
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended September 30, 2016

OR

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

For the transition period from _____ to _____

Commission file number: 001-36120

ANTERO RESOURCES CORPORATION

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

80-0162034
(IRS Employer Identification No.)

1615 Wynkoop Street
Denver, Colorado
(Address of principal executive offices)

80202
(Zip Code)

(303) 357-7310

(Registrant's telephone number, including area code)

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

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

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

Large accelerated filer

Accelerated filer

Non-accelerated filer
(Do not check if a smaller reporting company)

Smaller reporting company

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

The registrant had 313,937,299 shares of common stock outstanding as of October 21, 2016.

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CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

The information in this report includes “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended, 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. When used, the words “could,” “believe,” “anticipate,” “intend,” “estimate,” “expect,” “project” and similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain such identifying words. These forward-looking statements are based on our current expectations and assumptions about future events and are based on currently available information as to the outcome and timing of future events. When considering forward-looking statements, you should keep in mind the risk factors and other cautionary statements described under the heading “Item 1A. Risk Factors” in our Annual Report on Form 10-K for the year ended December 31, 2015 (our “2015 Form 10-K”) on file with the Securities and Exchange Commission (the “SEC”) and in “Item 1A. Risk Factors” of this Quarterly Report on Form 10-Q.

Forward-looking statements may include statements about our:

- ability to successfully integrate the properties recently acquired from a third party with our own assets and realize the anticipated benefits of the transaction;
- business strategy;
- reserves;
- financial strategy, liquidity, and capital required for our development program;
- natural gas, natural gas liquids (“NGLs”), and oil prices;
- timing and amount of future production of natural gas, NGLs, and oil;
- hedging strategy and results;
- ability to meet our minimum volume commitments and to utilize or monetize our firm transportation commitments;
- future drilling plans;
- competition and government regulations;
- pending legal or environmental matters;
- marketing of natural gas, NGLs, and oil;
- leasehold or business acquisitions;
- costs of developing our properties;
- operations of Antero Midstream Partners LP;
- general economic conditions;
- credit markets;
- uncertainty regarding our future operating results; and

- plans, objectives, expectations, and intentions.

We caution you that these forward-looking statements are subject to all of the risks and uncertainties, most of which are difficult to predict and many of which are beyond our control, incident to the exploration for and development, production, gathering, processing, transportation, and sale of natural gas, NGLs, and oil. These risks include, but are not limited to, commodity price volatility and continued low commodity prices, inflation, lack of availability of drilling and production equipment and services, environmental risks, drilling and other operating risks, marketing and transportation risks, regulatory changes, the uncertainty inherent in estimating natural gas, NGLs, and oil reserves and in projecting future rates of production, cash flow and access to capital, the timing of development expenditures, and the other risks described under the heading “Item 1A. Risk Factors” in our 2015 Form 10-K on file with the SEC and in “Item 1A. Risk Factors” of this Quarterly Report on Form 10-Q.

Reserve engineering is a process of estimating underground accumulations of natural gas, NGLs, and oil that cannot be measured in an exact manner. The accuracy of any reserve estimate depends on the quality of available data, the interpretation of such data, and price and cost assumptions made by reservoir engineers. In addition, the results of drilling, testing, and production activities, or changes in commodity prices, may justify revisions of estimates that were made previously. If significant, such revisions would change the schedule of any further production and development drilling. Accordingly, reserve estimates may differ significantly from the quantities of natural gas, NGLs, and oil that are ultimately recovered.

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

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

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

PART I—FINANCIAL INFORMATION
ANTERO RESOURCES CORPORATION
Condensed Consolidated Balance Sheets
December 31, 2015 and September 30, 2016
(Unaudited)
(In thousands, except per share amounts)

	December 31, 2015	September 30, 2016
Assets		
Current assets:		
Cash and cash equivalents	\$ 23,473	18,512
Accounts receivable, net of allowance for doubtful accounts of \$1,195 in 2015 and 2016	79,404	59,462
Accrued revenue	128,242	196,490
Derivative instruments	1,009,030	417,605
Other current assets	8,087	3,402
Total current assets	<u>1,248,236</u>	<u>695,471</u>
Property and equipment:		
Natural gas properties, at cost (successful efforts method):		
Unproved properties	1,996,081	2,449,995
Proved properties	8,211,106	9,180,705
Water handling and treatment systems	565,616	681,062
Gathering systems and facilities	1,502,396	1,656,676
Other property and equipment	46,415	45,571
	<u>12,321,614</u>	<u>14,014,009</u>
Less accumulated depletion, depreciation, and amortization	<u>(1,589,372)</u>	<u>(2,176,793)</u>
Property and equipment, net	<u>10,732,242</u>	<u>11,837,216</u>
Derivative instruments	2,108,450	2,015,090
Other assets	26,565	81,476
Total assets	<u>\$ 14,115,493</u>	<u>14,629,253</u>
Liabilities and Equity		
Current liabilities:		
Accounts payable	\$ 364,160	172,293
Accrued liabilities	194,076	245,174
Revenue distributions payable	129,949	172,202
Derivative instruments	—	3,110
Other current liabilities	19,085	19,125
Total current liabilities	<u>707,270</u>	<u>611,904</u>
Long-term liabilities:		
Long-term debt	4,668,782	4,759,904
Deferred income tax liability	1,370,686	1,215,240
Derivative instruments	—	40
Other liabilities	82,077	61,883
Total liabilities	<u>6,828,815</u>	<u>6,648,971</u>
Commitments and contingencies (notes 9 and 13)		
Equity:		
Stockholders' equity:		
Preferred stock, \$0.01 par value; authorized - 50,000 shares; none issued	—	—
Common stock, \$0.01 par value; authorized - 1,000,000 shares; issued and outstanding 277,036 shares and 307,188 shares, respectively	2,770	3,072
Additional paid-in capital	4,122,811	5,131,909
Accumulated earnings	1,808,811	1,445,767
Total stockholders' equity	<u>5,934,392</u>	<u>6,580,748</u>
Noncontrolling interest in consolidated subsidiary	1,352,286	1,399,534
Total equity	<u>7,286,678</u>	<u>7,980,282</u>
Total liabilities and equity	<u>\$ 14,115,493</u>	<u>14,629,253</u>

See accompanying notes to condensed consolidated financial statements.

ANTERO RESOURCES CORPORATION
Condensed Consolidated Statements of Operations and Comprehensive Income
Three Months Ended September 30, 2015 and 2016
(Unaudited)
(In thousands, except per share amounts)

	Three Months Ended September 30,	
	2015	2016
Revenue:		
Natural gas sales	\$ 253,975	364,373
Natural gas liquids sales	50,092	106,958
Oil sales	20,138	14,793
Gathering, compression, and water handling and treatment	4,426	2,969
Marketing	35,633	97,076
Commodity derivative fair value gains	1,079,071	530,334
Total revenue	<u>1,443,335</u>	<u>1,116,503</u>
Operating expenses:		
Lease operating	10,786	13,854
Gathering, compression, processing, and transportation	160,302	234,915
Production and ad valorem taxes	10,721	15,554
Marketing	61,799	114,611
Exploration	1,087	1,166
Impairment of unproved properties	8,754	11,753
Depletion, depreciation, and amortization	188,667	199,113
Accretion of asset retirement obligations	419	628
General and administrative (including equity-based compensation expense of \$23,915 and \$26,381 in 2015 and 2016, respectively)	59,685	57,577
Total operating expenses	<u>502,220</u>	<u>649,171</u>
Operating income	<u>941,115</u>	<u>467,332</u>
Other income (expenses):		
Equity in earnings of unconsolidated affiliate	—	1,543
Interest	(60,921)	(59,755)
Total other expenses	<u>(60,921)</u>	<u>(58,212)</u>
Income before income taxes	880,194	409,120
Provision for income tax expense	(335,460)	(140,924)
Net income and comprehensive income including noncontrolling interest	544,734	268,196
Net income and comprehensive income attributable to noncontrolling interest	10,892	29,941
Net income and comprehensive income attributable to Antero Resources Corporation	<u>\$ 533,842</u>	<u>238,255</u>
Earnings per common share—basic	\$ 1.93	0.78
Earnings per common share—assuming dilution	\$ 1.93	0.77
Weighted average number of shares outstanding:		
Basic	277,007	306,785
Diluted	277,015	308,657

See accompanying notes to condensed consolidated financial statements.

ANTERO RESOURCES CORPORATION
 Condensed Consolidated Statements of Operations and Comprehensive Income (Loss)
 Nine Months Ended September 30, 2015 and 2016
 (Unaudited)
 (In thousands, except per share amounts)

	Nine Months Ended September 30,	
	2015	2016
Revenue:		
Natural gas sales	\$ 810,982	848,936
Natural gas liquids sales	188,403	274,736
Oil sales	55,627	41,712
Gathering, compression, and water handling and treatment	15,084	10,107
Marketing	143,242	287,194
Commodity derivative fair value gains	1,836,398	125,624
Total revenue	<u>3,049,736</u>	<u>1,588,309</u>
Operating expenses:		
Lease operating	25,561	37,190
Gathering, compression, processing, and transportation	490,633	649,713
Production and ad valorem taxes	57,458	52,296
Marketing	214,201	378,521
Exploration	3,086	3,289
Impairment of unproved properties	43,670	47,223
Depletion, depreciation, and amortization	548,013	588,057
Accretion of asset retirement obligations	1,227	1,846
General and administrative (including equity-based compensation expense of \$79,280 and \$75,667 in 2015 and 2016, respectively)	177,925	173,966
Contract termination and rig stacking	10,902	—
Total operating expenses	<u>1,572,676</u>	<u>1,932,101</u>
Operating income (loss)	<u>1,477,060</u>	<u>(343,792)</u>
Other income (expenses):		
Equity in earnings of unconsolidated affiliate	—	2,027
Interest	(173,929)	(185,634)
Total other expenses	<u>(173,929)</u>	<u>(183,607)</u>
Income (loss) before income taxes	1,303,131	(527,399)
Provision for income tax (expense) benefit	(498,709)	230,755
Net income (loss) and comprehensive income (loss) including noncontrolling interest	804,422	(296,644)
Net income and comprehensive income attributable to noncontrolling interest	21,522	66,400
Net income (loss) and comprehensive income (loss) attributable to Antero Resources Corporation	<u>\$ 782,900</u>	<u>(363,044)</u>
Earnings (loss) per common share—basic	\$ 2.87	(1.26)
Earnings (loss) per common share—assuming dilution	\$ 2.87	(1.26)
Weighted average number of shares outstanding:		
Basic	273,145	288,607
Diluted	273,154	288,607

See accompanying notes to condensed consolidated financial statements.

ANTERO RESOURCES CORPORATION
Condensed Consolidated Statements of Equity
Nine Months Ended September 30, 2016
(Unaudited)
(In thousands)

	Common Stock		Additional paid- in capital	Accumulated earnings	Noncontrolling interest	Total equity
	Shares	Amount				
Balances, December 31, 2015	277,036	\$ 2,770	4,122,811	1,808,811	1,352,286	7,286,678
Issuance of common stock in public offering, net of offering costs	29,762	298	837,116	—	—	837,414
Issuance of common stock upon vesting of equity-based compensation awards, net of shares withheld for income taxes	390	4	(4,863)	—	—	(4,859)
Issuance of common units by Antero Midstream Partners LP, net of offering costs	—	—	—	—	19,605	19,605
Issuance of common units in Antero Midstream Partners LP upon vesting of equity-based compensation awards, net of units withheld for income taxes	—	—	(158)	—	141	(17)
Sale of common units of Antero Midstream Partners LP held by Antero Resources Corporation, net of tax	—	—	107,257	—	6,419	113,676
Equity-based compensation	—	—	69,746	—	5,921	75,667
Net income (loss) and comprehensive income (loss)	—	—	—	(363,044)	66,400	(296,644)
Distributions to noncontrolling interests	—	—	—	—	(51,238)	(51,238)
Balances, September 30, 2016	<u>307,188</u>	<u>\$ 3,072</u>	<u>5,131,909</u>	<u>1,445,767</u>	<u>1,399,534</u>	<u>7,980,282</u>

See accompanying notes to condensed consolidated financial statements.

ANTERO RESOURCES CORPORATION
Condensed Consolidated Statements of Cash Flows
Nine Months Ended September 30, 2015 and 2016
(Unaudited)
(In thousands)

	Nine Months Ended September 30,	
	2015	2016
Cash flows from operating activities:		
Net income (loss) including noncontrolling interest	\$ 804,422	(296,644)
Adjustment to reconcile net income to net cash provided by operating activities:		
Depletion, depreciation, amortization, and accretion	549,240	589,903
Impairment of unproved properties	43,670	47,223
Derivative fair value gains	(1,836,398)	(125,624)
Gains on settled derivatives	586,639	813,559
Deferred income tax expense (benefit)	498,709	(230,755)
Equity-based compensation expense	79,280	75,667
Equity in earnings of unconsolidated affiliate	—	(2,027)
Other	12,129	(1,544)
Changes in current assets and liabilities:		
Accounts receivable	15,299	10,077
Accrued revenue	75,765	(68,248)
Other current assets	4,127	4,685
Accounts payable	(1,302)	(7,415)
Accrued liabilities	34,091	54,484
Revenue distributions payable	(20,839)	42,253
Other current liabilities	(3,678)	103
Net cash provided by operating activities	<u>841,154</u>	<u>905,697</u>
Cash flows used in investing activities:		
Additions to proved properties	—	(64,789)
Additions to unproved properties	(170,291)	(559,572)
Drilling and completion costs	(1,350,498)	(1,009,851)
Additions to water handling and treatment systems	(79,227)	(137,355)
Additions to gathering systems and facilities	(282,813)	(154,136)
Additions to other property and equipment	(5,225)	(1,747)
Investment in unconsolidated affiliate	—	(45,044)
Change in other assets	11,190	(2,173)
Proceeds from asset sales	40,000	—
Net cash used in investing activities	<u>(1,836,864)</u>	<u>(1,974,667)</u>
Cash flows from financing activities:		
Issuance of common stock	537,832	837,414
Issuance of common units by Antero Midstream Partners LP	240,972	19,605
Proceeds from sale of common units of Antero Midstream Partners LP held by Antero Resources Corporation	—	178,000
Issuance of senior notes	750,000	650,000
Repayments on bank credit facilities, net	(705,000)	(552,000)
Payments of deferred financing costs	(17,190)	(9,029)
Distributions to noncontrolling interest in consolidated subsidiary	(21,358)	(51,238)
Employee tax withholding for settlement of equity compensation awards	(4,554)	(4,876)
Other	(3,561)	(3,867)
Net cash provided by financing activities	<u>777,141</u>	<u>1,064,009</u>
Net decrease in cash and cash equivalents	<u>(218,569)</u>	<u>(4,961)</u>
Cash and cash equivalents, beginning of period	245,979	23,473
Cash and cash equivalents, end of period	<u>\$ 27,410</u>	<u>18,512</u>
Supplemental disclosure of cash flow information:		
Cash paid during the period for interest	\$ 116,579	132,928
Supplemental disclosure of noncash investing activities:		
Decrease in accounts payable and accrued liabilities for additions to property and equipment	\$ (193,288)	(189,234)

See accompanying notes to condensed consolidated financial statements.

ANTERO RESOURCES CORPORATION

Notes to Condensed Consolidated Financial Statements

December 31, 2015 and September 30, 2016

(1) Organization

(a) Business and Organization

Antero Resources Corporation (individually referred to as “Antero”) and its consolidated subsidiaries (collectively referred to as the “Company”) are engaged in the exploration, development, and acquisition of natural gas, NGLs, and oil properties in the Appalachian Basin in West Virginia, Ohio, and Pennsylvania. The Company targets large, repeatable resource plays where horizontal drilling and advanced fracture stimulation technologies provide the means to economically develop and produce natural gas, NGLs, and oil from unconventional formations. Through its consolidated subsidiary, Antero Midstream Partners LP, a publicly-traded limited partnership (“Antero Midstream” or “the Partnership”), the Company has water handling and treatment operations and gathering and compression operations in the Appalachian Basin. The Company’s corporate headquarters are located in Denver, Colorado.

(2) Summary of Significant Accounting Policies

(a) Basis of Presentation

These condensed consolidated financial statements have been prepared pursuant to the rules and regulations of the SEC applicable to interim financial information and should be read in the context of the December 31, 2015 consolidated financial statements and notes thereto for a more complete understanding of the Company’s operations, financial position, and accounting policies. The December 31, 2015 consolidated financial statements have been filed with the SEC in the Company’s 2015 Form 10-K.

The accompanying 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, the accompanying 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, 2015 and September 30, 2016, the results of its operations for the three and nine months ended September 30, 2015 and 2016, and its cash flows for the nine months ended September 30, 2015 and 2016. The Company has no items of other comprehensive income or loss; therefore, its net income or loss is identical to its comprehensive income or loss. Operating results for the period ended September 30, 2016 are not necessarily indicative of the results that may be expected for the full year because of the impact of fluctuations in prices received for natural gas, NGLs, and oil, natural production declines, the uncertainty of exploration and development drilling results, fluctuations in the fair value of derivative instruments, and other factors.

The Company’s exploration and production activities are accounted for under the successful efforts method.

As of the date these financial statements were filed with the SEC, the Company completed its evaluation of potential subsequent events for disclosure and no items requiring disclosure were identified except for the following items:

- On October 7, 2016, the Company issued 6,730,769 shares of the Company’s common stock in a private placement, resulting in gross proceeds of approximately \$175 million. The Company used the proceeds to repay a portion of outstanding borrowings under its revolving credit facility and for general corporate purposes.
- On October 12, 2016, Antero Midstream declared a distribution of \$0.265 per unit that will be paid in November 2016.
- As discussed in note 4(a), in October 2016 the borrowing base under the Company’s revolving credit facility was increased from \$4.5 billion to \$4.75 billion.

(b) Principles of Consolidation

The accompanying condensed consolidated financial statements include the accounts of Antero, its wholly-owned subsidiaries, any entities in which the Company owns a controlling interest, and variable interest entities for which the Company is the primary beneficiary. The Company consolidates Antero Midstream as it determined that it is the primary beneficiary based on its significant ownership interest in Antero Midstream, the significance of the Company’s activities to

ANTERO RESOURCES CORPORATION

Notes to Condensed Consolidated Financial Statements

December 31, 2015 and September 30, 2016

Antero Midstream, and its influence over Antero Midstream through the presence of Company executives and directors that serve on the board of directors of Antero Midstream's general partner. All significant intercompany accounts and transactions have been eliminated in the Company's condensed consolidated financial statements. Noncontrolling interest in the Company's condensed consolidated financial statements represents the interests in Antero Midstream which are owned by the public and Antero Midstream's general partner. An affiliate of the Company owns the general partner interest in Antero Midstream. Noncontrolling interest is included as a component of equity in the Company's condensed consolidated balance sheets.

Investments in entities for which the Company exercises significant influence, but not control, are accounted for under the equity method. Such investments are included in other assets on the Company's condensed consolidated balance sheets. Income from such investments is included in equity in earnings of unconsolidated affiliate on the Company's condensed consolidated statements of operations and cash flows.

(c) Use of Estimates

The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, as well as the reported amounts of revenues and expenses during the reporting period. Changes in facts and circumstances or discovery of new information may result in revised estimates, and actual results could differ from those estimates.

The Company's condensed consolidated financial statements are based on a number of significant estimates including estimates of natural gas, NGLs, and oil reserve quantities, which are the basis for the calculation of depletion and impairment of oil and gas properties. Reserve estimates by their nature are inherently imprecise. Other items in the Company's consolidated financial statements which involve the use of significant estimates include derivative assets and liabilities, accrued revenue, deferred income taxes, equity-based compensation, asset retirement obligations, depreciation, amortization, and commitments and contingencies.

(d) Risks and Uncertainties

Historically, the markets for natural gas, NGLs, and oil have experienced significant price fluctuations. Price fluctuations can result from variations in weather, regional levels of production, availability of transportation capacity to other regions of the country, and various other factors. Increases or decreases in the prices the Company receives for its production could have a significant impact on the Company's future results of operations and reserve quantities.

(e) Derivative Financial Instruments

In order to manage its exposure to natural gas, NGLs, and oil price volatility, the Company enters into derivative transactions from time to time, which may include commodity swap agreements, basis swap agreements, collar agreements, and other similar agreements related to the price risk associated with a portion of the Company's production. To the extent legal right of offset exists with a counterparty, the Company reports derivative assets and liabilities on a net basis. The Company has exposure to credit risk to the extent that the counterparty is unable to satisfy its settlement obligations. The Company actively monitors the creditworthiness of counterparties and assesses the impact, if any, on its derivative position.

The Company records derivative instruments on the condensed consolidated balance sheets as either an asset or liability measured at fair value and records changes in the fair value of derivatives in current earnings as they occur. Changes in the fair value of commodity derivatives, including gains or losses on settled derivatives, are classified as revenues on the Company's condensed consolidated statements of operations. The Company's derivatives have not been designated as hedges for accounting purposes.

ANTERO RESOURCES CORPORATION

Notes to Condensed Consolidated Financial Statements

December 31, 2015 and September 30, 2016

(f) Industry Segments and Geographic Information

Management has evaluated how the Company is organized and managed and has identified the following segments: (1) the exploration and production of natural gas, NGLs, and oil; (2) gathering and compression; (3) water handling and treatment; and (4) marketing of excess firm transportation capacity.

All of the Company's assets are located in the United States and substantially all of its production revenues are attributable to customers located in the United States.

(g) Earnings (Loss) per Common Share

Earnings (loss) per common share—basic for each period is computed by dividing net income (loss) attributable to Antero by the basic weighted average number of shares outstanding during such period. Earnings (loss) per common share—assuming dilution for each period is computed 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 antidilutive. The following is a reconciliation of the Company's basic weighted average shares outstanding to diluted weighted average shares outstanding during the periods presented (in thousands):

	Three months ended September 30,		Nine months ended September 30,	
	2015	2016	2015	2016
Basic weighted average number of shares outstanding	277,007	306,785	273,145	288,607
Add: Dilutive effect of non-vested restricted stock units	8	1,835	9	—
Add: Dilutive effect of outstanding stock options	—	—	—	—
Add: Dilutive effect of performance stock units	—	37	—	—
Diluted weighted average number of shares outstanding	277,015	308,657	273,154	288,607
Weighted average number of outstanding equity awards excluded from calculation of diluted earnings per common share(1):				
Non-vested restricted stock and restricted stock units	2,483	1,251	2,240	6,899
Outstanding stock options	743	693	492	706
Performance stock units	—	660	—	577

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

(h) Adoption of New Accounting Principle

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

As permitted by this standard, the Company has elected to account for forfeitures in compensation cost as they occur. This standard also permits an entity to withhold income taxes upon settlement of equity-classified awards at up to the maximum statutory tax rate and requires that such payments be classified as financing activities on the statement of cash flows.

