reasonable assurance that the information required to be disclosed by us in reports that we file under the Exchange Act is accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate, to allow timely decisions regarding required disclosure and is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the SEC. Based upon that evaluation, our principal executive officer and principal financial officer concluded that our disclosure controls and procedures were effective as of September 30, 2020 at a reasonable assurance level.

Changes in Internal Control Over Financial Reporting

There have been no changes in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the three months ended September 30, 2020 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.

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.

Veolia

The Company is currently involved in a consolidated lawsuit with Veolia Water Technologies, Inc. ("Veolia") and Veolia Water North America Operating Services, LLC ("Veolia North America") relating to the Clearwater Facility.

On March 13, 2020, Antero Treatment LLC ("Antero Treatment"), a wholly owned subsidiary of the Company, filed suit against Veolia and Veolia North America in Denver County, Colorado, asserting claims of fraud, breach of contract, and other related claims. Antero Treatment alleges that Veolia failed to meet its contractual obligations to design and build a "turnkey" wastewater disposal facility under a Design/Build Agreement dated August 18, 2015 (the "DBA"), and that Veolia fraudulently concealed certain design flaws during contract negotiations and continued to conceal and fraudulently misrepresent the impact of certain design changes post-execution of the DBA. Antero Treatment is seeking damages from Veolia of at least $457 million, which represents the Company's recorded impairment of the idled Clearwater Facility. In the alternative, Antero Treatment sought rescission of the DBA and restitution of, at a minimum, the $230 million out-of-pocket costs paid to Veolia pursuant to the DBA. Antero Treatment also asserts related claims against Veolia North America, including equitable claims with respect to certain amounts Antero paid to Veolia North America.

On March 13, 2020, Veolia filed a separate suit against the Company, Antero Resources, and certain of the Company's wholly owned subsidiaries (collectively, the "Antero Defendants") in Denver County, Colorado. In its lawsuit, Veolia asserts breach of contract and equitable claims against the Antero Defendants for alleged failures under the DBA, including an allegation that the Antero Defendants improperly terminated the DBA to prevent Veolia from earning an approximate $26 million contract balance. The Antero Defendants vigorously deny Veolia's claims. Veolia seeks money damages in an amount not yet specified. Veolia's suit has been consolidated into the action filed by Antero Treatment.

On April 17, 2020, Veolia, Veolia North America, and the Antero Defendants each filed partial motions to dismiss directed at certain claims asserted by the opposing party. On July 23, 2020, the Court dismissed Veolia's equitable claims against the Antero Defendants and Antero Treatment's alternative claim for rescission against Veolia. All other claims remain part of the consolidated action. The case is set for trial beginning on November 29, 2021.

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 the 2019 Form 10-K and our Quarterly Report on Form 10-Q for the quarter ended March 31, 2020. There have been no material changes to the risks described in such reports. We may experience additional risks and uncertainties not currently known to us. Furthermore, as a result of developments occurring in the future, conditions that we currently deem to be immaterial may also materially and adversely affect us.

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

Issuer Purchases of Equity Securities

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

Period	Number of Common Shares Purchased[(1)]	Average Price Paid per Common Share	Total Number of Common Shares Purchased as Part of Publicly Announced Plans[(2)]	Approximate Value of Common Shares that May Yet be Purchased Under the Plan
July 1, 2020 – July 31, 2020	12,914	$ 5.76	—	$ 149,767,409
August 1, 2020 – August 31, 2020	—	—	—	N/A
September 1, 2020 – September 30, 2020	—	—	—	N/A
Total	12,914	$ 5.76	—	$ 149,767,409

(1) The total number of shares reflects shares transferred to us to satisfy tax withholding obligations incurred upon the vesting of equity awards held by our employees.

(2) In August 2019, the Company's Board of Directors authorized a $300 million share repurchase program. During the three months ended September 30, 2020, we made no repurchases under this program.