ANTERO RESOURCES CORPORATION

Notes to Condensed Consolidated Financial Statements

December 31, 2015 and September 30, 2016

As a result of adopting this standard, cash outflows attributable to tax withholdings on the net settlement of equity-classified awards have been reclassified from operating cash flows to financing cash flows. The retrospective adjustment to the condensed consolidated statement of cash flows for the nine months ended September 30, 2015 is as follows (in thousands):

	As Previously Reported Nine Months Ended September 30, 2015	Adjustment Effect	As Adjusted Nine Months Ended September 30, 2015
Changes in accrued liabilities	\$ 29,537	4,554	34,091
Employee tax withholding for settlement of equity compensation awards	—	(4,554)	(4,554)

(3) Antero Midstream Partners LP

In 2014, the Company formed Antero Midstream to own, operate, and develop midstream assets to service Antero’s production. Antero Midstream’s assets consist of gathering pipelines, compressor stations, and water handling and treatment facilities, through which it provides services to Antero under long-term, fixed-fee contracts. Antero Resources Midstream Management LLC (“Midstream Management”), a wholly-owned subsidiary of Antero Resources Investment LLC, owns the general partnership interest in Antero Midstream, which allows Midstream Management to manage the business and affairs of Antero Midstream. Midstream Management also holds incentive distribution rights in Antero Midstream. Antero Midstream is an unrestricted subsidiary as defined by Antero’s bank credit facility and, as such, Antero Midstream and its subsidiaries are not guarantors of Antero’s obligations, and Antero is not a guarantor of Antero Midstream’s obligations (see note 12).

On September 23, 2015, Antero contributed (i) all of the outstanding limited liability company interests of Antero Water LLC (“Antero Water”) to Antero Midstream and (ii) all of the assets, contracts, rights, permits and properties owned or leased by Antero and used primarily in connection with the construction, ownership, operation, use or maintenance of Antero’s advanced waste water treatment complex under construction in Doddridge County, West Virginia, to Antero Treatment LLC (“Antero Treatment”), a subsidiary of Antero Midstream (collectively, (i) and (ii) are referred to herein as the “Contributed Assets”).

In consideration for the Contributed Assets, Antero Midstream (i) paid to Antero a cash distribution equal to \$552 million, less \$171 million of assumed debt, (ii) issued to Antero 10,988,421 common units representing limited partner interests in Antero Midstream, (iii) distributed to Antero proceeds of approximately \$241 million from a private placement of Antero Midstream common units, and (iv) has agreed to pay Antero (a) \$125 million in cash if Antero Midstream delivers 176,295,000 barrels or more of fresh water during the period between January 1, 2017 and December 31, 2019 and (b) an additional \$125 million in cash if Antero Midstream delivers 219,200,000 barrels or more of fresh water during the period between January 1, 2018 and December 31, 2020. Antero Midstream borrowed \$525 million on its bank credit facility in connection with this transaction.

On March 30, 2016, Antero sold 8,000,000 of its Antero Midstream common units for \$178 million. The sale of the units is reflected in stockholders’ equity as additional paid-in capital, net of taxes.

On May 26, 2016, Antero Midstream purchased a 15% equity interest in a regional gathering pipeline, in which Antero is an anchor shipper, for approximately \$45 million. This investment is accounted for under the equity method.

During the third quarter of 2016, the Partnership entered into an Equity Distribution Agreement (the “Distribution Agreement”). Pursuant to the terms of the agreement, the Partnership may sell, from time to time through brokers acting as its sales agents, common units representing limited partner interests having an aggregate offering price of up to \$250 million. Sales of the common units are made by means of ordinary brokers’ transactions on the New York Stock Exchange, at market prices, in block transactions, or as otherwise agreed to between the Partnership and the sales agents. Proceeds are used for general partnership purposes, which may include repayment of indebtedness and funding working capital or capital expenditures. The Partnership is under no obligation to offer and sell common units under the Distribution Agreement. During the three months ended September 30, 2016, the Partnership issued and sold 764,739 common units under the Distribution Agreement, resulting in net proceeds of \$19.6 million after deducting commissions and other offering costs. The Partnership used the net proceeds from the

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sales for general partnership purposes. As of September 30, 2016, Antero Midstream had the capacity to issue additional common units under the Distribution Agreement up to an aggregate sales price of \$229.8 million.

Antero owned approximately 66.3% and 61.5% of the limited partner interests of Antero Midstream at December 31, 2015 and September 30, 2016, respectively.

(4) Long-Term Debt

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

	<u>December 31, 2015</u>	<u>September 30, 2016</u>
Antero:		
Bank credit facility(a)	\$ 707,000	605,000
6.00% senior notes due 2020(b)	525,000	525,000
5.375% senior notes due 2021(c)	1,000,000	1,000,000
5.125% senior notes due 2022(d)	1,100,000	1,100,000
5.625% senior notes due 2023(e)	750,000	750,000
Net unamortized premium	6,513	5,698
Net unamortized debt issuance costs	(39,731)	(35,560)
Antero Midstream:		
Bank credit facility(g)	620,000	170,000
5.375% senior notes due 2024 (h)	—	650,000
Net unamortized debt issuance costs	—	(10,234)
	<u>\$ 4,668,782</u>	<u>4,759,904</u>

Antero Resources Corporation

(a) Senior Secured Revolving Credit Facility

Antero has a senior secured revolving bank credit facility (the “Credit Facility”) with a consortium of bank lenders. Borrowings under the Credit Facility are subject to borrowing base limitations based on the collateral value of Antero’s assets and are subject to regular semiannual redeterminations. At September 30, 2016, the borrowing base was \$4.5 billion and lender commitments were \$4.0 billion. In October 2016, the borrowing base was increased to \$4.75 billion, and lender commitments remain at \$4.0 billion. The next redetermination of the borrowing base is scheduled to occur in April 2017. The maturity date of the Credit Facility is May 5, 2019.

The Credit Facility is ratably secured by mortgages on substantially all of Antero’s properties and guarantees from Antero’s restricted subsidiaries, as applicable. The Credit Facility contains certain covenants, including restrictions on indebtedness and dividends, and requirements with respect to working capital and interest coverage ratios. Interest is payable at a variable rate based on LIBOR or the prime rate, determined by Antero’s election at the time of borrowing. Antero was in compliance with all of the financial covenants under the Credit Facility as of December 31, 2015 and September 30, 2016.

As of September 30, 2016, Antero had a total outstanding balance under the Credit Facility of \$605 million, with a weighted average interest rate of 2.31%, and outstanding letters of credit of \$709 million. As of December 31, 2015, Antero had an outstanding balance under the Credit Facility of \$707 million, with a weighted average interest rate of 2.32%, and outstanding letters of credit of \$702 million. Commitment fees on the unused portion of the Credit Facility are due quarterly at rates ranging from 0.375% to 0.50% of the unused portion based on utilization.

(b) 6.00% Senior Notes Due 2020

On November 19, 2012, Antero issued \$300 million of 6.00% senior notes due December 1, 2020 (the “2020 notes”) at par. On February 4, 2013, Antero issued an additional \$225 million of the 2020 notes at 103% of par. The 2020 notes are unsecured and effectively subordinated to the Credit Facility to the extent of the value of the collateral securing the Credit Facility. The 2020 notes rank *pari passu* to Antero’s other outstanding senior notes. The 2020 notes are guaranteed on a full

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and unconditional and joint and several senior unsecured basis by Antero's wholly-owned subsidiaries and certain of its future restricted subsidiaries. Interest on the 2020 notes is payable on June 1 and December 1 of each year. Antero may redeem all or part of the 2020 notes at any time at redemption prices ranging from 104.50% currently to 100.00% on or after December 1, 2018. If Antero undergoes a change of control, the holders of the 2020 notes will have the right to require Antero to repurchase all or a portion of the notes at a price equal to 101% of the principal amount of the 2020 notes, plus accrued and unpaid interest.

(c) 5.375% Senior Notes Due 2021

On November 5, 2013, Antero issued \$1 billion of 5.375% senior notes due November 21, 2021 (the "2021 notes") at par. The 2021 notes are unsecured and effectively subordinated to the Credit Facility to the extent of the value of the collateral securing the Credit Facility. The 2021 notes rank *pari passu* to Antero's other outstanding senior notes. The 2021 notes are guaranteed on a full and unconditional and joint and several senior unsecured basis by Antero's wholly-owned subsidiaries and certain of its future restricted subsidiaries. Interest on the 2021 notes is payable on May 1 and November 1 of each year. Antero may redeem all or part of the 2021 notes at any time on or after November 1, 2016 at redemption prices ranging from 104.031% on or after November 1, 2016 to 100.00% on or after November 1, 2019. In addition, on or before November 1, 2016, Antero may redeem up to 35% of the aggregate principal amount of the 2021 notes with the net cash proceeds of certain equity offerings, if certain conditions are met, at a redemption price of 105.375% of the principal amount of the 2021 notes, plus accrued and unpaid interest. At any time prior to November 1, 2016, Antero may also redeem the 2021 notes, in whole or in part, at a price equal to 100% of the principal amount of the 2021 notes plus a "make-whole" premium and accrued and unpaid interest. If Antero undergoes a change of control, the holders of the 2021 notes will have the right to require Antero to repurchase all or a portion of the notes at a price equal to 101% of the principal amount of the 2021 notes, plus accrued and unpaid interest.

(d) 5.125% Senior Notes Due 2022

On May 6, 2014, Antero issued \$600 million of 5.125% senior notes due December 1, 2022 (the "2022 notes") at par. On September 18, 2014, Antero issued an additional \$500 million of the 2022 notes at 100.5% of par. The 2022 notes are unsecured and effectively subordinated to the Credit Facility to the extent of the value of the collateral securing the Credit Facility. The 2022 notes rank *pari passu* to Antero's other outstanding senior notes. The 2022 notes are guaranteed on a full and unconditional and joint and several senior unsecured basis by Antero's wholly-owned subsidiaries and certain of its future restricted subsidiaries. Interest on the 2022 notes is payable on June 1 and December 1 of each year. Antero may redeem all or part of the 2022 notes at any time on or after June 1, 2017 at redemption prices ranging from 103.844% on or after June 1, 2017 to 100.00% on or after June 1, 2020. In addition, on or before June 1, 2017, Antero may redeem up to 35% of the aggregate principal amount of the 2022 notes with the net cash proceeds of certain equity offerings, if certain conditions are met, at a redemption price of 105.125% of the principal amount of the 2022 notes, plus accrued and unpaid interest. At any time prior to June 1, 2017, Antero may also redeem the 2022 notes, in whole or in part, at a price equal to 100% of the principal amount of the 2022 notes plus a "make-whole" premium accrued and unpaid interest. If Antero undergoes a change of control, the holders of the 2022 notes will have the right to require Antero to repurchase all or a portion of the notes at a price equal to 101% of the principal amount of the 2022 notes, plus accrued and unpaid interest.

(e) 5.625% Senior Notes Due 2023

On March 17, 2015, Antero issued \$750 million of 5.625% senior notes due June 1, 2023 (the "2023 notes") at par. The 2023 notes are unsecured and effectively subordinated to the Credit Facility to the extent of the value of the collateral securing the Credit Facility. The 2023 notes rank *pari passu* to Antero's other outstanding senior notes. The 2023 notes are guaranteed on a full and unconditional and joint and several senior unsecured basis by Antero's wholly-owned subsidiaries and certain of its future restricted subsidiaries. Interest on the 2023 notes is payable on June 1 and December 1 of each year. Antero may redeem all or part of the 2023 notes at any time on or after June 1, 2018 at redemption prices ranging from 104.219% on or after June 1, 2018 to 100.00% on or after June 1, 2021. In addition, on or before June 1, 2018, Antero may redeem up to 35% of the aggregate principal amount of the 2023 notes with the net cash proceeds of certain equity offerings, if certain conditions are met, at a redemption price of 105.625% of the principal amount of the 2023 notes, plus accrued and unpaid interest. At any time prior to June 1, 2018, Antero may also redeem the 2023 notes, in whole or in part, at a price equal to 100% of the principal amount of the 2023 notes plus a "make-whole" premium and accrued and unpaid interest. If

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Antero undergoes a change of control, the holders of the 2023 notes will have the right to require Antero to repurchase all or a portion of the notes at a price equal to 101% of the principal amount of the 2023 notes, plus accrued and unpaid interest.

(f) Treasury Management Facility

Antero has a stand-alone revolving note with a lender under the Credit Facility which provides for up to \$25 million of cash management obligations in order to facilitate Antero's daily treasury management. Borrowings under the revolving note are secured by the collateral for the Credit Facility. Borrowings under the facility bear interest at the lender's prime rate plus 1.0%. The note matures on May 1, 2017. At December 31, 2015 and September 30, 2016, there were no outstanding borrowings under this note

Antero Midstream Partners LP

(g) Senior Secured Revolving Credit Facility – Antero Midstream

Antero Midstream has a secured revolving credit facility (the "Midstream Facility") with a syndicate of bank lenders. At September 30, 2016, lender commitments were \$1.5 billion. The maturity date of the Midstream Facility is November 10, 2019.

The Midstream Facility is ratably secured by mortgages on substantially all of the properties of Antero Midstream and guarantees from its restricted subsidiaries, as applicable. The Midstream Facility contains certain covenants, including restrictions on indebtedness and certain distributions to owners, and requirements with respect to leverage and interest coverage ratios. Interest is payable at a variable rate based on LIBOR or the prime rate, determined by election at the time of borrowing. Antero Midstream was in compliance with all of the financial covenants under the Midstream Facility as of December 31, 2015 and September 30, 2016.

As of September 30, 2016, Antero Midstream had an outstanding balance under the Midstream Facility of \$170 million with a weighted average interest rate of 2.03%. As of December 31, 2015, Antero Midstream had a total outstanding balance under the Midstream Facility of \$620 million with a weighted average interest rate of 1.92%. Commitment fees on the unused portion of the Midstream Facility are due quarterly at rates ranging from 0.25% to 0.375% of the unused portion based on utilization.

(h) 5.375% Senior Notes Due 2024 – Antero Midstream

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

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(5) Asset Retirement Obligations

The following is a reconciliation of the Company's asset retirement obligations for the nine months ended September 30, 2016 (in thousands):

Asset retirement obligations—December 31, 2015	\$ 30,612
Obligations incurred for wells drilled and producing properties acquired	3,945
Accretion expense	1,846
Asset retirement obligations—September 30, 2016	<u>\$ 36,403</u>

Asset retirement obligations are included in other liabilities on the condensed consolidated balance sheets.

(6) Equity-Based Compensation

Antero is authorized to grant up to 16,906,500 shares of common stock to employees and directors of the Company under the Antero Resources Corporation Long-Term Incentive Plan (the "Plan"). The Plan allows equity-based compensation awards to be granted in a variety of forms, including stock options, stock appreciation rights, restricted stock awards, restricted stock unit awards, dividend equivalent awards, and other types of awards. The terms and conditions of the awards granted are established by the Compensation Committee of Antero's Board of Directors. A total of 7,809,464 shares were available for future grant under the Plan as of September 30, 2016.

Antero Midstream's general partner is authorized to grant up to 10,000,000 common units representing limited partner interests in Antero Midstream under the Antero Midstream Partners LP Long-Term Incentive Plan (the "Midstream Plan") to non-employee directors of Antero Midstream's general partner and certain officers, employees, and consultants of Antero Midstream's general partner and its affiliates (which include Antero). A total of 7,737,934 common units were available for future grant under the Midstream Plan as of September 30, 2016.

The Company's equity-based compensation expense was as follows for the three and nine months ended September 30, 2015 and 2016 (in thousands):

	Three months ended September 30,		Nine months ended September 30,	
	2015	2016	2015	2016
Profits interests awards	\$ 8,140	—	\$35,221	—
Restricted stock unit awards	10,686	18,618	29,357	54,231
Stock options	743	638	1,514	1,939
Performance share unit awards	—	2,668	—	6,017
Antero Midstream phantom unit awards	4,271	3,977	12,963	11,978
Equity awards issued to directors	75	480	225	1,502
Total expense	<u>\$ 23,915</u>	<u>26,381</u>	<u>\$79,280</u>	<u>75,667</u>

Profits Interests Awards

The profits interest awards were fully vested as of December 31, 2015. All available profits interest awards were made prior to the date of the Company's IPO, and no additional profits interest awards have been made since the Company's IPO.

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Restricted Stock and Restricted Stock Unit Awards

Restricted stock and restricted stock unit awards vest subject to the satisfaction of service requirements. Expense related to each restricted stock and restricted stock unit award is recognized on a straight-line basis over the requisite service period of the entire award. Forfeitures are accounted for as they occur through reversal of expense on awards that were forfeited during the period. The grant date fair values of these awards are determined based on the closing price of the Company's common stock on the date of the grant. A summary of restricted stock and restricted stock unit awards activity for the nine months ended September 30, 2016 is as follows:

	Number of shares	Weighted average grant date fair value	Aggregate intrinsic value (in thousands)
Total awarded and unvested—December 31, 2015	6,529,459	\$ 33.48	\$ 142,342
Granted	1,228,587	\$ 27.05	
Vested	(533,512)	\$ 55.37	
Forfeited	(270,382)	\$ 26.70	
Total awarded and unvested—September 30, 2016	<u>6,954,152</u>	\$ 30.92	\$ 187,414

Intrinsic values are based on the closing price of the Company's stock on the referenced dates. Unamortized expense of \$149.4 million at September 30, 2016 is expected to be recognized over a weighted average period of approximately 2.2 years.

Stock Options

Stock options granted under the Plan vest over periods from one to four years and have a maximum contractual life of 10 years. Expense related to stock options is recognized on a straight-line basis over the requisite service period of the entire award. Forfeitures are accounted for as they occur through reversal of expense on awards that were forfeited during the period. Stock options are granted with an exercise price equal to or greater than the market price of the Company's common stock on the date of grant. A summary of stock option activity for the nine months ended September 30, 2016 is as follows:

	Stock options	Weighted average exercise price	Weighted average remaining contractual life	Intrinsic value (in thousands)
Outstanding at December 31, 2015	720,887	\$ 50.44	9.14	\$ —
Granted	—	\$ —		
Exercised	—	—		
Forfeited	(31,625)	\$ 50.00		
Expired	—	—		
Outstanding at September 30, 2016	689,262	\$ 50.46	8.37	\$ —
Vested or expected to vest as of September 30, 2016	689,262	\$ 50.46	8.37	\$ —
Exercisable at September 30, 2016	203,590	\$ 50.95	8.19	\$ —

Intrinsic value is based on the exercise price of the options and the closing price of the Company's stock on the referenced dates.

As of September 30, 2016, there was \$6.0 million of unamortized equity-based compensation expense related to nonvested stock options. That expense is expected to be recognized over a weighted average period of approximately 2.5 years.

Performance Share Unit Awards

Performance Share Unit Awards Based on Price Targets

In the first quarter of 2016, the Company granted performance share unit awards ("PSUs") to certain of its executive officers. These PSUs vest conditioned on the closing price of the Company's common stock achieving specific thresholds over 10-day periods, subject to the following vesting restrictions: no PSUs may vest before the first anniversary of the grant date; no more

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than one-third of the PSUs may vest before the second anniversary of the grant date; and no more than two-thirds of the PSUs may vest before the third anniversary of the grant date. Any PSUs which have not vested by the fifth anniversary of the grant date will expire. Expense related to these PSUs is recognized on a graded basis over three years.

Performance Share Unit Awards Based on Total Shareholder Return

In the second quarter of 2016, the Company granted PSUs to certain of its employees and executive officers which vest based on the total shareholder return ("TSR") of the Company's common stock relative to the TSR of a peer group of companies over a three-year performance period. The number of performance shares which may ultimately be earned ranges from zero to 200% of the PSUs granted.

Summary Information for Performance Share Unit Awards

A summary of PSU activity for the nine months ended September 30, 2016 is as follows:

	Number of units	Weighted average grant date fair value
Total awarded and unvested—December 31, 2015	—	\$ —
Granted	790,890	\$ 29.77
Vested	—	\$ —
Forfeited	(5,589)	\$ 32.97
Total awarded and unvested—September 30, 2016	<u>785,301</u>	<u>\$ 29.75</u>

The grant-date fair values of PSUs were determined using Monte Carlo simulations, which use a probabilistic approach for estimating the fair values of the awards. Expected volatilities were derived from the volatility of the historical stock prices of a peer group of similar publicly-traded companies' stock prices. The risk-free interest rate was determined using the yield available for zero-coupon U.S. government issues with remaining terms corresponding to the service periods of the PSUs. A dividend yield of zero was assumed.

The following table presents information regarding the weighted average fair value for PSUs granted during the nine months ended September 30, 2016 and the assumptions used to determine the fair values.

	Nine months ended September 30, 2016
Dividend yield	— %
Volatility	45 %
Risk-free interest rate	1.01 %
Weighted average fair value of awards granted	\$ 29.77

As of September 30, 2016, there was \$17.3 million of unamortized equity-based compensation expense related to unvested PSUs. That expense is expected to be recognized over a weighted average period of approximately 2.2 years.

Antero Midstream Partners Phantom Unit Awards

Phantom units granted by Antero Midstream vest subject to the satisfaction of service requirements, upon the completion of which common units in Antero Midstream are delivered to the holder of the phantom units. These phantom units are treated, for accounting purposes, as if Antero Midstream distributed the units to Antero. Antero recognizes compensation expense as the units are granted to employees, and a portion of the expense is allocated to Antero Midstream. Expense related to each phantom unit award is recognized on a straight-line basis over the requisite service period of the entire award. Forfeitures are accounted for as they occur through reversal of expense on awards that were forfeited during the period. The grant date fair values of these awards are determined based on the closing price of Antero Midstream's common units on the date of grant. A summary of phantom unit awards activity for the nine months ended September 30, 2016 is as follows:

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

Intrinsic values are based on the closing price of Antero Midstream's common units on the referenced dates. Unamortized expense of \$37.5 million at September 30, 2016 is expected to be recognized over a weighted average period of approximately 2.3 years.

(7) Financial Instruments

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

Based on Level 2 market data inputs, the fair value of the Company's senior notes was approximately \$2.6 billion at December 31, 2015 and \$3.4 billion at September 30, 2016. Based on Level 2 market data inputs, the fair value of Antero Midstream's senior notes was approximately \$656 million at September 30, 2016.

See note 8 for information regarding the fair value of derivative financial instruments.

(8) Derivative Instruments**(a) Commodity Derivatives**

The Company periodically enters into natural gas, NGLs, and oil derivative contracts with counterparties to hedge the price risk associated with its production. These derivatives are not held for trading purposes. To the extent that changes occur in the market prices of natural gas, NGLs, and oil, the Company is exposed to market risk on these open contracts. This market risk exposure is generally offset by the change in market prices of natural gas, NGLs, and oil recognized upon the ultimate sale of the Company's production.

The Company was party to various fixed price commodity swap contracts that settled during the nine months ended September 30, 2015 and 2016. The Company enters into these swap contracts when management believes that favorable future sales prices for the Company's production can be secured. Under these swap agreements, when actual commodity prices exceed the fixed price provided by the swap contracts, the Company pays the difference to the counterparty. When actual commodity prices are below the contractually provided fixed price, the Company receives the difference from the counterparty. In addition to fixed price swap contracts, the Company has entered into basis swap contracts in order to hedge the difference between the New York Mercantile Exchange ("NYMEX") index price and a local index price at which the Company sells a portion of its natural gas production.

The Company's derivative swap contracts have not been designated as hedges for accounting purposes; therefore, all gains and losses are recognized in the Company's statements of operations.

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As of September 30, 2016, the Company's fixed price natural gas and NGLs swap contracts from October 1, 2016 through December 31, 2022 were as follows (abbreviations in the table refer to the index to which the swap position is tied, as follows: TCO=Columbia Gas Transmission; NYMEX=Henry Hub; CGTLA=Columbia Gas Louisiana Onshore; CCG=Chicago City Gate; Mont Belvieu-Ethane=Mont Belvieu Purity Ethane; Mont Belvieu-Propane=Mont Belvieu Propane; NYMEX-WTI=West Texas Intermediate):

	Natural gas MMBtu/day	Oil Bbls/day	Natural Gas Liquids Bbls/day	Weighted average index price
Three months ending December 31, 2016:				
TCO (\$/MMBtu)	60,000		—	\$ 5.01
Dominion South (\$/MMBtu)	272,500		—	\$ 5.47
NYMEX (\$/MMBtu)	1,110,000		—	\$ 3.57
CGTLA (\$/MMBtu)	170,000		—	\$ 4.20
Mont Belvieu-Propane (\$/Gallon)	—		30,000	\$ 0.61
Total	<u>1,612,500</u>		<u>30,000</u>	
Year ending December 31, 2017:				
NYMEX (\$/MMBtu)	1,370,000	—	—	\$ 3.39
CGTLA (\$/MMBtu)	420,000	—	—	\$ 4.27
CCG (\$/MMBtu)	70,000	—	—	\$ 4.57
NYMEX-WTI (\$/Bbl)	—	1,000	—	\$ 51.90
Mont Belvieu-Ethane (\$/Gallon)	—	—	20,000	\$ 0.25
Mont Belvieu-Propane (\$/Gallon)	—	—	27,500	\$ 0.39
Total	<u>1,860,000</u>	<u>1,000</u>	<u>47,500</u>	
Year ending December 31, 2018:				
NYMEX (\$/MMBtu)	2,002,500		—	\$ 3.91
Mont Belvieu-Propane (\$/Gallon)	—		2,000	\$ 0.65
Total	<u>2,002,500</u>		<u>2,000</u>	
Year ending December 31, 2019:				
NYMEX (\$/MMBtu)	<u>2,330,000</u>			\$ 3.70
Year ending December 31, 2020:				
NYMEX (\$/MMBtu)	<u>1,377,500</u>			\$ 3.66
Year ending December 31, 2021:				
NYMEX (\$/MMBtu)	<u>660,000</u>			\$ 3.35
Year ending December 31, 2022:				
NYMEX (\$/MMBtu)	<u>470,000</u>			\$ 3.26

As of September 30, 2016, the Company's natural gas basis swap positions, which settle on the pricing index to basis differential of TCO to the NYMEX Henry Hub natural gas price, were as follows:

	Natural gas MMBtu/day	Hedged Differential
Three months ending December 31, 2016:	<u>290,000</u>	\$ (0.45)
Year ending December 31, 2017:	<u>125,000</u>	\$ (0.49)

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As of September 30, 2016, the Company's natural gas basis swap positions, which settle on the pricing index to basis differential of NYMEX Henry Hub to the TCO natural gas price, were as follows:

	<u>Natural gas MMbtu/day</u>	<u>Hedged Differential</u>
Three months ending December 31, 2016:	<u>170,000</u>	\$ 0.34
Year ending December 31, 2017:	<u>125,000</u>	\$ 0.30

(b) Summary

The following is a summary of the fair values of the Company's derivative instruments and where such values are recorded in the consolidated balance sheets as of December 31, 2015 and September 30, 2016. None of the Company's derivative instruments are designated as hedges for accounting purposes.

	<u>December 31, 2015</u>		<u>September 30, 2016</u>	
	<u>Balance sheet location</u>	<u>Fair value (In thousands)</u>	<u>Balance sheet location</u>	<u>Fair value (In thousands)</u>
Asset derivatives not designated as hedges for accounting purposes:				
Commodity contracts	Current assets	\$ 1,009,030	Current assets	\$ 417,605
Commodity contracts	Long-term assets	<u>2,108,450</u>	Long-term assets	<u>2,015,090</u>
Total asset derivatives		<u>3,117,480</u>		<u>2,432,695</u>
Liability derivatives not designated as hedges for accounting purposes:				
Commodity contracts	Current liabilities	—	Current liabilities	3,110
Commodity contracts	Long-term liabilities	<u>—</u>	Long-term liabilities	<u>40</u>
Total liability derivatives		<u>—</u>		<u>3,150</u>
Net derivatives		<u>\$ 3,117,480</u>		<u>\$ 2,429,545</u>

The following table presents the gross amounts of recognized derivative assets and liabilities, the amounts offset under master netting arrangements with counterparties, and the resulting net amounts presented in the consolidated balance sheets as of the dates presented, all at fair value (in thousands):

	<u>December 31, 2015</u>			<u>September 30, 2016</u>		
	<u>Gross amounts on balance sheet</u>	<u>Gross amounts offset on balance sheet</u>	<u>Net amounts of assets on balance sheet</u>	<u>Gross amounts on balance sheet</u>	<u>Gross amounts offset on balance sheet</u>	<u>Net amounts of assets (liabilities) on balance sheet</u>
Commodity derivative assets	\$ 3,163,639	(46,159)	3,117,480	\$ 2,578,640	(145,945)	2,432,695
Commodity derivative liabilities	\$ —	—	—	\$ (3,183)	33	(3,150)

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The following is a summary of derivative fair value gains and where such values are recorded in the condensed consolidated statements of operations for the three and nine months ended September 30, 2015 and 2016 (in thousands):

	Statement of operations location	Three months ended September 30,		Nine months ended September 30,	
		2015	2016	2015	2016
Commodity derivative fair value gains	Revenue	\$1,079,071	530,334	\$1,836,398	125,624

The fair value of commodity derivative instruments was determined using Level 2 inputs.

(9) Contingencies

The Company is the plaintiff in two nearly identical lawsuits against South Jersey Gas Company and South Jersey Resources Group, LLC (collectively "SJGC") pending in United States District Court in Colorado. The Company filed suit against SJGC seeking relief for breach of contract and damages in the amounts that SJGC has short paid, and continues to short pay, the Company in connection with two long term gas contracts. Under those contracts, SJGC are long term purchasers of some of the Company's natural gas production. Deliveries under the contracts began in October 2011 and the delivery obligation continues through October 2019. SJGC unilaterally breached the contracts claiming that the index prices specified in the contracts, and the index prices at which SJGC paid for deliveries from 2011 through September 2014, are no longer appropriate under the contracts because a market disruption event (as defined by the contract) has occurred and, as a result, a new index price is to be determined by the parties. Beginning in October 2014, SJGC began short paying the Company based on indexes unilaterally selected by SJGC and not the index specified in the contract. The Company contends that no market disruption event has occurred and that SJGC have breached the contracts by failing to pay the Company based on the express price terms of the contracts. Through September 30, 2016, the Company estimates that it is owed approximately \$51 million more than SJGC has paid using the indexes unilaterally selected by them.

The Company and Washington Gas Light Company and WGL Midstream, Inc. (collectively "WGL") are also involved in a pricing dispute involving contracts that the Company began delivering gas under in January 2016. The Company has invoiced WGL at the index price specified in the contract and WGL has paid the Company based on that invoice price; however, WGL maintains that the index price is no longer appropriate under the contracts and that an undefined alternative index is more appropriate for the delivery point of the gas. The matter has been submitted to arbitration. The Company believes that there is no basis for WGL's position and intends to vigorously dispute the WGL claim in arbitration.

The Company is party to various other legal proceedings and claims in the ordinary course of its business. The Company believes that certain of these matters will be covered by insurance and that the outcome of other matters will not have a material adverse effect on the Company's consolidated financial position, results of operations, or cash flows.

(10) Contract Termination and Rig Stacking

During the nine months ended September 30, 2015, the Company incurred \$10.9 million of costs, respectively, for the delay or cancellation of drilling contracts with third-party contractors. There were no such costs incurred during the nine months ended September 30, 2016.

(11) Segment Information

See note 2(f) for a description of the Company's determination of its reportable segments. Revenues from gathering and compression and water handling and treatment operations are primarily derived from intersegment transactions for services provided to the Company's exploration and production operations. Marketing revenues are primarily derived from activities to purchase and sell third-party natural gas and NGLs and to market excess firm transportation capacity to third parties.

Operating segments are evaluated based on their contribution to consolidated results, which is determined by the respective operating income of each segment. General and administrative expenses are allocated to the gathering and compression and water handling and treatment segments based on the nature of the expenses and on a combination of the segments' proportionate share of the Company's consolidated property and equipment, capital expenditures, and labor costs, as applicable. General and administrative expenses related to the marketing segment are not allocated because they are immaterial. Other income, income

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taxes, and interest expense are primarily managed and evaluated on a consolidated basis. Intersegment sales are transacted at prices which approximate market. Accounting policies for each segment are the same as the Company's accounting policies described in note 2 to the condensed consolidated financial statements.

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

	Exploration and production	Gathering and compression	Water handling	Marketing	Elimination of intersegment transactions	Consolidated total
Three months ended September 30, 2015:						
Sales and revenues:						
Third-party	\$ 1,403,275	3,468	959	35,633	—	1,443,335
Intersegment	398	55,790	21,487	—	(77,675)	—
Total	<u>\$ 1,403,673</u>	<u>59,258</u>	<u>22,446</u>	<u>35,633</u>	<u>(77,675)</u>	<u>1,443,335</u>
Operating expenses:						
Lease operating	\$ 10,721	—	3,973	—	(3,908)	10,786
Gathering, compression, processing, and transportation	211,469	4,699	—	—	(55,866)	160,302
Depletion, depreciation, and amortization	166,900	15,282	6,485	—	—	188,667
General and administrative expense	46,165	11,265	2,577	—	(322)	59,685
Other operating expenses	28,044	(7,863)	800	61,799	—	82,780
Total	<u>463,299</u>	<u>23,383</u>	<u>13,835</u>	<u>61,799</u>	<u>(60,096)</u>	<u>502,220</u>
Operating income (loss)	<u>\$ 940,374</u>	<u>35,875</u>	<u>8,611</u>	<u>(26,166)</u>	<u>(17,579)</u>	<u>941,115</u>
Segment assets	<u>\$11,940,524</u>	<u>1,410,920</u>	<u>487,734</u>	<u>5,847</u>	<u>(267,951)</u>	<u>13,577,074</u>
Capital expenditures for segment assets	\$ 399,695	82,768	45,151	—	(17,579)	510,035
Three months ended September 30, 2016:						
Sales and revenues:						
Third-party	\$ 1,016,458	2,745	224	97,076	—	1,116,503
Intersegment	3,990	75,319	72,187	—	(151,496)	—
Total	<u>\$ 1,020,448</u>	<u>78,064</u>	<u>72,411</u>	<u>97,076</u>	<u>(151,496)</u>	<u>1,116,503</u>
Operating expenses:						
Lease operating	\$ 13,710	—	28,978	—	(28,834)	13,854
Gathering, compression, processing, and transportation	303,753	6,400	—	—	(75,238)	234,915
Depletion, depreciation, and amortization	172,735	18,540	7,838	—	—	199,113
General and administrative expense	44,637	10,282	3,033	—	(375)	57,577
Other operating expenses	31,266	(1,708)	3,070	114,611	(3,527)	143,712
Total	<u>566,101</u>	<u>33,514</u>	<u>42,919</u>	<u>114,611</u>	<u>(107,974)</u>	<u>649,171</u>
Operating income (loss)	<u>\$ 454,347</u>	<u>44,550</u>	<u>29,492</u>	<u>(17,535)</u>	<u>(43,522)</u>	<u>467,332</u>
Segment assets	<u>\$12,966,493</u>	<u>1,669,667</u>	<u>562,995</u>	<u>33,114</u>	<u>(603,016)</u>	<u>14,629,253</u>
Capital expenditures for segment assets	\$ 909,837	56,836	58,730	—	(43,343)	982,060

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

	Exploration and production	Gathering and compression	Water handling and treatment	Marketing	Elimination of intersegment transactions	Consolidated total
Nine months ended September 30, 2015:						
Sales and revenues:						
Third-party	\$ 2,891,410	8,433	6,651	143,242	—	3,049,736
Intersegment	1,025	159,661	80,886	—	(241,572)	—
Total	\$ 2,892,435	168,094	87,537	143,242	(241,572)	3,049,736
Operating expenses:						
Lease operating	\$ 24,981	—	16,576	—	(15,996)	25,561
Gathering, compression, processing, and transportation	630,708	19,792	—	—	(159,867)	490,633
Depletion, depreciation, and amortization	483,991	45,255	18,767	—	—	548,013
General and administrative expense	140,821	30,685	7,238	—	(819)	177,925
Other operating expenses	113,881	25	2,437	214,201	—	330,544
Total	1,394,382	95,757	45,018	214,201	(176,682)	1,572,676
Operating income (loss)	\$ 1,498,053	72,337	42,519	(70,959)	(64,890)	1,477,060
Segment assets	\$11,940,524	1,410,920	487,734	5,847	(267,951)	13,577,074
Capital expenditures for segment assets	\$ 1,590,904	282,813	79,227	—	(64,890)	1,888,054
	Exploration and production	Gathering and compression	Water handling and treatment	Marketing	Elimination of intersegment transactions	Consolidated total
Nine months ended September 30, 2016:						
Sales and revenues:						
Third-party	\$ 1,291,008	9,463	644	287,194	—	1,588,309
Intersegment	11,714	210,144	203,106	—	(424,964)	—
Total	\$ 1,302,722	219,607	203,750	287,194	(424,964)	1,588,309
Operating expenses:						
Lease operating	\$ 37,299	—	104,009	—	(104,118)	37,190
Gathering, compression, processing, and transportation	838,936	20,567	—	—	(209,790)	649,713
Depletion, depreciation, and amortization	513,302	52,780	21,975	—	—	588,057
General and administrative expense	135,356	29,755	9,957	—	(1,102)	173,966
Other operating expenses	104,279	(809)	11,568	378,521	(10,384)	483,175
Total	1,629,172	102,293	147,509	378,521	(325,394)	1,932,101
Operating income (loss)	\$ (326,450)	117,314	56,241	(91,327)	(99,570)	(343,792)
Segment assets	\$12,966,493	1,669,667	562,995	33,114	(603,016)	14,629,253
Capital expenditures for segment assets	\$ 1,734,914	154,136	137,355	—	(98,955)	1,927,450

(12) Subsidiary Guarantors

Antero's wholly-owned subsidiaries each have fully and unconditionally guaranteed Antero's senior notes. Antero Midstream and its subsidiaries have been designated unrestricted subsidiaries under the Credit Facility and the indentures governing Antero's senior notes, and do not guarantee any of Antero's obligations (see note 4). In the event a subsidiary guarantor is sold or disposed of (whether by merger, consolidation, the sale of a sufficient amount of its capital stock so that it no longer qualifies as a

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Notes to Condensed Consolidated Financial Statements

December 31, 2015 and September 30, 2016

“Subsidiary” of the Company (as defined in the indentures governing the notes) or the sale of all or substantially all of its assets (other than by lease) and whether or not the subsidiary guarantor is the surviving entity in such transaction to a person which is not Antero or a restricted subsidiary of Antero, such subsidiary guarantor will be released from its obligations under its subsidiary guarantee if the sale or other disposition does not violate the covenants set forth in the indentures governing the notes.

In addition, a subsidiary guarantor will be released from its obligations under the indentures and its guarantee, upon the release or discharge of the guarantee of other Indebtedness (as defined in the indentures governing the notes) that resulted in the creation of such guarantee, except a release or discharge by or as a result of payment under such guarantee; if Antero designates such subsidiary as an unrestricted subsidiary and such designation complies with the other applicable provisions of the indentures governing the notes or in connection with any covenant defeasance, legal defeasance or satisfaction and discharge of the notes.

The following Condensed Consolidating Balance Sheets at December 31, 2015 and September 30, 2016, and the related Condensed Consolidating Statements of Operations and Comprehensive Income for the three and nine months ended September 30, 2015 and 2016 and Condensed Consolidating Statements of Cash Flows for the nine months ended September 30, 2015 and 2016 present financial information for Antero on a stand-alone basis (carrying its investment in wholly-owned subsidiaries using the equity method), financial information for the subsidiary guarantors, financial information for the non-guarantor subsidiaries, and the consolidation and elimination entries necessary to arrive at the information for the Company on a consolidated basis. Antero’s wholly-owned subsidiaries are not restricted from making distributions to the Parent.

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Notes to Condensed Consolidated Financial Statements

December 31, 2015 and September 30, 2016

Condensed Consolidating Balance Sheets

December 31, 2015

(In thousands)

	Parent	Guarantor Subsidiaries	Non- Guarantor Subsidiaries	Eliminations	Consolidated
Assets					
Current assets:					
Cash and cash equivalents	\$ 16,590	—	6,883	—	23,473
Accounts receivable, net	76,697	—	2,707	—	79,404
Intercompany receivables	2,138	—	65,712	(67,850)	—
Accrued revenue	128,242	—	—	—	128,242
Derivative instruments	1,009,030	—	—	—	1,009,030
Other current assets	8,087	—	—	—	8,087
Total current assets	<u>1,240,784</u>	<u>—</u>	<u>75,302</u>	<u>(67,850)</u>	<u>1,248,236</u>
Property and equipment:					
Natural gas properties, at cost (successful efforts method):					
Unproved properties	1,996,081	—	—	—	1,996,081
Proved properties	8,243,901	—	—	(32,795)	8,211,106
Water handling and treatment systems	—	—	565,616	—	565,616
Gathering systems and facilities	16,561	—	1,485,835	—	1,502,396
Other property and equipment	46,415	—	—	—	46,415
	<u>10,302,958</u>	<u>—</u>	<u>2,051,451</u>	<u>(32,795)</u>	<u>12,321,614</u>
Less accumulated depletion, depreciation, and amortization	(1,431,747)	—	(157,625)	—	(1,589,372)
Property and equipment, net	<u>8,871,211</u>	<u>—</u>	<u>1,893,826</u>	<u>(32,795)</u>	<u>10,732,242</u>
Derivative instruments	2,108,450	—	—	—	2,108,450
Investments in subsidiaries	(302,336)	—	—	302,336	—
Contingent acquisition consideration	178,049	—	—	(178,049)	—
Other assets, net	15,661	—	10,904	—	26,565
Total assets	<u>\$12,111,819</u>	<u>—</u>	<u>1,980,032</u>	<u>23,642</u>	<u>14,115,493</u>
Liabilities and Equity					
Current liabilities:					
Accounts payable	\$ 303,197	—	60,963	—	364,160
Intercompany payable	65,712	—	2,138	(67,850)	—
Accrued liabilities	158,713	—	35,363	—	194,076
Revenue distributions payable	129,949	—	—	—	129,949
Other current liabilities	18,935	—	150	—	19,085
Total current liabilities	<u>676,506</u>	<u>—</u>	<u>98,614</u>	<u>(67,850)</u>	<u>707,270</u>
Long-term liabilities:					
Long-term debt	4,048,782	—	620,000	—	4,668,782
Deferred income tax liability	1,370,686	—	—	—	1,370,686
Contingent acquisition consideration	—	—	178,049	(178,049)	—
Other liabilities	81,453	—	624	—	82,077
Total liabilities	<u>6,177,427</u>	<u>—</u>	<u>897,287</u>	<u>(245,899)</u>	<u>6,828,815</u>
Equity:					
Stockholders' equity:					
Partners' capital	—	—	1,082,745	(1,082,745)	—
Common stock	2,770	—	—	—	2,770
Additional paid-in capital	4,122,811	—	—	—	4,122,811
Accumulated earnings	1,808,811	—	—	—	1,808,811
Total stockholders' equity	<u>5,934,392</u>	<u>—</u>	<u>1,082,745</u>	<u>(1,082,745)</u>	<u>5,934,392</u>
Noncontrolling interest in consolidated subsidiary	—	—	—	1,352,286	1,352,286
Total equity	<u>5,934,392</u>	<u>—</u>	<u>1,082,745</u>	<u>269,541</u>	<u>7,286,678</u>
Total liabilities and equity	<u>\$12,111,819</u>	<u>—</u>	<u>1,980,032</u>	<u>23,642</u>	<u>14,115,493</u>

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Notes to Condensed Consolidated Financial Statements