Item 6. Exhibits

Exhibit Number	Description of Exhibit
3.1	Certificate of Conversion of Antero Midstream Corporation, dated March 12, 2019 (incorporated by reference to Exhibit 3.2 to the Company's Current Report on Form 8-K (Commission File No. 001-38075) filed on March 12, 2019).
3.2	Certificate of Incorporation of Antero Midstream Corporation, dated March 12, 2019 (incorporated by reference to Exhibit 3.3 to the Company's Current Report on Form 8-K (Commission File No. 001-38075) filed on March 12, 2019).
3.3	Bylaws of Antero Midstream Corporation, dated March 12, 2019 (incorporated by reference to Exhibit 3.4 to the Company's Current Report on Form 8-K (Commission File No. 001-38075) filed on March 12, 2019).
3.4	Certificate of Designations of Antero Midstream Corporation, dated March 12, 2019 (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K (Commission File No. 001-38075) filed on March 12, 2019).
10.1*	Form of Retention Award Grant Notice and Retention Award Agreement under the Antero Midstream Corporation Long Term Incentive Plan (Employees).
31.1*	Certification of the Company's 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 Company's 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 Company's 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 Company's Chief Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. Section 1350).
99.1*	Unaudited pro forma condensed combined financial statements of Antero Midstream Corporation.
101*	The following financial information from this Quarterly Report on Form 10-Q of Antero Midstream Corporation for the quarter ended September 30, 2020, formatted in iXBRL (Inline eXtensible Business Reporting Language): (i) Condensed Consolidated Balance Sheets, (ii) Condensed Consolidated Statements of Operations and Comprehensive Income (Loss), (iii) Condensed Consolidated Statements of Partners' Capital and Stockholders' Equity, (iv) Condensed Consolidated Statements of Cash Flows, and (v) Notes to the Condensed Consolidated Financial Statements, tagged as blocks of text.
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).

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 CORPORATION

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

Date: October 28, 2020

Exhibit 10.1

ANTERO MIDSTREAM CORPORATION
LONG TERM INCENTIVE PLAN

RETENTION AWARD GRANT NOTICE

Pursuant to the terms and conditions of the Antero Midstream Corporation Long Term Incentive Plan, as amended from time to time (the "Plan"), Antero Midstream Corporation (the "Company") hereby grants to the individual listed below ("you" or the "Participant") the Cash Award (the "Retention Award") set forth below. This Retention Award (this "Award") is subject to the terms and conditions set forth herein and in the Retention Award Agreement attached hereto as Exhibit A (the "Agreement") and the Plan, each of which is incorporated herein by reference. Capitalized terms used but not defined herein shall have the meanings set forth in the Plan.

Participant:	[__________________]
Date of Grant:	[__________________]
Total Amount of the Retention Award:	[__________________]
Vesting Commencement Date:	[__________________]
Vesting Schedule:	[__________________]

By your signature below, you agree to be bound by the terms and conditions of the Plan, the Agreement and this Retention Award Grant Notice (this "Grant Notice"). You acknowledge that you have reviewed the Agreement, the Plan and this Grant Notice in their entirety and fully understand all provisions of the Agreement, the Plan and this Grant Notice. You hereby agree to accept as binding, conclusive and final all decisions or interpretations of the Committee regarding any questions or determinations arising under the Agreement, the Plan or this Grant Notice. This Grant Notice may be executed in one or more counterparts (including portable document format (.pdf) and facsimile counterparts), each of which shall be deemed to be an original, but all of which together shall constitute one and the same agreement.

[Remainder of Page Intentionally Blank;
Signature Page Follows]

IN WITNESS WHEREOF, the Company has caused this Grant Notice to be executed by an officer thereunto duly authorized, and the Participant has executed this Grant Notice, effective for all purposes as provided above.

ANTERO MIDSTREAM CORPORATION

By: ______________________________

Alvyn A. Schopp
Chief Administrative Officer and Regional Vice President

PARTICIPANT

____
[Name of Employee]

EXHIBIT A

RETENTION AWARD AGREEMENT

This Retention Award Agreement (this "Agreement") is made as of the Date of Grant set forth in the Grant Notice to which this Agreement is attached by and between Antero Midstream Corporation, a Delaware corporation (the "Company"), and [____________________] ("Employee"). Capitalized terms used but not specifically defined herein shall have the meanings specified in the Plan or the Grant Notice.