December 31, 2015 and September 30, 2016

**Condensed Consolidating Balance Sheet
September 30, 2016
(In thousands)**

	Parent	Guarantor Subsidiaries	Non- Guarantor Subsidiaries	Eliminations	Consolidated
Assets					
Current assets:					
Cash and cash equivalents	\$ 9,291	—	9,221	—	18,512
Accounts receivable, net	58,219	—	1,243	—	59,462
Intercompany receivables	2,237	—	58,398	(60,635)	—
Accrued revenue	196,490	—	—	—	196,490
Derivative instruments	417,605	—	—	—	417,605
Other current assets	3,349	—	53	—	3,402
Total current assets	<u>687,191</u>	<u>—</u>	<u>68,915</u>	<u>(60,635)</u>	<u>695,471</u>
Property and equipment:					
Natural gas properties, at cost (successful efforts method):					
Unproved properties	2,449,995	—	—	—	2,449,995
Proved properties	9,312,455	—	—	(131,750)	9,180,705
Water handling and treatment systems	—	—	681,062	—	681,062
Gathering systems and facilities	17,928	—	1,638,748	—	1,656,676
Other property and equipment	45,571	—	—	—	45,571
	<u>11,825,949</u>	<u>—</u>	<u>2,319,810</u>	<u>(131,750)</u>	<u>14,014,009</u>
Less accumulated depletion, depreciation, and amortization	(1,945,069)	—	(231,724)	—	(2,176,793)
Property and equipment, net	<u>9,880,880</u>	<u>—</u>	<u>2,088,086</u>	<u>(131,750)</u>	<u>11,837,216</u>
Derivative instruments	2,015,090	—	—	—	2,015,090
Investments in subsidiaries	(375,986)	—	—	375,986	—
Contingent acquisition consideration	188,433	—	—	(188,433)	—
Other assets, net	22,190	—	59,286	—	81,476
Total assets	<u>\$12,417,798</u>	<u>—</u>	<u>2,216,287</u>	<u>(4,832)</u>	<u>14,629,253</u>
Liabilities and Equity					
Current liabilities:					
Accounts payable	\$ 122,220	—	50,073	—	172,293
Intercompany payable	58,398	—	2,237	(60,635)	—
Accrued liabilities	235,560	—	9,614	—	245,174
Revenue distributions payable	172,202	—	—	—	172,202
Derivative instruments	3,110	—	—	—	3,110
Other current liabilities	18,928	—	197	—	19,125
Total current liabilities	<u>610,418</u>	<u>—</u>	<u>62,121</u>	<u>(60,635)</u>	<u>611,904</u>
Long-term liabilities:					
Long-term debt	3,950,138	—	809,766	—	4,759,904
Deferred income tax liability	1,215,240	—	—	—	1,215,240
Contingent acquisition consideration	—	—	188,433	(188,433)	—
Derivative instruments	40	—	—	—	40
Other liabilities	61,214	—	669	—	61,883
Total liabilities	<u>5,837,050</u>	<u>—</u>	<u>1,060,989</u>	<u>(249,068)</u>	<u>6,648,971</u>
Equity:					
Stockholders' equity:					
Partners' capital	—	—	1,155,298	(1,155,298)	—
Common stock	3,072	—	—	—	3,072
Additional paid-in capital	5,131,909	—	—	—	5,131,909
Accumulated earnings	1,445,767	—	—	—	1,445,767
Total stockholders' equity	<u>6,580,748</u>	<u>—</u>	<u>1,155,298</u>	<u>(1,155,298)</u>	<u>6,580,748</u>
Noncontrolling interest in consolidated subsidiary	—	—	—	1,399,534	1,399,534
Total equity	<u>6,580,748</u>	<u>—</u>	<u>1,155,298</u>	<u>244,236</u>	<u>7,980,282</u>
Total liabilities and equity	<u>\$12,417,798</u>	<u>—</u>	<u>2,216,287</u>	<u>(4,832)</u>	<u>14,629,253</u>

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Notes to Condensed Consolidated Financial Statements

December 31, 2015 and September 30, 2016

**Condensed Consolidating Statement of Operations and Comprehensive Income
 Three Months Ended September 30, 2015
 (In thousands)**

	Parent	Guarantor Subsidiaries	Non- Guarantor Subsidiaries	Eliminations	Consolidated
Revenue:					
Natural gas sales	\$ 253,975	—	—	—	253,975
Natural gas liquids sales	50,092	—	—	—	50,092
Oil sales	20,138	—	—	—	20,138
Gathering, compression, and water handling and treatment	958	—	59,258	(55,790)	4,426
Marketing	35,633	—	—	—	35,633
Commodity derivative fair value losses	1,079,071	—	—	—	1,079,071
Other income	324	—	—	(324)	—
Total revenue	1,440,191	—	59,258	(56,114)	1,443,335
Operating expenses:					
Lease operating	10,786	—	—	—	10,786
Gathering, compression, processing, and transportation	211,469	—	4,699	(55,866)	160,302
Production and ad valorem taxes	18,584	—	(7,863)	—	10,721
Marketing	61,799	—	—	—	61,799
Exploration	1,087	—	—	—	1,087
Impairment of unproved properties	8,754	—	—	—	8,754
Depletion, depreciation, and amortization	173,592	—	15,075	—	188,667
Accretion of asset retirement obligations	419	—	—	—	419
General and administrative	48,666	—	11,267	(248)	59,685
Total operating expenses	535,156	—	23,178	(56,114)	502,220
Operating income	905,035	—	36,080	—	941,115
Other income (expenses):					
Interest	(59,647)	—	(1,274)	—	(60,921)
Equity in net income of subsidiaries	23,913	—	—	(23,913)	—
Total other expenses	(35,734)	—	(1,274)	(23,913)	(60,921)
Income before income taxes	869,301	—	34,806	(23,913)	880,194
Provision for income tax expense	(335,460)	—	—	—	(335,460)
Net income and comprehensive income including noncontrolling interest					
Net income and comprehensive income attributable to noncontrolling interest	533,841	—	34,806	(23,913)	544,734
Net income and comprehensive income attributable to Antero Resources Corporation	—	—	—	10,892	10,892
Net income and comprehensive income attributable to Antero Resources Corporation	\$ 533,841	—	34,806	(34,805)	533,842

ANTERO RESOURCES CORPORATION

Notes to Condensed Consolidated Financial Statements

December 31, 2015 and September 30, 2016

**Condensed Consolidating Statement of Operations and Comprehensive Income
Three Months Ended September 30, 2016
(In thousands)**

	Parent	Guarantor Subsidiaries	Non- Guarantor Subsidiaries	Eliminations	Consolidated
Revenue:					
Natural gas sales	\$ 364,373	—	—	—	364,373
Natural gas liquids sales	106,958	—	—	—	106,958
Oil sales	14,793	—	—	—	14,793
Gathering, compression, and water handling and treatment	—	—	150,475	(147,506)	2,969
Marketing	97,076	—	—	—	97,076
Commodity derivative fair value losses	530,334	—	—	—	530,334
Other income	3,990	—	—	(3,990)	—
Total revenue	<u>1,117,524</u>	<u>—</u>	<u>150,475</u>	<u>(151,496)</u>	<u>1,116,503</u>
Operating expenses:					
Lease operating	13,710	—	28,978	(28,834)	13,854
Gathering, compression, processing, and transportation	303,753	—	6,400	(75,238)	234,915
Production and ad valorem taxes	17,719	—	(2,165)	—	15,554
Marketing	114,611	—	—	—	114,611
Exploration	1,166	—	—	—	1,166
Impairment of unproved properties	11,753	—	—	—	11,753
Depletion, depreciation, and amortization	172,976	—	26,137	—	199,113
Accretion of asset retirement obligations	628	—	—	—	628
General and administrative	44,637	—	13,315	(375)	57,577
Accretion of contingent acquisition consideration	—	—	3,527	(3,527)	—
Total operating expenses	<u>680,953</u>	<u>—</u>	<u>76,192</u>	<u>(107,974)</u>	<u>649,171</u>
Operating income	<u>436,571</u>	<u>—</u>	<u>74,283</u>	<u>(43,522)</u>	<u>467,332</u>
Other income (expenses):					
Equity in earnings of unconsolidated affiliate	—	—	1,543	—	1,543
Interest	(54,631)	—	(5,303)	179	(59,755)
Equity in net income (loss) of subsidiaries	(2,761)	—	—	2,761	—
Total other expenses	<u>(57,392)</u>	<u>—</u>	<u>(3,760)</u>	<u>2,940</u>	<u>(58,212)</u>
Income before income taxes	379,179	—	70,523	(40,582)	409,120
Provision for income tax expense	(140,924)	—	—	—	(140,924)
Net income and comprehensive income including noncontrolling interest	238,255	—	70,523	(40,582)	268,196
Net income and comprehensive income attributable to noncontrolling interest	—	—	—	29,941	29,941
Net income and comprehensive income attributable to Antero Resources Corporation	<u>\$ 238,255</u>	<u>—</u>	<u>70,523</u>	<u>(70,523)</u>	<u>238,255</u>

ANTERO RESOURCES CORPORATION

Notes to Condensed Consolidated Financial Statements

December 31, 2015 and September 30, 2016

**Condensed Consolidating Statement of Operations and Comprehensive Income
 Nine Months Ended September 30, 2015
 (In thousands)**

	Parent	Guarantor Subsidiaries	Non- Guarantor Subsidiaries	Eliminations	Consolidated
Revenue:					
Natural gas sales	\$ 810,982	—	—	—	810,982
Natural gas liquids sales	188,403	—	—	—	188,403
Oil sales	55,627	—	—	—	55,627
Gathering, compression, and water handling and treatment	6,651	—	168,094	(159,661)	15,084
Marketing	143,242	—	—	—	143,242
Commodity derivative fair value gains	1,836,398	—	—	—	1,836,398
Other income	824	—	—	(824)	—
Total revenue	3,042,127	—	168,094	(160,485)	3,049,736
Operating expenses:					
Lease operating	25,561	—	—	—	25,561
Gathering, compression, processing, and transportation	630,708	—	19,792	(159,867)	490,633
Production and ad valorem taxes	57,433	—	25	—	57,458
Marketing	214,201	—	—	—	214,201
Exploration	3,086	—	—	—	3,086
Impairment of unproved properties	43,670	—	—	—	43,670
Depletion, depreciation, and amortization	503,265	—	44,748	—	548,013
Accretion of asset retirement obligations	1,227	—	—	—	1,227
General and administrative	147,858	—	30,685	(618)	177,925
Contract termination and rig stacking	10,902	—	—	—	10,902
Total operating expenses	1,637,911	—	95,250	(160,485)	1,572,676
Operating income	1,404,216	—	72,844	—	1,477,060
Other income (expenses):					
Interest	(170,989)	—	(2,940)	—	(173,929)
Equity in net income of subsidiaries	48,381	—	—	(48,381)	—
Total other expenses	(122,608)	—	(2,940)	(48,381)	(173,929)
Income before income taxes	1,281,608	—	69,904	(48,381)	1,303,131
Provision for income tax expense	(498,709)	—	—	—	(498,709)
Net income and comprehensive income including noncontrolling interest	782,899	—	69,904	(48,381)	804,422
Net income and comprehensive income attributable to noncontrolling interest	—	—	—	21,522	21,522
Net income and comprehensive income attributable to Antero Resources Corporation	\$ 782,899	—	69,904	(69,903)	782,900

ANTERO RESOURCES CORPORATION

Notes to Condensed Consolidated Financial Statements

December 31, 2015 and September 30, 2016

**Condensed Consolidating Statement of Operations and Comprehensive Income (Loss)
 Nine Months Ended September 30, 2016
 (In thousands)**

	Parent	Guarantor Subsidiaries	Non- Guarantor Subsidiaries	Eliminations	Consolidated
Revenue:					
Natural gas sales	\$ 848,936	—	—	—	848,936
Natural gas liquids sales	274,736	—	—	—	274,736
Oil sales	41,712	—	—	—	41,712
Gathering, compression, and water handling and treatment	—	—	423,357	(413,250)	10,107
Marketing	287,194	—	—	—	287,194
Commodity derivative fair value gains	125,624	—	—	—	125,624
Other income	11,714	—	—	(11,714)	—
Total revenue	1,589,916	—	423,357	(424,964)	1,588,309
Operating expenses:					
Lease operating	37,299	—	104,009	(104,118)	37,190
Gathering, compression, processing, and transportation	838,936	—	20,567	(209,790)	649,713
Production and ad valorem taxes	51,921	—	375	—	52,296
Marketing	378,521	—	—	—	378,521
Exploration	3,289	—	—	—	3,289
Impairment of unproved properties	47,223	—	—	—	47,223
Depletion, depreciation, and amortization	513,957	—	74,100	—	588,057
Accretion of asset retirement obligations	1,846	—	—	—	1,846
General and administrative	135,356	—	39,712	(1,102)	173,966
Accretion of contingent acquisition consideration	—	—	10,384	(10,384)	—
Total operating expenses	2,008,348	—	249,147	(325,394)	1,932,101
Operating income (loss)	(418,432)	—	174,210	(99,570)	(343,792)
Other income (expenses):					
Equity in earnings of unconsolidated affiliate	—	—	2,027	—	2,027
Interest	(173,364)	—	(12,885)	615	(185,634)
Equity in net income of subsidiaries	(2,003)	—	—	2,003	—
Total other expenses	(175,367)	—	(10,858)	2,618	(183,607)
Income (loss) before income taxes	(593,799)	—	163,352	(96,952)	(527,399)
Provision for income tax benefit	230,755	—	—	—	230,755
Net income (loss) and comprehensive income (loss) including noncontrolling interest	(363,044)	—	163,352	(96,952)	(296,644)
Net income and comprehensive income attributable to noncontrolling interest	—	—	—	66,400	66,400
Net income (loss) and comprehensive income (loss) attributable to Antero Resources Corporation	\$ (363,044)	—	163,352	(163,352)	(363,044)

ANTERO RESOURCES CORPORATION

Notes to Condensed Consolidated Financial Statements

December 31, 2015 and September 30, 2016

**Condensed Consolidating Statement of Cash Flows
 Nine Months Ended September 30, 2015
 (In thousands)**

	Parent	Guarantor Subsidiaries	Non- Guarantor Subsidiaries	Eliminations	Consolidated
Net cash provided by operating activities	\$ 711,020	—	130,134	—	841,154
Cash flows used in investing activities:					
Additions to unproved properties	(170,291)	—	—	—	(170,291)
Drilling and completion costs	(1,350,498)	—	—	—	(1,350,498)
Additions to water handling and treatment systems	(79,227)	—	—	—	(79,227)
Additions to gathering systems and facilities	(40,264)	—	(242,549)	—	(282,813)
Additions to other property and equipment	(5,225)	—	—	—	(5,225)
Change in other assets	307	—	10,883	—	11,190
Net distributions to guarantor subsidiary	(115,000)	—	—	115,000	—
Distributions from non-guarantor subsidiary	49,161	—	—	(49,161)	—
Proceeds from contribution of assets to non-guarantor subsidiary	804,630	—	—	(804,630)	—
Proceeds from asset sales	40,000	—	—	—	40,000
Net cash used in investing activities	(866,407)	—	(231,666)	(738,791)	(1,836,864)
Cash flows provided by (used in) financing activities:					
Issuance of common stock	537,832	—	—	—	537,832
Issuance of common units by Antero Midstream Partners LP	—	—	240,972	—	240,972
Issuance of senior notes	750,000	—	—	—	750,000
Borrowings (repayments) on bank credit facility, net	(1,115,000)	(115,000)	525,000	—	(705,000)
Payments of deferred financing costs	(15,234)	—	(1,956)	—	(17,190)
Distributions	—	115,000	(875,149)	738,791	(21,358)
Employee tax withholding for settlement of equity compensation awards	(4,554)	—	—	—	(4,554)
Other	(3,544)	—	(17)	—	(3,561)
Net cash provided by (used in) financing activities	149,500	—	(111,150)	738,791	777,141
Net decrease in cash and cash equivalents	(5,887)	—	(212,682)	—	(218,569)
Cash and cash equivalents, beginning of period	15,787	—	230,192	—	245,979
Cash and cash equivalents, end of period	\$ 9,900	—	17,510	—	27,410

ANTERO RESOURCES CORPORATION

Notes to Condensed Consolidated Financial Statements

December 31, 2015 and September 30, 2016

**Condensed Consolidating Statement of Cash Flows
Nine Months Ended September 30, 2016
(In thousands)**

	Parent	Guarantor Subsidiaries	Non- Guarantor Subsidiaries	Eliminations	Consolidated
Net cash provided by operating activities	\$ 745,517	—	259,135	(98,955)	905,697
Cash flows used in investing activities:					
Additions to proved properties	(64,789)	—	—	—	(64,789)
Additions to unproved properties	(559,572)	—	—	—	(559,572)
Drilling and completion costs	(1,108,806)	—	—	98,955	(1,009,851)
Additions to water handling and treatment systems	—	—	(137,355)	—	(137,355)
Additions to gathering systems and facilities	(1,367)	—	(152,769)	—	(154,136)
Additions to other property and equipment	(1,747)	—	—	—	(1,747)
Investments in unconsolidated affiliates	—	—	(45,044)	—	(45,044)
Change in other assets	236	—	(2,409)	—	(2,173)
Net distributions from subsidiaries	78,514	—	—	(78,514)	—
Net cash used in investing activities	(1,657,531)	—	(337,577)	20,441	(1,974,667)
Cash flows provided by financing activities:					
Issuance of common stock	837,414	—	—	—	837,414
Issuance of common units by Antero Midstream Partners LP	—	—	19,605	—	19,605
Sale of common units in Antero Midstream Partners LP by Antero Resources Corporation	178,000	—	—	—	178,000
Issuance of senior notes	—	—	650,000	—	650,000
Repayments on bank credit facility, net	(102,000)	—	(450,000)	—	(552,000)
Payments of deferred financing costs	(89)	—	(8,940)	—	(9,029)
Distributions	—	—	(129,752)	78,514	(51,238)
Employee tax withholding for settlement of equity compensation awards	(4,859)	—	(17)	—	(4,876)
Other	(3,751)	—	(116)	—	(3,867)
Net cash provided by financing activities	904,715	—	80,780	78,514	1,064,009
Net increase (decrease) in cash and cash equivalents	(7,299)	—	2,338	—	(4,961)
Cash and cash equivalents, beginning of period	16,590	—	6,883	—	23,473
Cash and cash equivalents, end of period	\$ 9,291	—	9,221	—	18,512

(13) Commitments

The following is a schedule of future minimum payments for firm transportation, drilling rig and completion services, processing, gathering and compression, and office and equipment agreements, as well as leases that have remaining lease terms in excess of one year as of September 30, 2016 (in millions):

	Firm transportation (a)	Processing, gathering and compression (b)	Drilling rigs and completion services (c)	Office and equipment (d)	Total
Remainder of 2016	\$ 119	88	27	3	237
2017	709	370	101	13	1,193
2018	935	286	98	12	1,331
2019	1,086	230	60	9	1,385
2020	1,105	230	—	7	1,342
2021	1,084	224	—	7	1,315
Thereafter	10,469	951	—	25	11,445
Total	\$ 15,507	2,379	286	76	18,248

ANTERO RESOURCES CORPORATION

Notes to Condensed Consolidated Financial Statements

December 31, 2015 and September 30, 2016

(a) Firm Transportation

The Company has entered into firm transportation agreements with various pipelines in order to facilitate the delivery of its production to market. These contracts commit the Company to transport minimum daily natural gas or NGLs volumes at negotiated rates, or pay for any deficiencies at specified reservation fee rates. The amounts in this table are based on the Company's minimum daily volumes at the reservation fee rate. The values in the table represent the gross amounts that the Company is committed to pay; however, the Company will record in the consolidated financial statements its proportionate share of costs based on its working interest.

(b) Processing, Gathering, and Compression Service Commitments

The Company has entered into various long-term gas processing agreements for certain of its production that will allow it to realize the value of its NGLs. The minimum payment obligations under the agreements are presented in the table.

The Company has various gathering and compression service agreements with third parties that provide for payments based on volumes gathered or compressed. The minimum payment obligations under these agreements are presented in the table.

The values in the table represent the gross amounts that the Company is committed to pay; however, the Company will record in the consolidated financial statements its proportionate share of costs based on its working interest. The values in the table also include Antero Midstream's commitments for the construction of its advanced waste water treatment complex. The table does not include intracompany commitments.

(c) Drilling Rig Service Commitments

The Company has obligations under agreements with service providers to procure drilling rigs and completion services. The values in the table represent the gross amounts that the Company is committed to pay; however, the Company will record in the consolidated financial statements its proportionate share of costs based on its working interest.

(d) Office and Equipment Leases

The Company leases various office space and equipment, as well as field equipment, under capital and operating lease arrangements.

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

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our condensed consolidated financial statements and related notes included elsewhere in this report. The following discussion contains “forward-looking statements” that reflect our future plans, estimates, beliefs and expected performance. We caution that assumptions, expectations, projections, intentions, or beliefs about future events may, and often do, vary from actual results and the differences can be material. Some of the key factors that could cause actual results to vary from our expectations include changes in natural gas, NGLs, and oil prices, the timing of planned capital expenditures, our ability to fund our development programs, availability of acquisitions, our ability to close acquisitions, uncertainties in estimating proved reserves and forecasting production results, operational factors affecting the commencement or maintenance of producing wells, the condition of the capital markets generally, as well as our ability to access them, and uncertainties regarding environmental regulations or litigation and other legal or regulatory developments affecting our business, as well as those factors discussed below, all of which are difficult to predict. In light of these risks, uncertainties and assumptions, the forward-looking events discussed may not occur. See “Cautionary Statement Regarding Forward-Looking Statements.” Also, see the risk factors and other cautionary statements described under the heading “Item 1A. Risk Factors.” We do not undertake any obligation to publicly update any forward-looking statements except as otherwise required by applicable law. For more information, please refer to the Annual Report on Form 10-K for the year ended December 31, 2015, filed with the SEC on February 24, 2016.

In this section, references to “Antero,” “the Company,” “we,” “us,” and “our” refer to Antero Resources Corporation and its subsidiaries, unless otherwise indicated or the context otherwise requires.

Our Company

Antero Resources Corporation is an independent oil and natural gas company engaged in the exploration, development, and acquisition of natural gas, NGLs, and oil properties located in the Appalachian Basin. We focus on unconventional reservoirs, which can generally be characterized as fractured shale formations. Our management team has worked together for many years and has a successful track record of reserve and production growth as well as significant expertise in unconventional resource plays. Our strategy is to leverage our team’s experience delineating and developing natural gas resource plays to profitably grow our reserves and production, primarily on our existing multi-year project inventory of drilling locations.

We have assembled a portfolio of long-lived properties that are characterized by what we believe to be low geologic risk and repeatability. Our drilling opportunities are focused in the Marcellus Shale and Utica Shale of the Appalachian Basin. As of September 30, 2016, we held approximately 618,000 net acres of rich gas and dry gas properties located in the Appalachian Basin in West Virginia, Ohio, and Pennsylvania. Our corporate headquarters are in Denver, Colorado.

We operate in the following industry segments: (i) the exploration and production of natural gas, NGLs, and oil; (ii) gathering and compression; (iii) water handling and treatment; and (iv) marketing of excess firm transportation capacity. All of our operations are conducted in the United States.