1. **Award**. In consideration of Employee's past and/or continued employment with, or service to, the Company or an Affiliate and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, effective as of the Date of Grant set forth in the Grant Notice (the "Date of Grant"), the Company hereby grants to Employee the Retention Award set forth in the Grant Notice on the terms and conditions set forth in the Grant Notice, this Agreement and the Plan, which is incorporated herein by reference as a part of this Agreement. In the event of any inconsistency between the Plan and this Agreement, the terms of the Plan shall control. Unless and until the Retention Award has become vested in the manner set forth in the Grant Notice, Employee will have no right to receive any payments in respect of the Retention Award. Prior to settlement of this Award, this Award represents an unsecured obligation of the Company, payable only from the general assets of the Company.

2. **Vesting of the Retention Award**.

(a) Except as otherwise set forth in this Section 2, the Retention Award shall vest in accordance with the vesting schedule set forth in the Grant Notice. In the event of the termination of Employee's employment prior to the vesting of all of the Retention Award (but after giving effect to any accelerated vesting pursuant to this Section 2), any unvested portion of the Retention Award will be forfeited without further notice and at no cost to the Company.

(b) [____________________]

(c) [____________________]

3. **Settlement of the Retention Award**. As soon as administratively practicable following the vesting of the Retention Award (or any portion thereof) pursuant to Section 2, but in no event later than 30 days after such vesting date, the Company shall deliver to Employee (or Employee's permitted transferee, if applicable) an amount in cash equal to the portion of the Retention Award that has become vested on the applicable vesting date. Neither this Section 3 nor any action taken pursuant to or in accordance with this Agreement shall be construed to create a trust or a funded or secured obligation of any kind.

4. **Tax Withholding**. The Company or any Affiliate may withhold and deduct from any payments made or to be made pursuant to this Agreement all federal, state, local and other taxes as the Company or any Affiliate deems to be required pursuant to any law, ordinance or governmental regulation or ruling.

5 . **Non-Transferability**. During the lifetime of Employee, the Retention Award may not be sold, pledged, assigned or transferred in any manner other than by will or the laws of descent and distribution, unless and until the cash underlying the Retention Award has been paid. Neither the Retention Award nor any interest or right therein shall be liable for the debts, contracts or engagements of Employee or his or her successors in interest or shall be subject to disposition by transfer, alienation, anticipation, pledge, encumbrance, assignment or any other means whether such disposition be voluntary or involuntary or by operation of law by judgment, levy, attachment, garnishment or any other legal or equitable proceedings (including bankruptcy), and any attempted disposition thereof shall be null and void and of no effect, except to the extent that such disposition is permitted by the preceding sentence.

6 . **Execution of Receipts and Releases**. Any payment of cash to Employee or Employee's legal representative, heir, legatee or distributee, in accordance with this Agreement shall be in full satisfaction of all claims of such person hereunder. As a condition precedent to such payment or issuance, the Company may require Employee or Employee's legal representative, heir, legatee or distributee to execute a release of claims and receipt therefor in such form as it shall determine appropriate; provided, however, that any review period under such release will not modify the date of settlement with respect to any vested portion of the Retention Award.

7. **No Right to Continued Employment or Awards**.

(a) For purposes of this Agreement, Employee shall be considered to be employed by the Company as long as Employee remains an employee of the Company, any Affiliate or Antero Resources Corporation, or an employee of a corporation or other entity (or a parent or subsidiary of such corporation or other entity) assuming or substituting a new award for this Award. Without limiting the scope of the preceding sentence, it is specifically provided that Employee shall be considered to have terminated employment with the Company at the time of the termination of the "Affiliate" status of the entity or other organization that employs Employee. Nothing in the adoption of the Plan, nor the Retention Award thereunder pursuant to the Grant Notice and this Agreement, shall confer upon Employee the right to continued employment by, or a continued service relationship with, the Company or any such Affiliate, or any other entity, or affect in any way the right of the Company or any such Affiliate, or any other entity to terminate such employment at any time. Unless otherwise provided in a written employment agreement or by applicable law, Employee's employment by the Company, or any such Affiliate, or any other entity shall be on an at-will basis, and the employment relationship may be terminated at any time by either Employee or the Company, or any such Affiliate, or other entity for any reason whatsoever, with or without cause or notice. Any question as to whether and when there has been a termination of such employment, and the cause of such termination, shall be determined by the Committee or its delegate, and such determination shall be final, conclusive and binding for all purposes.

(b) The grant of the Retention Award is a one-time benefit and does not create any contractual or other right to receive a grant of Awards or benefits in lieu of Awards in the future. Future Awards will be at the sole discretion of the Company.

8. **Notices**. Any notices or other communications provided for in this Agreement shall be sufficient if in writing. In the case of Employee, such notices or communications shall be effectively delivered if hand delivered to Employee at Employee's principal place of employment or if sent by registered or certified mail to Employee at the last address Employee has filed with the Company. In the case of the Company, such notices or communications shall be effectively delivered if sent by registered or certified mail to the Company at its principal executive offices.

9. **Agreement to Furnish Information**. Employee agrees to furnish to the Company all information requested by the Company to enable it to comply with any reporting or other requirement imposed upon the Company by or under any applicable statute or regulation.

10. **Entire Agreement; Amendment**. This Agreement constitutes the entire agreement of the parties with regard to the subject matter hereof, and contains all the covenants, promises, representations, warranties and agreements between the parties with respect to the Retention Award granted hereby; provided¸ however, that the terms of this Agreement shall not modify and shall be subject to the terms and conditions of any employment and/or severance agreement between the Company (or an Affiliate or other entity) and Employee in effect as of the date a determination is to be made under this Agreement. Without limiting the scope of the preceding sentence, except as provided therein, all prior understandings and agreements, if any, among the parties hereto relating to the subject matter hereof are hereby null and void and of no further force and effect. The Committee may, in its sole discretion, amend this Agreement from time to time in any manner that is not inconsistent with the Plan; provided, however, that except as otherwise provided in the Plan or this Agreement, any such amendment that materially reduces the rights of Employee shall be effective only if it is in writing and signed by both Employee and an authorized officer of the Company.

11. **Governing Law**. This Agreement shall be governed by, and construed in accordance with, the laws of the State of Delaware, without regard to conflicts of law principles thereof.

12. **Successors and Assigns**. The Company may assign any of its rights under this Agreement without Employee's consent. This Agreement will be binding upon and inure to the benefit of the successors and assigns of the Company. Subject to the restrictions on transfer set forth herein and in the Plan, this Agreement will be binding upon Employee and Employee's beneficiaries, executors, administrators and the person(s) to whom the Retention Award may be transferred by will or the laws of descent or distribution.

13. **Clawback**. Notwithstanding any provision in this Agreement, the Grant Notice or the Plan to the contrary, to the extent required by (a) applicable law, including, without limitation, the requirements of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, any SEC rule or any applicable securities exchange listing standards and/or (b) any policy that may be adopted or amended by the Board from time to time, all amounts paid hereunder shall be subject to forfeiture, repurchase, recoupment and/or cancellation to the extent necessary to comply with such law(s) and/or policy.

14. **Counterparts**. The Grant Notice may be executed in one or more counterparts, each of which shall be deemed an original and all of which together shall constitute one instrument.

Delivery of an executed counterpart of the Grant Notice by facsimile or pdf attachment to electronic mail shall be effective as delivery of a manually executed counterpart of the Grant Notice.

15. **Severability**. If a court of competent jurisdiction determines that any provision of this Agreement is invalid or unenforceable, then the invalidity or unenforceability of such provision shall not affect the validity or enforceability of any other provision of this Agreement, and all other provisions shall remain in full force and effect.

16. **Nonqualified Deferred Compensation Rules**. None of the Retention Award or any amounts payable pursuant to this Agreement are intended to constitute or provide for a deferral of compensation that is subject to the Nonqualified Deferred Compensation Rules. Nevertheless, to the extent that the Committee determines that the Retention Award may not be exempt from the Nonqualified Deferred Compensation Rules, then, if Employee is deemed to be a "specified employee" within the meaning of the Nonqualified Deferred Compensation Rules, as determined by the Committee, at a time when Employee becomes eligible for settlement of the Retention Award upon Employee's "separation from service" within the meaning of the Nonqualified Deferred Compensation Rules, then to the extent necessary to prevent any accelerated or additional tax under the Nonqualified Deferred Compensation Rules, such settlement will be delayed until the earlier of: (a) the date that is six months following Employee's separation from service and (b) Employee's death. Notwithstanding the foregoing, the Company makes no representations that the payments provided under this Agreement are exempt from or compliant with the Nonqualified Deferred Compensation Rules and in no event shall the Company be liable for all or any portion of any taxes, penalties, interest or other expenses that may be incurred by Employee on account of non-compliance with the Nonqualified Deferred Compensation Rules.