Address, Internet Website and Availability of Public Filings

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

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

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

2016 Developments and Highlights

Energy Industry Environment

In late 2014, global energy commodity prices declined precipitously as a result of several factors, including an increase in worldwide commodity supplies, a stronger U.S. dollar, relatively mild weather in large portions of the U.S. during winter months, and

strong competition among oil producing countries for market share. These events continued throughout 2015 and into 2016 and, along with slower economic growth in China, have led to the continuation of low commodity prices. Spot prices for WTI declined significantly since June 2014 levels of approximately \$106.00 per Bbl and have ranged from less than \$30.00 per Bbl in February 2016 to approximately \$45.00 per Bbl in September 2016. Spot prices for Henry Hub natural gas have also declined significantly from approximately \$4.40 per MMBtu in January 2014 and have ranged from approximately \$2.00 per MMBtu in March 2016 to approximately \$3.00 per MMBtu in September 2016. Spot prices for propane, which is the largest portion of our NGLs sales, have declined from approximately \$1.55 per gallon in January 2014 and have ranged from less than \$0.35 per gallon in January 2016 to approximately \$0.50 per gallon in September 2016.

In response to these market conditions and concerns about access to capital markets, many U.S. exploration and production companies significantly reduced their capital spending plans in 2015, and further reduced their capital spending plans for 2016. Our capital budget for drilling, completions, and land in 2016 is \$1.4 billion, a 24% reduction from our 2015 capital expenditures. Our 2016 budget includes plans to operate an average of 7 drilling rigs in 2016 as compared to an average of 14 rigs in 2015, completion of 110 horizontal wells in the Marcellus and Utica Shales in 2016 as compared to 131 in 2015, and deferring the completion of 70 wells until 2017.

We believe that our 2016 capital budget will be fully funded through operating cash flows, available borrowing capacity under our revolving credit facility, and potential capital market transactions. We will continually monitor commodity prices and may revise the capital budget if conditions warrant. Additionally, given the current commodity price environment, we have evaluated the carrying value of our proved properties. See “—Critical Accounting Policies and Estimates” for a discussion of such evaluation.

Production and Financial Results

For the three months ended September 30, 2016, we generated cash flow from operations of \$327 million, net income of \$238 million, and Adjusted EBITDAX of \$373 million. This compares to cash flow from operations of \$246 million, net income of \$534 million, and Adjusted EBITDAX of \$291 million for the three months ended September 30, 2015. Net income of \$238 million for the three months ended September 30, 2016 included (i) commodity derivative fair value gains of \$530 million, comprised of gains on settled derivatives of \$197 million and gains of \$333 million on changes in the fair value of commodity derivatives, (ii) a noncash charge of \$26 million for equity-based compensation, (iii) a noncash charge of \$12 million for impairments of unproved properties, and (iv) a noncash deferred tax expense of \$141 million. See “—Non-GAAP Financial Measure” for a definition of Adjusted EBITDAX (a non-GAAP measure) and a reconciliation of Adjusted EBITDAX to net income.

For the three months ended September 30, 2016, our production totaled approximately 172 Bcfe, or 1,875 MMcfe per day, a 25% increase compared to 139 Bcfe, or 1,506 MMcfe per day, for the three months ended September 30, 2015. The average price received for production for the three months ended September 30, 2016 was \$2.82 per Mcfe before the effects of gains on settled derivatives compared to \$2.34 per Mcfe for the three months ended September 30, 2015. Average prices including the effects of gains on settled derivatives were \$3.96 per Mcfe for the three months ended September 30, 2016 compared to \$3.83 per Mcfe for the three months ended September 30, 2015.

For the nine months ended September 30, 2016, we generated cash flow from operations of \$906 million, a net loss of \$363 million, and Adjusted EBITDAX of \$1.06 billion. This compares to cash flow from operations of \$841 million, net income of \$783 million, and Adjusted EBITDAX of \$914 million for the nine months ended September 30, 2015. The net loss of \$363 million for the nine months ended September 30, 2016 included (i) commodity derivative fair value gains of \$126 million, comprised of gains on settled derivative of \$814 million and a loss of \$688 million on changes in the fair value of commodity derivatives, (ii) a noncash charge of \$76 million for equity-based compensation, (iii) a noncash charge of \$47 million for impairments of unproved properties, and (iv) a noncash deferred tax benefit of \$231 million. See “—Non-GAAP Financial Measure” for a definition of Adjusted EBITDAX (a non-GAAP measure) and a reconciliation of Adjusted EBITDAX to net income.

For the nine months ended September 30, 2016, our production totaled approximately 493 Bcfe, or 1,799 MMcfe per day, a 21% increase compared to 407 Bcfe, or 1,492 MMcfe per day, for the nine months ended September 30, 2015. The average price received for production for the nine months ended September 30, 2016 was \$2.36 per Mcfe before the effects of gains on settled derivatives compared to \$2.59 per Mcfe for the nine months ended September 30, 2015. Average prices including the effects of gains on settled derivatives were \$4.02 per Mcfe for the nine months ended September 30, 2016 compared to \$4.03 per Mcfe for the nine months ended September 30, 2015.

Hedge Position

As of September 30, 2016, we had entered into hedging contracts for October 1, 2016 through December 31, 2022 for approximately 3.3 Tcf of our projected natural gas production at a weighted average index price of \$3.69 per MMBtu, 568 million gallons of propane at a weighted average price of \$0.45 per gallon, and 307 million gallons of ethane at a weighted average price of \$0.25 per gallon. These hedging contracts include contracts for the remaining three months ended December 31, 2016 of approximately 148 Bcf of natural gas at a weighted average index price of \$4.01 per Mcf and 116 million gallons of propane at a weighted average price of \$0.61 per gallon.

Credit Facilities

As of September 30, 2016, the borrowing base under our revolving credit facility was \$4.5 billion and lender commitments were \$4.0 billion. The borrowing base under our revolving credit facility is redetermined semi-annually and is based on the estimated future cash flows from our proved oil and gas reserves and our commodity hedge positions. In October 2016, the borrowing base was increased to \$4.75 billion, and lender commitments remain at \$4.0 billion. The next redetermination is scheduled to occur in April 2017. At September 30, 2016, we had \$605 million of borrowings and \$709 million of letters of credit outstanding under the revolving credit facility. Our revolving credit facility matures in May 2019. See “—Debt Agreements and Contractual Obligations—Senior Secured Revolving Credit Facility” for a description of our revolving credit facility.

Our consolidated subsidiary, Antero Midstream, has a revolving credit facility agreement that provides for lender commitments of \$1.5 billion. At September 30, 2016, Antero Midstream had \$170 million of borrowings outstanding under its revolving credit facility. The facility will mature in November 2019. See “—Debt Agreements and Contractual Obligations—Midstream Credit Facility” for a description of this revolving credit facility.

Issuance of 5.375% Notes due 2024 by Antero Midstream

On September 13, 2016, Antero Midstream issued \$650 million of 5.375% senior notes due September 15, 2024 at par. The proceeds from the issuance were used by Antero Midstream to pay down amounts outstanding under its revolving credit facility.

Equity Distribution Agreement

During the third quarter of 2016, the Partnership entered into an Equity Distribution Agreement (the “Distribution Agreement”). Pursuant to the terms of the agreement, the Partnership may sell, from time to time through brokers acting as its sales agents, common units representing limited partner interests having an aggregate offering price of up to \$250 million. Sales of the common units are made by means of ordinary brokers’ transactions on the New York Stock Exchange, at market prices, in block transactions, or as otherwise agreed to between the Partnership and the sales agents. Proceeds are used for general partnership purposes, which may include repayment of indebtedness and funding working capital or capital expenditures. The Partnership is under no obligation to offer and sell common units under the Distribution Agreement.

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

2016 Capital Budget

Our capital budget for drilling, completions, and land for 2016 is \$1.4 billion and includes: \$1.3 billion for drilling and completion and \$100 million for core leasehold acreage costs. We do not budget for acquisitions. Approximately 75% of the drilling and completion budget is allocated to the Marcellus Shale, and the remaining 25% is allocated to the Utica Shale. Over the course of 2016, we plan to operate an average of 5 drilling rigs in the Marcellus Shale and 2 drilling rigs in the Utica Shale. Additionally, the capital budget for Antero Midstream for 2016 is \$480 million. We periodically review our capital expenditures and adjust our budget and its allocation based on liquidity, drilling results, leasehold acquisition opportunities, and commodity prices. For the nine months ended September 30, 2016, our consolidated capital expenditures were approximately \$1.9 billion, including drilling and completion costs of \$1.0 billion, \$560 million of leasehold costs (including \$518 million for an acquisition), \$65 million for acquisitions of producing properties, gathering and compression costs of Antero Midstream of \$154 million, water handling and treatment costs of Antero Midstream of \$137 million, and other capital expenditures of \$2 million.

Results of Operations

Three Months Ended September 30, 2015 Compared to Three Months Ended September 30, 2016

The Company has four operating segments: (1) the exploration and production of natural gas, NGLs, and oil; (2) gathering and compression; (3) water handling and treatment; and (4) marketing of excess firm transportation capacity. Revenues from the gathering and compression and water handling and treatment segments are primarily derived from intersegment transactions for services provided to our exploration and production segment by Antero Midstream. Intersegment transactions that are eliminated include revenues from water services provided by Antero Midstream which are capitalized as proved property development costs by Antero. Marketing revenues are primarily derived from activities to purchase and sell third-party natural gas and NGLs and to market excess firm transportation capacity to third parties. The operating results of the Company's reportable segments were as follows for the three months ended September 30, 2015 and 2016 (in thousands):

	Exploration and production	Gathering and compression	Water handling and treatment	Marketing	Elimination of intersegment transactions	Consolidated total
Three months ended September 30, 2015:						
Sales and revenues:						
Third-party	\$ 1,403,275	3,468	959	35,633	—	1,443,335
Intersegment	398	55,790	21,487	—	(77,675)	—
Total	<u>\$ 1,403,673</u>	<u>59,258</u>	<u>22,446</u>	<u>35,633</u>	<u>(77,675)</u>	<u>1,443,335</u>
Operating expenses:						
Lease operating	\$ 10,721	—	3,973	—	(3,908)	10,786
Gathering, compression, processing, and transportation	211,469	4,699	—	—	(55,866)	160,302
Depletion, depreciation, and amortization	166,900	15,282	6,485	—	—	188,667
General and administrative expense (before equity-based compensation)	27,534	7,060	1,498	—	(322)	35,770
Equity-based compensation expense	18,631	4,205	1,079	—	—	23,915
Other operating expenses	28,044	(7,863)	800	61,799	—	82,780
Total	<u>463,299</u>	<u>23,383</u>	<u>13,835</u>	<u>61,799</u>	<u>(60,096)</u>	<u>502,220</u>
Operating income (loss)	<u>\$ 940,374</u>	<u>35,875</u>	<u>8,611</u>	<u>(26,166)</u>	<u>(17,579)</u>	<u>941,115</u>
Segment Adjusted EBITDAX (1)	263,015	55,362	16,175	(26,166)	(17,579)	290,807

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	Exploration and production	Gathering and compression	Water handling and treatment	Marketing	Elimination of intersegment transactions	Consolidated total
Three months ended September 30, 2016:						
Sales and revenues:						
Third-party	\$ 1,016,458	2,745	224	97,076	—	1,116,503
Intersegment	3,990	75,319	72,187	—	(151,496)	—
Total	<u>\$ 1,020,448</u>	<u>78,064</u>	<u>72,411</u>	<u>97,076</u>	<u>(151,496)</u>	<u>1,116,503</u>
Operating expenses:						
Lease operating	\$ 13,710	—	28,978	—	(28,834)	13,854
Gathering, compression, processing, and transportation	303,753	6,400	—	—	(75,238)	234,915
Depletion, depreciation, and amortization	172,735	18,540	7,838	—	—	199,113
General and administrative expense (before equity-based compensation)	24,856	5,068	1,647	—	(375)	31,196
Equity-based compensation expense	19,781	5,214	1,386	—	—	26,381
Other operating expenses	31,266	(1,708)	3,070	114,611	(3,527)	143,712
Total	<u>566,101</u>	<u>33,514</u>	<u>42,919</u>	<u>114,611</u>	<u>(107,974)</u>	<u>649,171</u>
Operating income (loss)	<u>\$ 454,347</u>	<u>44,550</u>	<u>29,492</u>	<u>(17,535)</u>	<u>(43,522)</u>	<u>467,332</u>
Segment Adjusted EBITDAX (1)	323,261	68,304	42,243	(17,535)	(43,522)	372,751

(1) See “—Non-GAAP Financial Measure” for a definition of Segment Adjusted EBITDAX (a non-GAAP measure) and a reconciliation of Segment Adjusted EBITDAX to operating income (loss).

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

(in thousands)	Three Months Ended September 30,		Amount of Increase (Decrease)	Percent Change
	2015	2016		
Operating revenues:				
Natural gas sales	\$ 253,975	\$ 364,373	\$ 110,398	43 %
NGLs sales	50,092	106,958	56,866	114 %
Oil sales	20,138	14,793	(5,345)	(27)%
Gathering, compression, and water handling and treatment	4,426	2,969	(1,457)	(33)%
Marketing	35,633	97,076	61,443	172 %
Commodity derivative fair value gains	1,079,071	530,334	(548,737)	(51)%
Total operating revenues	1,443,335	1,116,503	(326,832)	(23)%
Operating expenses:				
Lease operating	10,786	13,854	3,068	28 %
Gathering, compression, processing, and transportation	160,302	234,915	74,613	47 %
Production and ad valorem taxes	10,721	15,554	4,833	45 %
Marketing	61,799	114,611	52,812	85 %
Exploration	1,087	1,166	79	7 %
Impairment of unproved properties	8,754	11,753	2,999	34 %
Depletion, depreciation, and amortization	188,667	199,113	10,446	6 %
Accretion of asset retirement obligations	419	628	209	50 %
General and administrative (before equity-based compensation)	35,770	31,196	(4,574)	(13)%
Equity-based compensation	23,915	26,381	2,466	10 %
Total operating expenses	502,220	649,171	146,951	29 %
Operating income	941,115	467,332	(473,783)	(50)%
Other earnings (expenses):				
Equity in earnings of unconsolidated affiliate	—	1,543	1,543	*
Interest expense	(60,921)	(59,755)	1,166	(2)%
Income before income taxes	880,194	409,120	(471,074)	(54)%
Income tax expense	(335,460)	(140,924)	194,536	(58)%
Net income and comprehensive income including noncontrolling interest	544,734	268,196	(276,538)	(51)%
Net income and comprehensive income attributable to noncontrolling interest	10,892	29,941	19,049	175 %
Net income and comprehensive income attributable to Antero Resources Corporation	\$ 533,842	\$ 238,255	\$ (295,587)	(55)%
Adjusted EBITDAX (1)	\$ 290,807	\$ 372,751	\$ 81,944	28 %

(1) See “—Non-GAAP Financial Measure” for a definition of Adjusted EBITDAX (a non-GAAP measure) and a reconciliation of Adjusted EBITDAX to net income including noncontrolling interest and net cash provided by operating activities.

* Not meaningful or applicable.

	Three Months Ended September 30,		Amount of Increase (Decrease)	Percent Change
	2015	2016		
Production data:				
Natural gas (Bcf)	110	128	18	16 %
C2 Ethane (MBbl)	—	1,801	1,801	*
C3+ NGLs (MBbl)	4,147	5,270	1,123	27 %
Oil (MBbl)	660	423	(237)	(36)%
Combined (Bcfe)	139	172	33	25 %
Daily combined production (MMcfe/d)	1,506	1,875	369	25 %
Average prices before effects of derivative settlements(2):				
Natural gas (per Mcf)	\$ 2.32	\$ 2.86	\$ 0.54	23 %
C2 Ethane (per Bbl)	\$ —	\$ 8.00	\$ *	*
C3+ NGLs (per Bbl)	\$ 12.08	\$ 17.56	\$ 5.48	45 %
Oil (per Bbl)	\$ 30.49	\$ 34.93	\$ 4.44	15 %
Combined (per Mcfe)	\$ 2.34	\$ 2.82	\$ 0.48	21 %
Average realized prices after effects of derivative settlements(2):				
Natural gas (per Mcf)	\$ 3.99	\$ 4.30	\$ 0.31	8 %
C2 Ethane (per Bbl)	\$ —	\$ 8.00	\$ *	*
C3+ NGLs (per Bbl)	\$ 16.47	\$ 19.96	\$ 3.49	21 %
Oil (per Bbl)	\$ 38.18	\$ 34.93	\$ (3.25)	(9)%
Combined (per Mcfe)	\$ 3.83	\$ 3.96	\$ 0.13	3 %
Average Costs (per Mcfe):				
Lease operating	\$ 0.08	\$ 0.08	\$ —	*
Gathering, compression, processing, and transportation	\$ 1.16	\$ 1.36	\$ 0.20	17 %
Production and ad valorem taxes	\$ 0.08	\$ 0.09	\$ 0.01	13 %
Marketing, net	\$ 0.19	\$ 0.10	\$ (0.09)	(47)%
Depletion, depreciation, amortization, and accretion	\$ 1.37	\$ 1.16	\$ (0.21)	(15)%
General and administrative (before equity-based compensation)	\$ 0.26	\$ 0.18	\$ (0.08)	(31)%

- (2) Average sales prices shown in the table reflect both the before and after effects of our settled derivatives. Our calculation of such after effects includes gains on settlements of derivatives, which do not qualify for hedge accounting because we do not designate or document them as hedges for accounting purposes. Oil and NGLs production was converted at 6 Mcf per Bbl to calculate total Bcfe production and per Mcfe amounts. This ratio is an estimate of the equivalent energy content of the products and does not necessarily reflect their relative economic value.

Discussion of Consolidated Exploration and Production Results for the Three Months Ended September 30, 2015 Compared to the Three Months Ended September 30, 2016

Natural gas, NGLs, and oil sales. Revenues from production of natural gas, NGLs, and oil increased from \$324 million for the three months ended September 30, 2015 to \$486 million for the three months ended September 30, 2016, an increase of \$162 million, or 50%. Our production increased by 25% over that same period, from 139 Bcfe, or 1,506 MMcfe per day, for the three months ended September 30, 2015 to 172 Bcfe, or 1,875 MMcfe per day, for the three months ended September 30, 2016. Net equivalent prices before the effects of settled derivative gains increased from \$2.34 per Mcfe for the three months ended September 30, 2015 to \$2.82 for the three months ended September 30, 2016, an increase of 21%. Prices for natural gas, C3+ NGLs, and oil all increased from 2015. Net equivalent prices after the effects of gains on settled derivatives increased from \$3.83 for the three months ended September 30, 2015 to \$3.96 for the three months ended September 30, 2016, an increase of 3%.

Increased production volumes accounted for an approximate \$80 million increase in year-over-year product revenues (calculated as the combined change in year-to-year volumes times the prior year average price), and changes in our equivalent prices accounted for an approximate \$82 million increase in year-over-year product revenues (calculated as the change in year-to-year average price times current year production volumes). Production increases resulted from an increase in the number of producing wells as a result of our drilling and completion program.

Commodity derivative fair value gains. To achieve more predictable cash flows, and to reduce our exposure to price fluctuations, we enter into derivative contracts using fixed for variable swap contracts when management believes that favorable future sales prices for our production can be secured. Because we do not designate these derivatives as accounting hedges, they do not receive hedge accounting treatment, and all mark-to-market gains or losses, as well as cash receipts or payments on settled derivative instruments, are recognized in our statements of operations. For the three months ended September 30, 2015 and 2016, our hedges resulted in derivative fair value gains of \$1.1 billion and \$530 million, respectively. The derivative fair value gains included \$206 million and \$197 million of gains on settled derivatives for the three months ended September 30, 2015 and 2016, respectively. Commodity derivative fair value gains or losses vary based on future commodity prices and have no cash flow impact until the derivative contracts

are settled. Derivative asset or liability positions at the end of any accounting period may reverse to the extent natural gas and NGLs futures prices increase or decrease from their levels at the end of the accounting period, or as gains or losses are realized through settlement. We expect continued volatility in commodity prices and the related fair value of our derivative instruments in the future.

Gathering, compression, and water handling and treatment revenues. Gathering, compression, and water handling and treatment revenues decreased from \$4 million for the three months ended September 30, 2015 to \$3 million for the three months ended September 30, 2016, primarily attributable to the provision of fresh water distribution services to wells in which we hold a higher working interest than the wells to which such services were provided in 2015. Fees for water distribution services provided to us by Antero Midstream are eliminated in consolidation. The amounts that are not eliminated represent the portion of such fees that are charged to outside working interest owners in Company-operated wells, as well as fees charged to other third parties for services provided by Antero Midstream.

Lease operating expense. Lease operating expenses increased from \$11 million for the three months ended September 30, 2015 to \$14 million for the three months ended September 30, 2016, an increase of 28%. The increase is primarily a result of an increase in the number of producing wells. On a per unit basis, lease operating expenses remained flat at \$0.08 per Mcfe for the three months ended September 30, 2015 and 2016. Lease operating expenses are expected to slowly increase on a per unit basis as mature properties make up a larger proportion of our production base and average production per well declines.

Gathering, compression, processing, and transportation expense. Gathering, compression, processing, and transportation expenses increased from \$160 million for the three months ended September 30, 2015 to \$235 million for the three months ended September 30, 2016. The increase in these expenses is a result of the increase in production and the related firm transportation costs and third-party gathering, compression, and processing expenses. On a per Mcfe basis, total gathering, compression, processing and transportation expenses increased from \$1.16 per Mcfe for the three months ended September 30, 2015 to \$1.36 for the three months ended September 30, 2016, primarily due to higher transportation costs incurred on new pipelines that were placed in service in late 2015. Substantially all of the new pipelines currently deliver our gas to better price indices or sales contracts resulting in higher realized gas prices for the period.

Production and ad valorem tax expense. Total production and ad valorem taxes increased from \$11 million for the three months ended September 30, 2015 to \$16 million for the three months ended September 30, 2016, primarily as a result of an increase in production revenues. On a per Mcfe basis, production and ad valorem taxes increased from \$0.08 per Mcfe for the three months ended September 30, 2015 to \$0.09 per Mcfe for the three months ended September 30, 2016. Production and ad valorem taxes as a percentage of natural gas, NGLs, and oil revenues before the effects of hedging decreased from 3.3% for the three months ended September 30, 2015 to 3.2% for the three months ended September 30, 2016. The termination of the workman's compensation portion of the West Virginia production tax resulted in an approximately \$5 million reduction in production taxes for the three months ended September 30, 2016. Ad valorem taxes for the same period in 2015 were reduced for a change in estimated taxes due; as a result, total production and ad valorem taxes as a percent of revenues is relatively unchanged for 2016 compared to 2015.

Exploration expense. Exploration expense remained consistent at \$1 million for the three months ended September 30, 2015 and 2016. These amounts represent expenses incurred for unsuccessful lease acquisitions.

Impairment of unproved properties. Impairment of unproved properties increased from \$9 million for the months ended September 30, 2015 to \$12 million for the three months ended September 30, 2016. We charge impairment expense for expired or soon-to-be expired leases when we determine they are impaired based on factors such as remaining lease terms, reservoir performance, commodity price outlooks, or future plans to develop the acreage.