[Remainder of Page Intentionally Blank]

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 Corporation, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2020 of Antero Midstream Corporation (the "registrant");

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

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

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

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

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

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

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

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

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

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

Date: October 28, 2020

/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 Corporation, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2020 of Antero Midstream Corporation (the "registrant");

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

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

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

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

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

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

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

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

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

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

Date: October 28, 2020

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

Exhibit 32.1

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

In connection with this Quarterly Report on Form 10-Q of Antero Midstream Corporation for the quarter ended September 30, 2020, I, Paul M. Rady, Chief Executive Officer of Antero Midstream Corporation, hereby certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

1. This Quarterly Report on Form 10-Q for the quarter ended September 30, 2020 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in this Quarterly Report on Form 10-Q for the quarter ended September 30, 2020 fairly presents, in all material respects, the financial condition and results of operations of Antero Midstream Corporation for the periods presented therein.

Date: October 28, 2020

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

Exhibit 32.2

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

In connection with this Quarterly Report on Form 10-Q of Antero Midstream Corporation for the quarter ended September 30, 2020, I, Michael N. Kennedy, Chief Financial Officer of Antero Midstream Corporation, hereby certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

1. This Quarterly Report on Form 10-Q for the quarter ended September 30, 2020 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in this Quarterly Report on Form 10-Q for the quarter ended September 30, 2020 fairly presents, in all material respects, the financial condition and results of operations of Antero Midstream Corporation for the periods presented therein.

Date: October 28, 2020

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

UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL STATEMENTS

Set forth below are the unaudited pro forma condensed combined statements of operations and comprehensive income (loss) of Antero Midstream Corporation for the nine months ended September 30, 2019. The unaudited pro forma condensed combined financial statements for the nine months ended September 30, 2019 have been derived from (i) the unaudited condensed consolidated financial statements of Antero Midstream Corporation for the nine months ended September 30, 2019 and (ii) the unaudited condensed consolidated financial statements of Antero Midstream Partners LP ("Antero Midstream Partners") for the period from January 1, 2019 through March 12, 2019, adjusted to reflect the acquisition of Antero Midstream Partners by Antero Midstream GP LP ("AMGP").

On March 12, 2019, pursuant to that certain Simplification Agreement, dated October 9, 2018 (the "Simplification Agreement"), (i) AMGP converted from a limited partnership to a corporation under the laws of the State of Delaware (the "Conversion") and changed its name to Antero Midstream Corporation, (ii) a wholly owned subsidiary of Antero Midstream Corporation merged with and into Antero Midstream Partners, with Antero Midstream Partners surviving such merger as an indirect, wholly owned subsidiary of Antero Midstream Corporation (the "Merger") and (iii) Antero Midstream Corporation exchanged each issued and outstanding Series B Unit (each, a "Series B Unit") representing a membership interest in Antero IDR Holdings LLC ("IDR Holdings") for 176.0041 shares of Antero Midstream Corporation common stock (the "Series B Exchange" and, together with the Conversion, the Merger and the other transactions contemplated by the Simplification Agreement, the "Transactions"). As a result of the Transactions, Antero Midstream Partners became and is now a wholly owned subsidiary of Antero Midstream Corporation and former shareholders of AMGP, unitholders of Antero Midstream Partners, including Antero Resources Corporation ("Antero Resources"), and holders of Series B Units became owners of Antero Midstream Corporation's common stock ("Antero Midstream Corporation Common Stock").

As discussed further in the notes to the unaudited pro forma condensed combined financial statements, the Transactions include:

- the issuance by Antero Midstream Corporation of one share of Antero Midstream Corporation Common Stock for each outstanding common share representing limited partner interests in AMGP (each, an "AMGP Common Share") outstanding immediately prior to the Conversion;
- the issuance by Antero Midstream Corporation of 10,000 shares of Series A Non-Voting Perpetual Preferred Stock of Antero Midstream Corporation (the "Antero Midstream Corporation Preferred Stock") to Antero Midstream Preferred Co LLC, a wholly owned subsidiary of AMGP ("Preferred Co"), for consideration of $0.01 per share;
- the issuance by Antero Midstream Corporation of approximately 158.4 million shares of Antero Midstream Corporation Common Stock in exchange for all the common units representing limited partner interests in Antero Midstream Partners (the "Antero Midstream Common Units") held by Antero Resources, based on the $3.00 in cash and 1.6023 shares of Antero Midstream Corporation Common Stock for each Antero Midstream Common Unit held that Antero Resources received;
- the issuance by Antero Midstream Corporation of approximately 144.6 million shares of Antero Midstream Corporation Common Stock in exchange for all Antero Midstream Common Units held by the unitholders of Antero Midstream Partners other than Antero Resources (the "Antero Midstream Public Unitholders"), based on the $3.415 in cash and 1.6350 shares of Antero Midstream Corporation Common Stock for each Antero Midstream Common Unit held that Antero Midstream Public Unitholders received;
- the issuance by Antero Midstream Corporation of approximately 17.35 million shares of Antero Midstream Corporation Common Stock in exchange for all Series B Units in the Series B Exchange;
- the payment of cash consideration of approximately $599 million from borrowings under Antero Midstream Partners' revolving credit facility; and
- the elimination of the burden of Antero Midstream Partners' incentive distribution rights.

No effect was given to the conversion of phantom unit awards outstanding under Antero Midstream Partners' long-term incentive plan, which awards were converted into restricted stock units of Antero Midstream Corporation, with substantially the same terms and conditions (including with respect to vesting) applicable to such Antero Midstream Partners phantom unit award. The issuance of Antero Midstream Corporation Common Stock for unvested Series B Units resulted in an additional charge to equity-based compensation expense from the date of the completion of the Transactions through December 31, 2019 in the amount of $31 million, which was amortized over the period from March 13, 2019 to December 31, 2019.

AMGP was the sole member of Antero Midstream Partners GP LLC, the general partner of Antero Midstream Partners, and also controlled the incentive distribution rights in Antero Midstream Partners through its ownership interest in IDR Holdings (subject to the rights of the holders of Series B Units to receive distributions in respect of their Series B Units). As a result of the Merger, Antero Midstream Partners became an indirect, wholly owned subsidiary of Antero Midstream Corporation, and former Antero Midstream Partners unitholders now collectively own a majority of the outstanding Antero Midstream Corporation Common Stock. The unaudited pro forma condensed combined financial statements should be read in conjunction with the unaudited consolidated financial statements and related notes included in Antero Midstream Corporation's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2020 as filed with the Securities and Exchange Commission.

The unaudited pro forma condensed combined financial statements were prepared as if the Transactions had occurred on January1, 2019. We derived the following unaudited pro forma condensed combined financial statements by applying pro forma adjustments to the historical unaudited consolidated financial statements of Antero Midstream Corporation for the nine months ended September 30, 2019. The Transactions have been accounted for as a business combination under ASC 805, *Business Combinations.*

The pro forma adjustments are based upon currently available information and certain estimates and assumptions; therefore, actual results may differ from the pro forma adjustments. We believe, however, that the assumptions provide a reasonable basis for presenting the significant effects of the Transactions and are factually supportable, directly attributable and are expected to have a continuing impact on Antero Midstream Corporation's profit and loss and that the pro forma adjustments give appropriate effect to management's assumptions and are properly applied in the unaudited pro forma condensed combined financial statements. The notes to the unaudited pro forma condensed combined financial statements provide a detailed discussion of how such adjustments were derived and presented in the unaudited pro forma condensed combined financial statements.

The unaudited pro forma condensed combined financial statements are presented for informational purposes only. The unaudited pro forma condensed combined financial statements do not purport to represent what the results of operations or financial condition would have been had the transactions to which the pro forma adjustments relate actually occurred on the dates indicated and they do not purport to project the results of operations or financial condition for any future period or as of any future date.