Depletion, depreciation, and amortization. Depletion, depreciation, and amortization ("DD&A") increased from \$189 million for the three months ended September 30, 2015 to \$199 million for the three months ended September 30, 2016, primarily because of increased production. DD&A per Mcfe decreased by 15%, from \$1.37 per Mcfe during the three months ended September 30, 2015 to \$1.16 per Mcfe during the three months ended September 30, 2016, primarily due to decreases in our per-unit development costs, in part due to recent well cost reductions and drilling and completion efficiencies that we have achieved.

We evaluate the carrying amount of our proved natural gas, NGLs, and oil properties for impairment on a geological reservoir basis whenever events or changes in circumstances (such as the decline in commodity prices since late 2014) indicate that a property's carrying amount may not be recoverable. If the carrying amount exceeded the estimated undiscounted future net cash flows (measured using futures prices at the end of a quarter), we would further evaluate our proved properties and record an impairment charge if the carrying amount of our proved properties exceeded the estimated fair value of the properties. Due to the commodity price environment at September 30, 2016, we compared the carrying values of our proved properties to estimated future net cash

flows. As estimated future net cash flows remained higher than the carrying value of our proved properties at September 30, 2016, we did not further evaluate our proved properties for impairment.

General and administrative and equity-based compensation expense. General and administrative expense (before equity-based compensation expense) decreased from \$36 million for the three months ended September 30, 2015 to \$31 million for the three months ended September 30, 2016, primarily as a result of decreases in legal costs that were incurred in connection with the sale of Antero's water handling and treatment assets to Antero Midstream during the three months ended September 30, 2015. On a per unit basis, general and administrative expense before equity-based compensation decreased by 31%, from \$0.26 per Mcfe during the three months ended September 30, 2015 to \$0.18 per Mcfe during the three months ended September 30, 2016, primarily due to our 25% increase in production as well as the overall decreases in general and administrative costs. We had 482 employees as of September 30, 2015 and 516 employees as of September 30, 2016.

Noncash equity-based compensation expense increased from \$24 million for the three months ended September 30, 2015 to \$26 million for the three months ended September 30, 2016 as a result of an \$8 million increase in equity-based compensation related to restricted stock unit awards and a \$2 million increase in equity-based compensation related to performance share unit, stock option, and Antero Midstream phantom unit awards, partially offset by an \$8 million decrease in amortization of expense related to the vesting of profits interests that became fully vested in October 2015. See note 6 to the condensed consolidated financial statements included elsewhere in this report for more information on equity-based compensation awards.

Equity in earnings of unconsolidated affiliate. In May 2016, Antero Midstream purchased a 15% equity interest in a regional gathering pipeline. Equity in earnings of unconsolidated affiliate of \$1.5 million for the three months ended September 30, 2016 represents the portion of the pipeline's net income which is allocated to Antero Midstream based on its equity interest in the pipeline. The Company did not hold any unconsolidated equity investments during the three months ended September 30, 2015.

Interest expense. Interest expense decreased slightly from \$61 million for the three months ended September 30, 2015 to \$60 million for the three months ended September 30, 2016, primarily due to decreased average indebtedness outstanding under our revolving credit facilities. Interest expense includes approximately \$2.6 million and \$2.9 million of non-cash amortization of deferred financing costs for the three months ended September 30, 2015 and 2016, respectively.

Income tax expense. Income tax expense decreased from \$335 million for the three months ended September 30, 2015 to \$141 million for the three months ended September 30, 2016 because of the decrease in our pre-tax income compared to the prior year period. The effect of state tax rates, state tax apportionment, and the noncontrolling interest in Antero Midstream largely account for the difference between the federal tax rate of 35% and the rate at which income tax expense was provided for the three months ended September 30, 2016.

At December 31, 2015, we had approximately \$1.4 billion of U.S. federal NOLs and approximately \$1.2 billion of state NOLs, which expire from 2024 through 2035. From time to time there has been proposed legislation in the U.S. Congress to eliminate or limit future deductions for intangible drilling costs. Such legislation could significantly affect our future taxable position, if passed. The impact of any change will be recorded in the period that any such legislation might be enacted.

Adjusted EBITDAX. Adjusted EBITDAX increased by 28%, from \$291 million for the three months ended September 30, 2015 to \$373 million for the three months ended September 30, 2016. The increase in Adjusted EBITDAX was primarily due to a 25% increase in production, as well as a 3% increase in the average per Mcfe price received after the impact of cash settled derivatives, partially offset by increases in cash operating and gathering, compression, processing, and transportation expenses. See "—Non-GAAP Financial Measure" for a definition of Adjusted EBITDAX (a non-GAAP measure) and a reconciliation of Adjusted EBITDAX to net income from continuing operations including noncontrolling interest and net cash provided by operating activities.

Discussion of Segment Results for the Three Months Ended September 30, 2015 Compared to the Three Months Ended September 30, 2016

Gathering and Compression. Revenue for the gathering and compression segment increased from \$59 million for the three months ended September 30, 2015 to \$78 million for the three months ended September 30, 2016, an increase of \$19 million, or 32%. Gathering revenues increased by \$13 million from the prior year period and compression revenues increased by \$6 million as additional wells on production increased throughput volumes. Total operating expenses related to the gathering and compression segment increased from \$23 million for the three months ended September 30, 2015 to \$34 million for the three months ended September 30, 2016 primarily as a result of increased throughput volumes and increases in depreciation expense due to a larger base of gathering and compression assets.

Water Handling and Treatment. Revenue for the water handling and treatment segment increased from \$22 million for the three months ended September 30, 2015 to \$72 million for the three months ended September 30, 2016, an increase of \$50 million, or 223%. The increase was primarily due to revenues generated from waste water treatment services that commenced in the fourth quarter of 2015, as well as increased use of the water systems as a result of increased completion activity. The volume of water delivered through the systems increased from 6.2 MMBbls for the three months ended September 30, 2015 to 12.9 MMBbls for the three months ended September 30, 2016. Operating expenses for the water handling and treatment segment increased from \$14 million for the three months ended September 30, 2015 to \$43 million for the three months ended September 30, 2016 as a result of expenses related to waste water treatment services, accretion expense related to the contingent acquisition consideration payable by Antero Midstream in connection with Antero's dropdown of its water handling and treatment assets to Antero Midstream in September 2015, and an increase in depreciation expense due to an increase in fresh water distribution assets.

Marketing. Where permitted, we purchase and sell third-party natural gas and NGLs and market our excess firm transportation capacity, or engage third parties to conduct these activities on our behalf, in order to optimize the revenues from these transportation agreements. We have entered into long-term firm transportation agreements for a significant portion of our current and expected future production in order to secure guaranteed capacity to favorable markets. Marketing revenues of \$36 million and \$97 million and expenses of \$62 million and \$115 million for the three months ended September 30, 2015 and 2016, respectively, relate to these activities. Net losses on our marketing activities were \$26 million and \$18 million for the three months ended September 30, 2015 and 2016, respectively. Marketing costs include firm transportation costs related to current excess capacity as well as the cost of third-party purchased gas and NGLs. This includes firm transportation costs of \$30 million and \$24 million for the three months ended September 30, 2015 and 2016, respectively, related to unutilized excess capacity which decreased due to our release of certain unutilized firm transportation capacity to a third party beginning July 1, 2016, partially offset by costs incurred under new transportation agreements. Based on current projections for our 2016 annual production levels, we estimate that we could incur total annual net marketing expense of \$100 million to \$130 million in 2016 for unutilized transportation capacity depending on the amount of unutilized capacity that can be marketed to third parties or utilized to transport third party gas and capture positive basis differentials between various indices. In years subsequent to 2016, our commitments and obligations under firm transportation agreements continue to increase. As a result, our net marketing expense could continue to increase depending on our utilization of our transportation capacity based on future production and how much, if any, future excess transportation can be marketed to third parties.

Nine Months Ended September 30, 2015 Compared to Nine Months Ended September 30, 2016

The Company has four operating segments: (1) the exploration and production of natural gas, NGLs, and oil; (2) gathering and compression; (3) water handling and treatment; and (4) marketing of excess firm transportation capacity. Revenues from the gathering and compression and water handling and treatment segments are primarily derived from intersegment transactions for services provided to our exploration and production segment by Antero Midstream. Intersegment transactions that are eliminated include revenues from water services provided by Antero Midstream which are capitalized as proved property development costs by Antero. Marketing revenues are primarily derived from activities to purchase and sell third-party natural gas and NGLs and to market excess firm transportation capacity to third parties. The operating results of the Company's reportable segments, including Segment Adjusted EBITDAX, were as follows for the nine months ended September 30, 2015 and 2016 (in thousands):

	Exploration and production	Gathering and compression	Water handling and treatment	Marketing	Elimination of intersegment transactions	Consolidated total
Nine months ended September 30, 2015:						
Sales and revenues:						
Third-party	\$ 2,891,410	8,433	6,651	143,242	—	3,049,736
Intersegment	1,025	159,661	80,886	—	(241,572)	—
Total	\$ 2,892,435	168,094	87,537	143,242	(241,572)	3,049,736
Operating expenses:						
Lease operating	\$ 24,981	—	16,576	—	(15,996)	25,561
Gathering, compression, processing, and transportation	630,708	19,792	—	—	(159,867)	490,633
Depletion, depreciation, and amortization	483,991	45,255	18,767	—	—	548,013
General and administrative expense (before equity-based compensation)	79,204	16,467	3,793	—	(819)	98,645
Equity-based compensation expense	61,617	14,218	3,445	—	—	79,280
Other operating expenses	113,881	25	2,437	214,201	—	330,544
Total	1,394,382	95,757	45,018	214,201	(176,682)	1,572,676
Operating income (loss)	\$ 1,498,053	72,337	42,519	(70,959)	(64,890)	1,477,060
Segment Adjusted EBITDAX (1)	852,918	131,810	64,731	(70,959)	(64,890)	913,610
	Exploration and production	Gathering and compression	Water handling and treatment	Marketing	Elimination of intersegment transactions	Consolidated total
Nine months ended September 30, 2016:						
Sales and revenues:						
Third-party	\$ 1,291,008	9,463	644	287,194	—	1,588,309
Intersegment	11,714	210,144	203,106	—	(424,964)	—
Total	\$ 1,302,722	219,607	203,750	287,194	(424,964)	1,588,309
Operating expenses:						
Lease operating	\$ 37,299	—	104,009	—	(104,118)	37,190
Gathering, compression, processing, and transportation	838,936	20,567	—	—	(209,790)	649,713
Depletion, depreciation, and amortization	513,302	52,780	21,975	—	—	588,057
General and administrative expense (before equity-based compensation)	79,055	14,853	5,493	—	(1,102)	98,299
Equity-based compensation expense	56,301	14,902	4,464	—	—	75,667
Other operating expenses	104,279	(809)	11,568	378,521	(10,384)	483,175
Total	1,629,172	102,293	147,509	378,521	(325,394)	1,932,101
Operating income (loss)	\$ (326,450)	117,314	56,241	(91,327)	(99,570)	(343,792)
Segment Adjusted EBITDAX (1)	973,101	184,996	93,064	(91,327)	(99,570)	1,060,264

(1) See “—Non-GAAP Financial Measure” for a definition of Segment Adjusted EBITDAX (a non-GAAP measure) and a reconciliation of Segment Adjusted EBITDAX to operating income.

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

(in thousands)	Nine Months Ended September 30,		Amount of Increase (Decrease)	Percent Change
	2015	2016		
Operating revenues:				
Natural gas sales	\$ 810,982	\$ 848,936	\$ 37,954	5 %
NGLs sales	188,403	274,736	86,333	46 %
Oil sales	55,627	41,712	(13,915)	(25)%
Gathering, compression, and water handling and treatment	15,084	10,107	(4,977)	(33)%
Marketing	143,242	287,194	143,952	100 %
Commodity derivative fair value gains	1,836,398	125,624	(1,710,774)	(93)%
Total operating revenues	<u>3,049,736</u>	<u>1,588,309</u>	<u>(1,461,427)</u>	<u>(48)%</u>
Operating expenses:				
Lease operating	25,561	37,190	11,629	45 %
Gathering, compression, processing, and transportation	490,633	649,713	159,080	32 %
Production and ad valorem taxes	57,458	52,296	(5,162)	(9)%
Marketing	214,201	378,521	164,320	77 %
Exploration	3,086	3,289	203	7 %
Impairment of unproved properties	43,670	47,223	3,553	8 %
Depletion, depreciation, and amortization	548,013	588,057	40,044	7 %
Accretion of asset retirement obligations	1,227	1,846	619	50 %
General and administrative (before equity-based compensation)	98,645	98,299	(346)	*
Equity-based compensation	79,280	75,667	(3,613)	(5)%
Contract termination and rig stacking	10,902	—	(10,902)	*
Total operating expenses	<u>1,572,676</u>	<u>1,932,101</u>	<u>359,425</u>	<u>23 %</u>
Operating income (loss)	<u>1,477,060</u>	<u>(343,792)</u>	<u>(1,820,852)</u>	<u>*</u>
Other earnings (expenses):				
Equity in earnings of unconsolidated affiliate	—	2,027	2,027	*
Interest expense	(173,929)	(185,634)	(11,705)	7 %
Income (loss) before income taxes	1,303,131	(527,399)	(1,830,530)	*
Income tax (expense) benefit	(498,709)	230,755	729,464	*
Net income (loss) and comprehensive income (loss) including noncontrolling interest	804,422	(296,644)	(1,101,066)	*
Net income and comprehensive income attributable to noncontrolling interest	21,522	66,400	44,878	209 %
Net income (loss) and comprehensive income (loss) attributable to Antero Resources Corporation	<u>\$ 782,900</u>	<u>\$ (363,044)</u>	<u>\$ (1,145,944)</u>	<u>*</u>
Adjusted EBITDAX (1)	<u>\$ 913,610</u>	<u>\$ 1,060,264</u>	<u>\$ 146,654</u>	<u>16 %</u>

(1) See “—Non-GAAP Financial Measure” for a definition of Adjusted EBITDAX (a non-GAAP measure) and a reconciliation of Adjusted EBITDAX to net income (loss) including noncontrolling interest and net cash provided by operating activities.

* Not meaningful or applicable.

	Nine Months Ended September 30,		Amount of Increase (Decrease)	Percent Change
	2015	2016		
Production data:				
Natural gas (Bcf)	332	369	37	11 %
C2 Ethane (MBbl)	—	4,463	4,463	*
C3+ NGLs (MBbl)	11,042	14,722	3,680	33 %
Oil (MBbl)	1,549	1,373	(176)	(11)%
Combined (Bcfe)	407	493	86	21 %
Daily combined production (MMcfe/d)	1,492	1,799	307	21 %
Average prices before effects of derivative settlements(2):				
Natural gas (per Mcf)	\$ 2.45	\$ 2.30	\$ (0.15)	(6)%
C2 Ethane (per Bbl)	\$ —	\$ 7.81	\$ *	*
C3+ NGLs (per Bbl)	\$ 17.06	\$ 16.29	\$ (0.77)	(5)%
Oil (per Bbl)	\$ 35.91	\$ 30.38	\$ (5.53)	(15)%
Combined (per Mcfe)	\$ 2.59	\$ 2.36	\$ (0.23)	(9)%
Average realized prices after effects of derivative settlements(2):				
Natural gas (per Mcf)	\$ 4.07	\$ 4.38	\$ 0.31	8 %
C2 Ethane (per Bbl)	\$ —	\$ 7.81	\$ *	*
C3+ NGLs (per Bbl)	\$ 20.34	\$ 19.30	\$ (1.04)	(5)%
Oil (per Bbl)	\$ 42.90	\$ 30.38	\$ (12.52)	(29)%
Combined (per Mcfe)	\$ 4.03	\$ 4.02	\$ (0.01)	*
Average Costs (per Mcfe):				
Lease operating	\$ 0.06	\$ 0.08	\$ 0.02	33 %
Gathering, compression, processing, and transportation	\$ 1.20	\$ 1.32	\$ 0.12	10 %
Production and ad valorem taxes	\$ 0.14	\$ 0.11	\$ (0.03)	(21)%
Marketing, net	\$ 0.17	\$ 0.19	\$ 0.02	12 %
Depletion, depreciation, amortization, and accretion	\$ 1.35	\$ 1.20	\$ (0.15)	(11)%
General and administrative (before equity-based compensation)	\$ 0.24	\$ 0.20	\$ (0.04)	(17)%

- (2) Average sales prices shown in the table reflect both the before and after effects of our settled derivatives. Our calculation of such after effects includes gains on settlements of derivatives, which do not qualify for hedge accounting because we do not designate or document them as hedges for accounting purposes. Oil and NGLs production was converted at 6 Mcf per Bbl to calculate total Bcfe production and per Mcfe amounts. This ratio is an estimate of the equivalent energy content of the products and does not necessarily reflect their relative economic value.

Discussion of Consolidated Exploration and Production Results for the Nine Months Ended September 30, 2015 Compared to the Nine Months Ended September 30, 2016

Natural gas, NGLs, and oil sales. Revenues from production of natural gas, NGLs, and oil increased from \$1.1 billion for the nine months ended September 30, 2015 to \$1.2 billion for the nine months ended September 30, 2016, an increase of \$110 million, or 10%. Our production increased by 21% over that same period, from 407 Bcfe, or 1,492 MMcfe per day, for the nine months ended September 30, 2015 to 493 Bcfe, or 1,799 MMcfe per day, for the nine months ended September 30, 2016. Net equivalent prices before the effects of settled derivative gains decreased from \$2.59 per Mcfe for the nine months ended September 30, 2015 to \$2.36 for the nine months ended September 30, 2016, a decrease of 9%. Prices for natural gas, NGLs, and oil all declined from 2015. Net equivalent prices after the effects of gains on settled derivatives decreased from \$4.03 for the nine months ended September 30, 2015 to \$4.02 for the nine months ended September 30, 2016.

Increased production volumes accounted for an approximate \$222 million increase in year-over-year product revenues (calculated as the combined change in year-to-year volumes times the prior year average price), and changes in our equivalent prices accounted for an approximate \$112 million decrease in year-over-year product revenues (calculated as the change in year-to-year average price times current year production volumes). Production increases resulted from an increase in the number of producing wells as a result of our drilling and completion program.

Commodity derivative fair value gains. To achieve more predictable cash flows, and to reduce our exposure to price fluctuations, we enter into derivative contracts using fixed for variable swap contracts when management believes that favorable future sales prices for our production can be secured. Because we do not designate these derivatives as accounting hedges, they do not receive hedge accounting treatment, and all mark-to-market gains or losses, as well as cash receipts or payments on settled derivative instruments, are recognized in our statements of operations. For the nine months ended September 30, 2015 and 2016, our hedges resulted in derivative fair value gains of \$1.8 billion and \$126 million, respectively. The derivative fair value gains included \$587 million and \$814 million of gains on settled derivatives for the nine months ended September 30, 2015 and 2016, respectively. Commodity derivative fair value gains or losses vary based on future commodity prices and have no cash flow impact until the derivative contracts

are settled. Derivative asset or liability positions at the end of any accounting period may reverse to the extent natural gas and NGLs futures prices increase or decrease from their levels at the end of the accounting period, or as gains or losses are realized through settlement. We expect continued volatility in commodity prices and the related fair value of our derivative instruments in the future.

Gathering, compression, and water handling and treatment revenues. Gathering, compression, and water handling and treatment revenues decreased from \$15 million for the nine months ended September 30, 2015 to \$10 million for the nine months ended September 30, 2016, primarily attributable to the provision of fresh water distribution services to wells in which we hold a higher working interest than the wells to which such services were provided in 2015. Fees for water distribution services provided to us by Antero Midstream are eliminated in consolidation. The amounts that are not eliminated represent the portion of such fees that are charged to outside working interest owners in Company-operated wells, as well as fees charged to other third parties for services provided by Antero Midstream.

Lease operating expense. Lease operating expenses increased from \$26 million for the nine months ended September 30, 2015 to \$37 million for the nine months ended September 30, 2016, an increase of 45%. The increase is primarily a result of an increase in the number of producing wells. On a per unit basis, lease operating expenses increased from \$0.06 per Mcfe for the nine months ended September 30, 2015 to \$0.08 for the nine months ended September 30, 2016 as a larger proportion of wells have been on production for longer periods of time compared to the prior year. Lease operating expenses are expected to slowly increase on a per unit basis as mature properties make up a larger proportion of our production base and average production per well declines.

Gathering, compression, processing, and transportation expense. Gathering, compression, processing, and transportation expenses increased from \$491 million for the nine months ended September 30, 2015 to \$650 million for the nine months ended September 30, 2016. The increase in these expenses is a result of the increase in production and the related firm transportation costs and third-party gathering, compression, and processing expenses. On a per Mcfe basis, total gathering, compression, processing and transportation expenses increased from \$1.20 per Mcfe for the nine months ended September 30, 2015 to \$1.32 for the nine months ended September 30, 2016, primarily due to higher transportation costs incurred on new pipelines that were placed in service in late 2015. Substantially all of the new pipelines currently deliver our gas to better price indices or sales contracts resulting in higher realized gas prices for the period.

Production and ad valorem tax expense. Total production and ad valorem taxes decreased from \$57 million for the nine months ended September 30, 2015 to \$52 million for the nine months ended September 30, 2016, primarily as a result of the termination of the workman's compensation portion of the West Virginia production tax effective July 1, 2016. On a per Mcfe basis, production and ad valorem taxes decreased from \$0.14 per Mcfe for the nine months ended September 30, 2015 to \$0.11 per Mcfe for the three months ended September 30, 2016. Production and ad valorem taxes as a percentage of natural gas, NGLs, and oil revenues before the effects of hedging decreased from 5.4% for the nine months ended September 30, 2015 to 4.5% for the nine months ended September 30, 2016. Also as production in Ohio increased at a higher rate than West Virginia, severance taxes as a percentage of revenue decreased due to lower severance tax rates in Ohio as compared to West Virginia.

Exploration expense. Exploration expense remained consistent at \$3 million for the nine months ended September 30, 2015 and 2016. These amounts represent expenses incurred for unsuccessful lease acquisitions.

Impairment of unproved properties. Impairment of unproved properties increased from \$44 million for the nine months ended September 30, 2015 to \$47 million for the nine months ended September 30, 2016. We charge impairment expense for expired or soon-to-be expired leases when we determine they are impaired based on factors such as remaining lease terms, reservoir performance, commodity price outlooks, or future plans to develop the acreage.

DD&A. DD&A increased from \$548 million for the nine months ended September 30, 2015 to \$588 million for the nine months ended September 30, 2016, primarily because of increased production. DD&A per Mcfe decreased by 11%, from \$1.35 per Mcfe during the nine months ended September 30, 2015 to \$1.20 per Mcfe during the nine months ended September 30, 2016, primarily due to decreases in our per-unit development costs, in part due to recent well cost reductions and drilling and completion efficiencies that we have achieved.

We evaluate the carrying amount of our proved natural gas, NGLs, and oil properties for impairment on a geological reservoir basis whenever events or changes in circumstances (such as the decline in commodity prices since late 2014) indicate that a property's carrying amount may not be recoverable. If the carrying amount exceeded the estimated undiscounted future net cash flows (measured using futures prices at the end of a quarter), we would further evaluate our proved properties and record an impairment charge if the carrying amount of our proved properties exceeded the estimated fair value of the properties. Due to the commodity price environment at September 30, 2016, we compared the carrying values of our proved properties to estimated future net cash

flows. As estimated future net cash flows remained higher than the carrying value of our proved properties at September 30, 2016, we did not further evaluate our proved properties for impairment.

General and administrative and equity-based compensation expense. General and administrative expense (before equity-based compensation expense) decreased from \$99 million for the nine months ended September 30, 2015 to \$98 million for the nine months ended September 30, 2016. On a per unit basis, general and administrative expense before equity-based compensation decreased by 17%, from \$0.24 per Mcfe during the nine months ended September 30, 2015 to \$0.20 per Mcfe during the nine months ended September 30, 2016, primarily due to our 21% increase in production. We had 482 employees as of September 30, 2015 and 516 employees as of September 30, 2016.

Noncash equity-based compensation expense decreased from \$79 million for the nine months ended September 30, 2015 to \$76 million for the nine months ended September 30, 2016 as a result of a \$35 million decrease in amortization of expense related to the vesting of profits interests that became fully vested in October 2015, partially offset by a \$25 million increase in equity-based compensation related to restricted stock unit awards and a \$7 million increase in equity-based compensation related to other equity awards. See note 6 to the condensed consolidated financial statements included elsewhere in this report for more information on equity-based compensation awards.

Contract termination and rig stacking. We incurred contract termination and rig stacking costs of \$11 million during the nine months ended September 30, 2015. These costs represent fees incurred upon the delay or cancellation of drilling contracts with third-party contractors. We undertook these actions in order to align our drilling and completion activity level for 2015 with our 2015 capital budget. There were no such costs incurred during the nine months ended September 30, 2016.

Equity in earnings of unconsolidated affiliate. In May 2016, Antero Midstream purchased a 15% equity interest in a regional gathering pipeline. Equity in earnings of unconsolidated affiliate of \$2.0 million for the nine months ended September 30, 2016 represents the portion of the pipeline's net income which is allocated to Antero Midstream based on its equity interest in the pipeline. The Company did not hold any unconsolidated equity investments during the nine months ended September 30, 2015.

Interest expense. Interest expense increased from \$174 million for the nine months ended September 30, 2015 to \$186 million for the nine months ended September 30, 2016, primarily due to increased average indebtedness. Interest expense includes approximately \$7.4 million and \$8.5 million of non-cash amortization of deferred financing costs for the nine months ended September 30, 2015 and 2016, respectively.

Income tax (expense) benefit. Income tax (expense) benefit changed from a deferred tax expense of \$499 million for the nine months ended September 30, 2015 to a deferred tax benefit of \$231 million for the nine months ended September 30, 2016. The deferred tax benefit in 2016 results from the loss incurred for financial reporting purposes during the nine months ended September 30, 2016, resulting in a decrease in deferred tax liabilities. The effect of state tax rates, state tax apportionment, and the noncontrolling interest in Antero Midstream largely account for the difference between the federal tax rate of 35% and the rate at which the income tax benefit was provided for the nine months ended September 30, 2016.

At December 31, 2015, we had approximately \$1.4 billion of U.S. federal NOLs and approximately \$1.2 billion of state NOLs, which expire from 2024 through 2035. From time to time there has been proposed legislation in the U.S. Congress to eliminate or limit future deductions for intangible drilling costs. Such legislation could significantly affect our future taxable position, if passed. The impact of any change will be recorded in the period that any such legislation might be enacted.

Adjusted EBITDAX. Adjusted EBITDAX increased by 16%, from \$914 million for the nine months ended September 30, 2015 to \$1.06 billion for the nine months ended September 30, 2016. The increase in Adjusted EBITDAX was primarily due to a 21% increase in production, which was partially offset by a slight decrease in the average per Mcfe price received after the impact of cash settled derivatives, as well as increases in cash operating and gathering, compression, processing, and transportation expenses. See “—Non-GAAP Financial Measure” for a definition of Adjusted EBITDAX (a non-GAAP measure) and a reconciliation of Adjusted EBITDAX to net income from continuing operations including noncontrolling interest and net cash provided by operating activities.

Discussion of Segment Results for the Nine Months Ended September 30, 2015 Compared to the Nine Months Ended September 30, 2016

Gathering and Compression. Revenue for the gathering and compression segment increased from \$168 million for the nine months ended September 30, 2015 to \$220 million for the nine months ended September 30, 2016, an increase of \$52 million, or 31%. Gathering revenues increased by \$38 million from the prior year period and compression revenues increased by \$14 million as additional wells on production increased throughput volumes. Total operating expenses related to the gathering and compression segment increased from \$96 million for the nine months ended September 30, 2015 to \$102 million for the nine months ended September 30, 2016 primarily as a result of increases in depreciation expense due to a larger base of gathering and compression assets.

Water Handling and Treatment. Revenue for the water handling and treatment segment increased from \$88 million for the nine months ended September 30, 2015 to \$204 million for the nine months ended September 30, 2016, an increase of \$116 million, or 133%. The increase was primarily due to revenues generated from waste water treatment services that commenced in the fourth quarter of 2015, as well as increased use of the water systems as a result of increased completion activity. The volume of water delivered through the systems increased from 24.0 MMBbls for the nine months ended September 30, 2015 to 31.3 MMBbls for the nine months ended September 30, 2016. Operating expenses for the water handling and treatment segment increased from \$45 million for the nine months ended September 30, 2015 to \$148 million for the nine months ended September 30, 2016 as a result of expenses related to waste water treatment services, accretion expense related to the contingent acquisition consideration payable by Antero Midstream in connection with Antero's dropdown of its water handling and treatment assets to Antero Midstream in September 2015, and an increase in depreciation expense due to an increase in fresh water distribution assets.

Marketing. Where permitted, we purchase and sell third-party natural gas and NGLs and market our excess firm transportation capacity, or engage third parties to conduct these activities on our behalf, in order to optimize the revenues from these transportation agreements. We have entered into long-term firm transportation agreements for a significant portion of our current and expected future production in order to secure guaranteed capacity to favorable markets. Marketing revenues of \$143 million and \$287 million and expenses of \$214 million and \$379 million for the nine months ended September 30, 2015 and 2016, respectively, relate to these activities. Net losses on our marketing activities were \$71 million and \$92 million for the nine months ended September 30, 2015 and 2016, respectively. Marketing costs include firm transportation costs related to current excess capacity as well as the cost of third-party purchased gas and NGLs. This includes firm transportation costs of \$74 million and \$96 million for the nine months ended September 30, 2015 and 2016, respectively, related to unutilized excess capacity which increased due to new firm transportation agreements. Based on current projections for our 2016 annual production levels, we estimate that we could incur total annual net marketing expense of \$100 million to \$130 million in 2016 for unutilized transportation capacity depending on the amount of unutilized capacity that can be marketed to third parties or utilized to transport third party gas and capture positive basis differentials between various indices. In years subsequent to 2016, our commitments and obligations under firm transportation agreements continue to increase. As a result, our net marketing expense could continue to increase depending on our utilization of our transportation capacity based on future production and how much, if any, future excess transportation can be marketed to third parties.

Capital Resources and Liquidity

Historically, our primary sources of liquidity have been issuances of debt and equity securities, borrowings under our revolving credit facility, asset sales, and net cash provided by operating activities. Our primary use of cash has been for the exploration, development, and acquisition of natural gas, NGLs, and oil properties, as well as for development of gathering, compression, and water handling and treatment infrastructure. As we pursue reserve and production growth, we continually monitor what capital resources, including equity and debt financings, are available to meet our future financial obligations, planned capital expenditure activities, and liquidity requirements. Our future success in growing proved reserves and production will be highly dependent on the capital resources available to us.

We believe that funds from operating cash flows and available borrowings under our revolving credit facility, or capital market transactions, will be sufficient to meet our cash requirements, including normal operating needs, debt service obligations, capital expenditures, and commitments and contingencies for at least the next 12 months. For more information on our outstanding indebtedness, see note 4 to the condensed consolidated financial statements included in this Quarterly Report on Form 10-Q.

The following table summarizes our cash flows for the nine months ended September 30, 2015 and 2016 (in thousands):

(in thousands)	Nine Months Ended September 30,	
	2015	2016
Net cash provided by operating activities	841,154	905,697
Net cash used in investing activities	(1,836,864)	(1,974,667)
Net cash provided by financing activities	777,141	1,064,009
Net decrease in cash and cash equivalents	(218,569)	(4,961)

Cash Flow Provided by Operating Activities

Net cash provided by operating activities was \$841 million and \$906 million for the nine months ended September 30, 2015 and 2016, respectively. The increase in cash flows from operations from the nine months ended September 30, 2015 to the nine months ended September 30, 2016 was primarily the result of increases in total realized revenues from production and settled derivatives, partially offset by increases in cash operating costs and interest expense.

Our operating cash flow is sensitive to many variables, the most significant of which is the volatility of natural gas, NGLs, and oil prices, as well as volatility in the cash flows attributable to settlement of our commodity derivatives. Prices for natural gas, NGLs, and oil are determined primarily by prevailing market conditions. Regional and worldwide economic activity, weather, infrastructure capacity to reach markets, and other variables influence the market conditions for these products. These factors are beyond our control and are difficult to predict. For additional information on the impact of changing prices on our financial position, see “Item 3. Quantitative and Qualitative Disclosures About Market Risk” below.

Cash Flow Used in Investing Activities

During the nine months ended September 30, 2016, we used cash totaling \$2.0 billion in investing activities, including \$1.0 billion for drilling and completion costs, \$560 million for undeveloped leasehold additions, \$65 million for acquisitions of producing properties, \$137 million by Antero Midstream for water handling and treatment systems, \$154 million by Antero Midstream for gathering and compression systems, and \$2 million for other property and equipment. During the nine months ended September 30, 2015, we used cash totaling \$1.8 billion in investing activities, including \$1.4 billion for drilling and completion costs, \$170 million for undeveloped leasehold additions, \$79 million for water handling systems, \$283 million for gathering and compression systems, and \$5 million for other property and equipment.

Our board of directors has approved a capital budget of \$1.4 billion for 2016, which does not include the capital budget of \$480 million for Antero Midstream, our consolidated subsidiary. Our capital budget may be adjusted as business conditions warrant. The amount, timing, and allocation of capital expenditures is largely discretionary and within our control. If natural gas, NGLs, and oil prices decline below our acceptable levels or costs increase above our acceptable levels, we could choose to defer a significant portion of our budgeted capital expenditures until later periods to achieve the desired balance between sources and uses of liquidity, and to prioritize capital projects that we believe have the highest expected returns and potential to generate near-term cash flow. We routinely monitor and adjust our capital expenditures in response to changes in commodity prices, availability of financing, drilling and acquisition costs, industry conditions, the timing of regulatory approvals, the availability of rigs, success or lack of success in drilling activities, contractual obligations, internally generated cash flow, and other factors both within and outside our control.

Cash Flow Provided by Financing Activities

Net cash provided by financing activities for the nine months ended September 30, 2016 of \$1.1 billion consisted of net proceeds of \$837 million from the issuance of common stock, proceeds of \$178 million from the sale of Antero Midstream common units owned by Antero, proceeds of \$650 million from the issuance of the 2024 Midstream Notes, and proceeds of \$20 million from the sale of common units by Antero Midstream under the Distribution Agreement, partially offset by net repayments on our revolving credit facilities of \$552 million, distributions of \$51 million to noncontrolling interest owners in Antero Midstream, and other items totaling \$18 million. Net cash provided by financing activities for the nine months ended September 30, 2015 of \$777 million consisted of the issuance of \$750 million of our 5.625% Senior Notes due 2023, net proceeds of \$538 million from the issuance of common stock, and net proceeds of \$241 million from the issuance of common units by Antero Midstream, partially offset by net repayments on our revolving credit facilities of \$705 million and other items totaling \$47 million.

Debt Agreements and Contractual Obligations

Senior Secured Revolving Credit Facility. We have a senior secured revolving bank credit facility (the “Credit Facility”) with a consortium of bank lenders. Borrowings under the Credit Facility are subject to borrowing base limitations based on the collateral value of our assets and are subject to regular semiannual redeterminations. At September 30, 2016, the borrowing base was \$4.5 billion and lender commitments were \$4.0 billion. In October 2016, the borrowing base was increased to \$4.75 billion, and lender commitments remain at \$4.0 billion. The next redetermination of the borrowing base is scheduled to occur in April 2017. At September 30, 2016, we had \$605 million of borrowings and \$709 million of letters of credit outstanding under the Credit Facility, with a weighted average interest rate of 2.31%. At December 31, 2015, we had \$707 million of borrowings and \$702 million of letters of credit outstanding under the Credit Facility, with a weighted average interest rate of 2.32%. The Credit Facility matures on May 5, 2019.

The Credit Facility requires Antero and its restricted subsidiaries to maintain the following two financial ratios:

- a current ratio, which is the ratio of our current assets (including any unused borrowing base under the facilities and excluding derivative assets) to our current liabilities (excluding derivative liabilities), of not less than 1.0 to 1.0 as of the end of each fiscal quarter; and
- a minimum interest coverage ratio, which is the ratio of EBITDAX (as defined by the credit facility agreement) to interest expense over the most recent four quarters, of not less than 2.5 to 1.0.

We were in compliance with such covenants and ratios as of December 31, 2015 and September 30, 2016. The actual borrowing capacity available to us may be limited by the financial ratio covenants. At September 30, 2016, our current ratio was 5.69 to 1.0 (based on the \$4.5 billion borrowing base as of September 30, 2016) and our interest coverage ratio was 7.63 to 1.0.

Midstream Credit Facility. Antero Midstream has a secured revolving credit facility (the “Midstream Facility”) among Antero Midstream, certain lenders party thereto, and Wells Fargo Bank, National Association, as administrative agent, letter of credit issuer, and swing line lender. The Midstream Facility provides for lender commitments of \$1.5 billion and for a letter of credit sublimit of \$150 million. At September 30, 2016, Antero Midstream had a total outstanding balance under the Midstream Facility of \$170 million, with a weighted average interest rate of 2.03%. At December 31, 2015, Antero Midstream had a total outstanding balance under the Midstream Facility of \$620 million, with a weighted average interest rate of 1.92%. The Midstream Facility matures on November 10, 2019.

Senior Notes. Please refer to Note 4 to the 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 Annual Report on Form 10-K for the year ended December 31, 2015 for information on our senior notes.

We may, from time to time, seek to retire or purchase our outstanding debt through cash purchases and/or exchanges for equity securities, in open market purchases, privately negotiated transactions, or otherwise. Such repurchases or exchanges, if any, will depend on prevailing market conditions, our liquidity requirements, contractual restrictions, and other factors. The amounts involved may be material.

For more information on the terms, conditions, and restrictions under the Credit Facility, the Midstream Facility, and senior unsecured notes, please refer to our Annual Report on Form 10-K for the year ended December 31, 2015 on file with the SEC.

Contractual Obligations. A summary of our contractual obligations as of September 30, 2016 is provided in the table below. Contractual obligations listed exclude minimum fees that we will pay to Antero Midstream, our consolidated subsidiary, under gathering and compression, and water services agreements.

(in millions)	Remainder of 2016	Year Ended December 31,					Thereafter	Total
		2017	2018	2019	2020	2021		
Antero Resources Credit Facility(1)	\$ —	—	—	605	—	—	—	605
Antero Midstream Facility(1)	—	—	—	170	—	—	—	170
Antero Resources senior notes— principal(2)	—	—	—	—	525	1,000	1,850	3,375
Antero Resources senior notes— interest(2)	92	184	184	184	184	125	120	1,073
Antero Midstream senior notes— principal(2)	—	—	—	—	—	—	650	650
Antero Midstream senior notes— interest(2)	—	35	35	35	35	35	105	280
Drilling rig and completion service commitments(3)	27	101	98	60	—	—	—	286
Firm transportation (4)	119	709	935	1,086	1,105	1,084	10,469	15,507
Processing, gathering, and compression services (5)	88	370	286	230	230	224	951	2,379
Office and equipment leases	3	13	12	9	7	7	25	76
Asset retirement obligations(6)	—	—	—	—	—	—	36	36
Total	\$ 329	1,412	1,550	2,379	2,086	2,475	14,206	24,437

- (1) Includes outstanding principal amounts at September 30, 2016. This table does not include future commitment fees, interest expense or other fees on our Credit Facility or the Midstream Facility because they are floating rate instruments and we cannot determine with accuracy the timing of future loan advances, repayments, or future interest rates to be charged.
- (2) Antero Resources senior notes include the 6.00% notes due 2020, the 5.375% notes due 2021, the 5.125% notes due 2022, and the 5.625% notes due 2023. Antero Midstream senior notes include the 5.375% notes due 2024.
- (3) Includes contracts for the services of drilling rigs and hydraulic fracturing fleets, which expire at various dates from October 2016 through December 2019. The values in the table represent the gross amounts that we are committed to pay; however, we will record in our financial statements our proportionate share of costs based on our working interest.
- (4) Includes firm transportation agreements with various pipelines in order to facilitate the delivery of production to market. These contracts commit us to transport minimum daily natural gas or NGLs volumes at negotiated rates, or pay for any deficiencies at specified reservation fee rates. The amounts in this table reflect our minimum daily volumes at the reservation fee rates. The values in the table represent the gross amounts that we are committed to pay; however, we will record in our financial statements our proportionate share of costs based on our working interest.
- (5) Contractual commitments for processing, gathering and compression services agreements represent minimum commitments under long-term agreements. Includes Antero Midstream’s commitments for the construction of its advanced waste water treatment complex. The values in the table represent the gross amounts that we are committed to pay; however, we will record in our financial statements our proportionate share of costs based on our working interest. The table does not include intracompany commitments.
- (6) Represents the present value of our estimated asset retirement obligations. Neither the ultimate settlement amounts nor the timing of our asset retirement obligations can be precisely determined in advance; however, we believe it is likely that a very small amount of these obligations will be settled within the next five years.

Non-GAAP Financial Measure

“Adjusted EBITDAX” is a non-GAAP financial measure that we define as net income or loss, including noncontrolling interests, before interest expense, interest income, derivative fair value gains or losses (excluding net cash receipts or payments on derivative instruments included in derivative fair value gains or losses), taxes, impairments, depletion, depreciation, amortization, and accretion, exploration expense, franchise taxes, equity-based compensation, gain or loss on early extinguishment of debt, contract termination and rig stacking costs, and gain or loss on sale of assets, and excluding equity in earnings of unconsolidated affiliates. “Adjusted EBITDAX,” as used and defined by us, may not be comparable to similarly titled measures employed by other companies and is not a measure of performance calculated in accordance with GAAP. Adjusted EBITDAX should not be considered in isolation or as a substitute for operating income, net income or loss, cash flows provided by operating, investing, and financing activities, or other income or cash flow statement data prepared in accordance with GAAP. Adjusted EBITDAX provides no information regarding a company’s capital structure, borrowings, interest costs, capital expenditures, and working capital movement or tax position. Adjusted EBITDAX does not represent funds available for discretionary use because those funds may be required for debt service, capital



expenditures, working capital, income taxes, franchise taxes, exploration expenses, and other commitments and obligations. However, our management team believes Adjusted EBITDAX is useful to an investor in evaluating our financial performance because this measure:

- is widely used by investors in the oil and natural gas industry to measure a company’s operating performance without regard to items excluded from the calculation of such term, which can vary substantially from company to company depending upon accounting methods and book value of assets, capital structure, and the method by which assets were acquired, among other factors;
- helps investors to more meaningfully evaluate and compare the results of our operations from period to period by removing the effect of our capital structure from our operating structure; and
- is used by our management team for various purposes, including as a measure of operating performance, in presentations to our board of directors, and as a basis for strategic planning and forecasting. Adjusted EBITDAX is also used by our Board of Directors as a performance measure in determining executive compensation. Adjusted EBITDAX, as defined by our Credit Facility, is used by our lenders pursuant to covenants under our revolving credit facility and the indentures governing our senior notes.

There are significant limitations to using Adjusted EBITDAX as a measure of performance, including the inability to analyze the effects of certain recurring and non-recurring items that materially affect our net income or loss, the lack of comparability of results of operations of different companies, and the different methods of calculating Adjusted EBITDAX reported by different companies.