ANTERO MIDSTREAM CORPORATION

Unaudited Pro Forma Condensed Combined Statement of Operations and Comprehensive Income (Loss)

For the Nine Months Ended September 30, 2019

(In thousands, except per share amounts)

	Antero Midstream Corporation	Antero Midstream Partners LP (h)	Pro Forma Adjustments	Pro Forma Antero Midstream Corporation
Revenues:				
Gathering and compression–Antero Resources	$ 378,178	124,773	—	502,951
Water handling and treatment–Antero Resources	214,471	93,537	—	308,008
Water handling and treatment–third party	50	51	—	101
Amortization of customer relationships	(39,178)	—	(14,095)(a)	(53,273)
Total revenues	553,521	218,361	(14,095)	757,787
Operating expenses:				
Direct operating	140,788	64,818	—	205,606
General and administrative (excluding equity-based compensation)	31,931	16,316	(15,345)(g)	32,902
Facility idling	1,512	—	—	1,512
Equity-based compensation	53,095	2,477	—	55,572
Impairment of property and equipment	408,442	6,982	—	415,424
Impairment of goodwill	43,759	—	—	43,759
Impairment of customer relationships	5,871	—	—	5,871
Depreciation	68,557	21,707	2,742 (b)	93,006
Accretion and change in fair value of contingent acquisition consideration	5,323	1,928	—	7,251
Accretion of asset retirement obligations	133	63	—	196
Total operating expenses	759,411	114,291	(12,603)	861,099
Operating income (loss)	(205,890)	104,070	(1,492)	(103,312)
Other income (expenses):				
Interest expense, net	(73,872)	(16,815)	(3,301)(c)	(93,988)
Equity in earnings of unconsolidated affiliates	34,981	12,264	(1,340)(d)	45,905
Income (loss) before income taxes	(244,781)	99,519	(6,133)	(151,395)
Provision for income tax benefit (expense)	34,226	—	(23,347)(e)	10,879
Net income (loss) and comprehensive income (loss)	$ (210,555)	99,519	(29,480)	(140,516)
Net loss per common share–basic	$ (0.50)			(0.28)
Net loss per common share–diluted	$ (0.50)			(0.28)
Weighted average number of common shares outstanding–basic	423,296		83,123 (f)	506,419
Weighted average number of common shares outstanding–diluted	423,296		83,123 (f)	506,419

See accompanying notes to the unaudited pro forma condensed combined financial statements.

(1) Basis of Presentation

The unaudited pro forma condensed combined financial statements were prepared as if the Transactions had occurred as of January 1, 2019. The Transactions have been accounted for as an acquisition by AMGP of Antero Midstream Partners under ASC 805, *Business Combinations*, and accounted for as a business combination, with the assumed assets and liabilities of Antero Midstream Partners recorded at fair value. Dividends related to the Series A Non-Voting Preferred Stock are considered to be de minimis to the net income per common share calculations and, therefore, are not reflected in the pro forma adjustments.

(2) Pro Forma Adjustments and Assumptions

(a) Adjustment reflects the amortization of the customer relationships intangible asset.

(b) Adjustment reflects additional depreciation expense related to the fair value adjustment to property and equipment.

(c) Adjustment reflects additional interest expense due to the increase of $599 million in outstanding indebtedness, assuming an effective interest rate of 3.8%, and the amortization of the fair value adjustment to long-term debt.

(d) Adjustment reflects a reduction in equity in earnings of affiliates for the amortization of the customer relationship intangible assets and depreciation related to the fair value adjustments to property and equipment, inherent within the fair value adjustment to investments in unconsolidated affiliates.

(e) Adjustment reflects an increase in income taxes resulting from the adjusted combined pro forma pre-tax income, adjusted for the effects of permanent book to tax differences, based on the estimated blended federal and state statutory tax rate of approximately 25% for year ended December 31, 2019. The pro forma adjustments to income taxes are treated as deferred income tax expense as the tax treatment of the Transactions results in an increase in the depreciable and amortizable basis in Antero Midstream Partners' assets for tax purposes.

(f) Adjustment reflects the issuance of approximately 186.2 million shares of Antero Midstream Corporation Common Stock in connection with the Conversion and the issuance of approximately 303.1 million shares of Antero Midstream Corporation Common Stock.

(g) Adjustment reflects a reduction to general and administrative expenses for expenses of the Transactions charged to expense.

(h) Reflects results of Antero Midstream Partners for the period from January 1, 2019 to March 12, 2019.