“Segment Adjusted EBITDAX” is also used by our management team for various purposes, including as a measure of operating performance and as a basis for strategic planning and forecasting. Segment Adjusted EBITDAX is a non-GAAP financial measure that we define as operating income before derivative fair value gains or losses (excluding net cash receipts or payments on derivative instruments included in derivative fair value gains or losses), impairments, depletion, depreciation, amortization, and accretion, exploration expense, franchise taxes, equity-based compensation, gain or loss on early extinguishment of debt, contract termination and rig stacking costs, gain or loss on sale of assets, and gain or loss on contingent acquisition consideration accretion. Operating income represents net income, including noncontrolling interest, before interest expense, income taxes, and equity in earnings of unconsolidated affiliates, and is the most directly comparable GAAP financial measure to Segment Adjusted EBITDAX because we do not account for income tax expense or interest expense on a segment basis. The following tables represent a reconciliation of our operating income to Segment Adjusted EBITDAX for the three and nine months ended September 30, 2015 and 2016 (in thousands):

	Exploration and production	Gathering and compression	Water handling and treatment	Marketing	Elimination of intersegment transactions	Consolidated total
Three months ended September 30, 2015:						
Operating income (loss)	940,374	35,875	8,611	(26,166)	(17,579)	941,115
Commodity derivative fair value gains	(1,079,071)	—	—	—	—	(1,079,071)
Gains on settled derivatives	205,919	—	—	—	—	205,919
Depletion, depreciation, amortization, and accretion	167,319	15,282	6,485	—	—	189,086
Impairment of unproved properties	8,754	—	—	—	—	8,754
Exploration expense	1,087	—	—	—	—	1,087
Equity-based compensation expense	18,631	4,205	1,079	—	—	23,915
State franchise taxes	<u>2</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>2</u>
Segment and consolidated Adjusted EBITDAX	<u>\$ 263,015</u>	<u>55,362</u>	<u>16,175</u>	<u>(26,166)</u>	<u>(17,579)</u>	<u>290,807</u>

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	Exploration and production	Gathering and compression	Water handling and treatment	Marketing	Elimination of intersegment transactions	Consolidated total
Three months ended September 30, 2016:						
Operating income (loss)	454,347	44,550	29,492	(17,535)	(43,522)	467,332
Commodity derivative fair value gains	(530,334)	—	—	—	—	(530,334)
Gains on settled derivatives	196,712	—	—	—	—	196,712
Depletion, depreciation, amortization, and accretion	173,363	18,540	7,838	—	—	199,741
Impairment of unproved properties	11,753	—	—	—	—	11,753
Exploration expense	1,166	—	—	—	—	1,166
Expense (income) from accretion of contingent acquisition consideration	(3,527)	—	3,527	—	—	—
Equity-based compensation expense	19,781	5,214	1,386	—	—	26,381
Segment and consolidated Adjusted EBITDAX	<u>\$ 323,261</u>	<u>68,304</u>	<u>42,243</u>	<u>(17,535)</u>	<u>(43,522)</u>	<u>372,751</u>
Nine months ended September 30, 2015:						
Operating income (loss)	1,498,053	72,337	42,519	(70,959)	(64,890)	1,477,060
Commodity derivative fair value gains	(1,836,398)	—	—	—	—	(1,836,398)
Gains on settled derivatives	586,639	—	—	—	—	586,639
Depletion, depreciation, amortization, and accretion	485,218	45,255	18,767	—	—	549,240
Impairment of unproved properties	43,670	—	—	—	—	43,670
Exploration expense	3,086	—	—	—	—	3,086
Equity-based compensation expense	61,617	14,218	3,445	—	—	79,280
State franchise taxes	131	—	—	—	—	131
Contract termination and rig stacking	10,902	—	—	—	—	10,902
Segment and consolidated Adjusted EBITDAX	<u>\$ 852,918</u>	<u>131,810</u>	<u>64,731</u>	<u>(70,959)</u>	<u>(64,890)</u>	<u>913,610</u>
Nine months ended September 30, 2016:						
Operating income (loss)	(326,450)	117,314	56,241	(91,327)	(99,570)	(343,792)
Commodity derivative fair value gains	(125,624)	—	—	—	—	(125,624)
Gains on settled derivatives	813,559	—	—	—	—	813,559
Depletion, depreciation, amortization, and accretion	515,148	52,780	21,975	—	—	589,903
Impairment of unproved properties	47,223	—	—	—	—	47,223
Exploration expense	3,289	—	—	—	—	3,289
Expense (income) from accretion of contingent acquisition consideration	(10,384)	—	10,384	—	—	—
Equity-based compensation expense	56,301	14,902	4,464	—	—	75,667
State franchise taxes	39	—	—	—	—	39
Segment and consolidated Adjusted EBITDAX	<u>\$ 973,101</u>	<u>184,996</u>	<u>93,064</u>	<u>(91,327)</u>	<u>(99,570)</u>	<u>1,060,264</u>

The following table represents a reconciliation of our net income from continuing operations, including noncontrolling interest, to total Segment and consolidated Adjusted EBITDAX from continuing operations and a reconciliation of our total Segment and

consolidated Adjusted EBITDAX to net cash provided by operating activities per our consolidated statements of cash flows, in each case, for the periods presented:

(in thousands)	Three months ended September		Nine months ended September	
	30, 2015	30, 2016	30, 2015	30, 2016
Net income (loss) including noncontrolling interest	\$ 544,734	268,196	804,422	(296,644)
Commodity derivative fair value gains(1)	(1,079,071)	(530,334)	(1,836,398)	(125,624)
Gains on settled derivatives(1)	205,919	196,712	586,639	813,559
Interest expense	60,921	59,755	173,929	185,634
Income tax expense (benefit)	335,460	140,924	498,709	(230,755)
Depletion, depreciation, amortization, and accretion	189,086	199,741	549,240	589,903
Impairment of unproved properties	8,754	11,753	43,670	47,223
Exploration expense	1,087	1,166	3,086	3,289
Equity-based compensation expense	23,915	26,381	79,280	75,667
Equity in earnings of unconsolidated affiliate	—	(1,543)	—	(2,027)
State franchise taxes	2	—	131	39
Contract termination and rig stacking	—	—	10,902	—
Total Segment and consolidated Adjusted EBITDAX	290,807	372,751	913,610	1,060,264
Interest expense	(60,921)	(59,755)	(173,929)	(185,634)
Exploration expense	(1,087)	(1,166)	(3,086)	(3,289)
Changes in current assets and liabilities	9,119	17,327	103,463	35,939
State franchise taxes	(2)	—	(131)	(39)
Other non-cash items	8,130	(2,166)	1,227	(1,544)
Net cash provided by operating activities	\$ 246,046	326,991	841,154	905,697

- (1) The adjustments for the derivative fair value gains and losses and gains on settled derivatives have the effect of adjusting net income from operations for changes in the fair value of unsettled derivatives, which are recognized at the end of each accounting period. As a result, derivative gains included in the calculation of Adjusted EBITDAX only reflects derivatives which settled during the period.

Critical Accounting Policies and Estimates

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

We evaluate the carrying amount of our proved natural gas, NGLs, and oil properties for impairment on a geological reservoir basis whenever events or changes in circumstances indicate that a property's carrying amount may not be recoverable. Under GAAP for successful efforts accounting, if the carrying amount exceeded the estimated undiscounted future net cash flows (measured using futures prices), we would further evaluate our proved properties and record an impairment charge if the carrying amount of our proved properties exceeded the estimated fair value of the properties. Given the rapid decline in the market prices of natural gas, NGLs, and oil that occurred during the fourth quarter of 2014 and continued lower prices through 2015 and into 2016, at September 30, 2016, we compared estimated undiscounted future net cash flows using futures pricing for our Utica and Marcellus Basin properties to the carrying value of those properties. Estimated undiscounted future net cash flows exceeded the carrying values at September 30, 2016 and thus, no further evaluation of the fair value of the properties for impairment is required under GAAP. As a result, we have not

recorded any impairment expenses associated with our Utica and Marcellus Basin proved properties during the three or nine months ended September 30, 2016. Additionally, we did not record any impairment expenses for proved properties during the year ended December 31, 2015. Based on current futures commodity prices, we currently do not anticipate having to record any impairment charge for our proved properties in the near future. We are unable, however, to predict commodity prices with any greater precision than the futures market.

New Accounting Pronouncements

On May 28, 2014, the Financial Accounting Standards Board (“FASB”) issued ASU No. 2014-09, *Revenue from Contracts with Customers*, which requires an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The ASU will replace most existing revenue recognition guidance in GAAP when it becomes effective. Additionally, on May 3, 2016, the FASB issued ASU No. 2016-11, which rescinds SEC accounting guidance regarding the use of the entitlements method for recognition of natural gas revenues. The new standards become effective for the Company on January 1, 2018. Early application is not permitted. The standards permit the use of either the retrospective or cumulative effect transition method. The Company is evaluating the effect that ASU 2014-09 and ASU No. 2016-11 will have on its consolidated financial statements and related disclosures. The Company has not yet selected a transition method nor has it determined the effect of the standards on its ongoing financial reporting.

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

Off-Balance Sheet Arrangements

As of September 30, 2016, we did not have any off-balance sheet arrangements other than operating leases and contractual commitments for drilling rig and hydraulic fracturing services, firm transportation, gas processing, and gathering and compression services. See “—Debt Agreements and Contractual Obligations—Contractual Obligations” for commitments under operating leases, drilling rig and hydraulic fracturing service agreements, firm transportation, gas processing, and gathering and compression service agreements.

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 natural gas, NGLs, and oil prices, as well as 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. All of our market risk sensitive derivative instruments were entered into for hedging purposes, rather than for speculative trading.

Commodity Hedging Activities

Our primary market risk exposure is in the price we receive for our natural gas, NGLs, and oil production. Realized pricing is primarily driven by spot regional market prices applicable to our U.S. natural gas production and the prevailing worldwide price for crude oil. Pricing for natural gas, NGLs, and oil production has, historically, been volatile and unpredictable, and we expect this volatility to continue in the future. The prices we receive for production depend on many factors outside of our control, including volatility in the differences between product prices at sales points and the applicable index price.

To mitigate some of the potential negative impact on our cash flow caused by changes in commodity prices, we enter into derivative instruments to receive fixed prices for a portion of our natural gas, NGLs, and oil production when management believes that favorable future prices can be secured. We hedge part of our production at fixed prices for our sales points to mitigate the risk of differentials to the sales point prices. Part of our production is also hedged at NYMEX prices.

Our financial hedging activities are intended to support natural gas, NGLs, and oil prices at targeted levels and to manage our exposure to natural gas, NGLs, and oil price fluctuations. These contracts may include commodity price swaps whereby we will receive a fixed price and pay a variable market price to the counterparty, commodity price swaps whereby we will pay a fixed price to the contract counterparty and receive a variable market price, cashless price collars that set a floor and ceiling price for the hedged production, or basis differential swaps. These contracts are financial instruments, and do not require or allow for physical delivery of the hedged commodity. The Company was not party to any collars as of or during the nine months ended September 30, 2016.

At September 30, 2016, we had in place natural gas and NGLs swaps covering portions of our projected production from 2016 through 2022. Our commodity hedge position as of September 30, 2016 is summarized in note 8 to our condensed consolidated financial statements included elsewhere in this Quarterly Report on Form 10-Q. The Credit Facility allows us to hedge up to 75% of our projected production for the next five years, and 65% of our subsequent estimated proved reserves through December 31, 2023. Based on our production and our fixed price swap contracts which settled during the nine months ended September 30, 2016, our income before taxes would have decreased by approximately \$5.1 million for each \$0.10 decrease per MMBtu in natural gas prices and \$1.00 decrease per Bbl in oil and NGLs prices.

All derivative instruments, other than those that meet the normal purchase and normal sale exception, are recorded at fair market value in accordance with GAAP and are included in our consolidated balance sheets as assets or liabilities. The fair values of our derivative instruments are adjusted for non-performance risk. Because we do not designate these derivatives as accounting hedges, they do not receive hedge accounting treatment; therefore, all mark-to-market gains or losses, as well as cash receipts or payments on settled derivative instruments, are recognized in our statements of operations. We present total gains or losses on commodity derivatives (both settled derivatives and derivative positions which remain open) within operating revenues as “Commodity derivative fair value gains (losses).”

Mark-to-market adjustments of derivative instruments cause earnings volatility but have no cash flow impact relative to changes in market prices until the derivative contracts are settled. We expect continued volatility in the fair value of our derivative instruments. Our cash flows are only impacted when the associated derivative instrument contracts are settled by making or receiving payments to or from the counterparty. At September 30, 2016, the estimated fair value of our commodity derivative instruments was a net asset of \$2.4 billion comprised of current and noncurrent assets and current and noncurrent liabilities. At December 31, 2015, the estimated fair value of our commodity derivative instruments was a net asset of \$3.1 billion comprised of current and noncurrent assets. None of these commodity derivative instruments were entered into for trading or speculative purposes.

By removing price volatility from a portion of our expected production through December 2022, we have mitigated, but not eliminated, the potential negative effects of changing prices on our operating cash flows for those periods. While mitigating negative effects of falling commodity prices, these derivative contracts also limit the benefits we would receive from increases in commodity prices above the fixed hedge prices.

Counterparty and Customer Credit Risk

Our principal exposures to credit risk are through receivables resulting from commodity derivative contracts (\$2.4 billion at September 30, 2016), the sale of our oil and gas production (\$163 million at September 30, 2016) which we market to energy companies, end users and refineries, and joint interest receivables (\$43 million at September 30, 2016).

By using derivative instruments that are not traded on an exchange to hedge our exposures to changes in commodity prices, we expose ourselves to the credit risk of our counterparties. Credit risk is the potential failure of the counterparty to perform under the terms of the derivative contract. When the fair value of a derivative contract is positive, the counterparty is expected to owe us, which creates credit risk. To minimize the credit risk in derivative instruments, it is our policy to enter into derivative contracts only with counterparties that are creditworthy financial institutions which management deems to be competent and competitive market makers. The creditworthiness of our counterparties is subject to periodic review. We have commodity hedges in place with fifteen different counterparties, all of which are lenders under our Credit Facility. The fair value of our commodity derivative contracts of approximately \$2.4 billion at September 30, 2016 includes the following values by bank counterparty: Morgan Stanley - \$671 million; Barclays - \$513 million; JP Morgan - \$439 million; Wells Fargo - \$215 million; Scotiabank - \$181 million; Citigroup - \$162 million; BNP Paribas - \$68 million; Toronto Dominion - \$56 million; Canadian Imperial Bank of Commerce - \$64 million; Fifth Third - \$22 million; Bank of Montreal - \$23 million; SunTrust - \$9 million; Capital One - \$6 million; and Natixis - \$1 million. The credit ratings of certain of these banks were downgraded in recent years because of their exposure to the sovereign debt crisis in Europe or various other factors. The estimated fair value of our commodity derivative assets has been risk adjusted using a discount rate based upon the counterparties' respective published credit default swap rates (if available, or if not available, a discount rate based on the applicable Reuters bond rating) at September 30, 2016 for each of the European and American banks. We believe that all of these institutions, currently, are acceptable credit risks. Other than as provided by the Credit Facility, we are not required to provide credit support or collateral to any of our counterparties under our derivative contracts, nor are they required to provide credit support to us. As of September 30, 2016, we did not have any past-due receivables from, or payables to, any of the counterparties to our derivative contracts.

We are also subject to credit risk due to the concentration of our receivables from several significant customers for sales of natural gas, NGLs, and oil. We generally do not require our customers to post collateral. The inability or failure of our significant customers to meet their obligations to us, or their insolvency or liquidation, may adversely affect our financial results.

Joint interest receivables arise from our billing of entities who own partial interests in the wells we operate. These entities participate in our wells primarily based on their ownership in leased properties on which we drill. We have minimal control over deciding who participates in our wells.

Interest Rate Risks

Our primary exposure to interest rate risk results from outstanding borrowings under our Credit Facility and the Midstream Facility of our consolidated subsidiary, Antero Midstream. Each of these credit facilities has a floating interest rate. The average annualized interest rate incurred on this indebtedness during the nine months ended September 30, 2016 was approximately 2.14%. A 1.0% increase in each of the applicable average interest rates for the nine months ended September 30, 2016 would have resulted in an estimated \$9.0 million increase in interest expense.

Item 4. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

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

Changes in Internal Control Over Financial Reporting

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

PART II—OTHER INFORMATION

Item 1. Legal Proceedings.

In March 2011, we received orders for compliance from federal regulatory agencies, including the U.S. Environmental Protection Agency relating to certain of our activities in West Virginia. The orders allege that certain of our operations at several well sites are in non-compliance with certain environmental regulations, such as unpermitted discharges of fill material into wetlands or waters of the United States that are potentially in violation of the Clean Water Act. We have responded to all pending orders and are actively cooperating with the relevant agencies. No fine or penalty relating to these matters has been proposed at this time, but we believe that these actions will result in monetary sanctions exceeding \$100,000. We are unable to estimate the total amount of such monetary sanctions or costs to remediate these locations in order to bring them into compliance with applicable environmental laws and regulations. We have not, however, been required to suspend our operations at these locations to date, and management does not expect these matters to have a material adverse effect on our financial condition, results of operations, or cash flows.

The Company is the plaintiff in two nearly identical lawsuits against South Jersey Gas Company and South Jersey Resources Group, LLC (collectively “SJGC”) pending in United States District Court in Colorado. The Company filed suit against SJGC seeking relief for breach of contract and damages in the amounts that SJGC has short paid, and continues to short pay, the Company in connection with two long term gas contracts. Under those contracts, SJGC are long term purchasers of some of the Company’s natural gas production. Deliveries under the contracts began in October 2011 and the delivery obligation continues through October 2019. SJGC unilaterally breached the contracts claiming that the index prices specified in the contracts, and the index prices at which SJGC paid for deliveries from 2011 through September 2014, are no longer appropriate under the contracts because a market disruption event (as defined by the contract) has occurred and, as a result, a new index price is to be determined by the parties. Beginning in October 2014, SJGC began short paying the Company based on indexes unilaterally selected by SJGC and not the index specified in the contract. The Company contends that no market disruption event has occurred and that SJGC have breached the contracts by failing to pay the Company based on the express price terms of the contracts. Through September 30, 2016, the Company estimates that it is owed approximately \$51 million more than SJGC has paid using the indexes unilaterally selected by them.

The Company and Washington Gas Light Company and WGL Midstream, Inc. (collectively “WGL”) are also involved in a pricing dispute involving contracts that the Company began delivering gas under in January 2016. The Company has invoiced WGL at the index price specified in the contract and WGL has paid the Company based on that invoice price; however, WGL maintains that the index price is no longer appropriate under the contracts and that an undefined alternative index is more appropriate for the delivery point of the gas. The matter has been submitted to arbitration. The Company believes that there is no basis for WGL’s position and intends to vigorously dispute the WGL claim in arbitration.

We are party to various other legal proceedings and claims in the ordinary course of our business. We believe that certain of these matters will be covered by insurance and that the outcome of other matters will not have a material adverse effect on our consolidated financial condition, results of operations, or cash flows.

Item 1A. Risk Factors.

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

Item 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	Total Number of Shares Purchased	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans	Maximum Number of Shares that May Yet be Purchased Under the Plan
July 1, 2016 - July 31, 2016	2,165	\$ 26.37	—	N/A
August 1, 2016 - August 31, 2016	—	\$ —	—	N/A
September 1, 2016 - September 30, 2016	—	\$ —	—	N/A

Shares purchased represent shares of our common stock transferred to us in order to satisfy tax withholding obligations incurred upon the vesting of restricted stock and restricted stock units held by our employees.

Item 5. Other Information.***Amendment to Long-Term Incentive Plan Awards***

Effective October 24, 2016, the board of directors of the Company approved an amendment to certain outstanding awards granted pursuant to the Plan (the “Amendment”). The Amendment provides for 100% vesting of the service-based vesting conditions with regard to outstanding awards held by our named executive officers upon a Change in Control, as defined in the Plan, provided that the officer remains continuously employed through the date of the Change in Control. The preceding description of the Amendment is qualified in its entirety by reference to the Amendment, a copy of which is attached as Exhibit 10.1 hereto and incorporated by reference herein.

Credit Agreement Amendment

On October 24, 2016, Antero entered into a Twentieth Amendment (the “Twentieth Amendment”) to its Credit Facility. The Twentieth Amendment amended the Credit Facility to, among other things, (i) increase the face amount of the Credit Facility to \$5 billion, (ii) increase the borrowing base to \$4.75 billion and (iii) extend by one year, to December 31, 2023, the period of time through which we may hedge a portion of our estimated proved reserves.

A copy of the Twentieth Amendment is filed as Exhibit 10.3 hereto and is incorporated by reference. The description of the Twentieth Amendment contained herein is qualified in its entirety by the full text of such instrument.

Relationships

Certain parties to the Twentieth Amendment, or their respective affiliates (collectively, the “Banks”), perform and have performed commercial and investment banking and advisory services for the Company from time to time for which they receive and have received customary fees and expenses. In addition, Wells Fargo Bank, National Association, is the trustee for each outstanding series of the Company’s senior notes. The Banks may, from time to time, engage in transactions with and perform services for the Company in the ordinary course of their business, for which they will receive fees and expenses.

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

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

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

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

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

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

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

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

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

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

Item 6. Exhibits.

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

SIGNATURES

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

ANTERO RESOURCES CORPORATION

By: /s/ GLEN C. WARREN, JR.
Glen C. Warren, Jr.
President, Chief Financial Officer and Secretary

Date: October 26, 2016

EXHIBIT INDEX

Exhibit Number	Description of Exhibit
3.1	Amended and Restated Certificate of Incorporation of Antero Resources Corporation (incorporated by reference to Exhibit 3.1 to Current Report on Form 8-K (Commission File No. 001-36120) filed on October 17, 2013).
3.2	Amended and Restated Bylaws of Antero Resources Corporation (incorporated by reference to Exhibit 3.2 to Current Report on Form 8-K (Commission File No. 001-36120) filed on October 17, 2013).
4.1*	Registration Rights Agreement, dated as of October 7, 2016, by and among Antero Resources Corporation and the Purchaser named therein.
10.1*	Global Amendment to grant Notices and Award Agreements Under the Antero Resources Corporation Long-Term Incentive Plan.
10.2*	Common Stock Subscription Agreement, dated as of October 3, 2016, by and between Antero Resources Corporation and the Purchaser named on Schedule A thereto.
10.3*	Twentieth Amendment to Fourth Amended and Restated Credit Agreement, dated as of October 24, 2016, by and among Antero Resources Corporation, certain subsidiaries of the Borrower, as Guarantors, the Lenders party thereto, and JPMorgan Chase Bank, N.A., as Administrative Agent.
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).
101*	The following financial information from this Quarterly Report on Form 10-Q of Antero Resources Corporation for the quarter ended September 30, 2016 formatted in XBRL (eXtensible Business Reporting Language): (i) Condensed Consolidated Balance Sheets, (ii) Condensed Consolidated Statements of Operations and Comprehensive Income (Loss), (iii) Condensed Consolidated Statements of Equity, (iv) Condensed Consolidated Statements of Cash Flows, and (v) Notes to the Condensed Consolidated Financial Statements, tagged as blocks of text.

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

EXECUTION COPY

REGISTRATION RIGHTS AGREEMENT

BY AND BETWEEN

ANTERO RESOURCES CORPORATION

AND

THE PURCHASER

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REGISTRATION RIGHTS AGREEMENT

This REGISTRATION RIGHTS AGREEMENT (this “Agreement”) is made and entered into as of October 7, 2016, by and between Antero Resources Corporation, a Delaware corporation (the “Company”), and the Person set forth on Schedule A to the Common Stock Subscription Agreement (as defined below) (the “Purchaser”).

WHEREAS, this Agreement is made in connection with the Closing of the issuance and sale of the Purchased Shares pursuant to the Common Stock Subscription Agreement, dated as of October 3, 2016, by and between the Company and the Purchaser (the “Common Stock Subscription Agreement”); and

WHEREAS, the Company has agreed to provide the registration and other rights set forth in this Agreement for the benefit of the Purchaser pursuant to the Common Stock Subscription Agreement.

NOW THEREFORE, in consideration of the mutual covenants and agreements set forth herein and for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by each party hereto, the parties hereby agree as follows:

ARTICLE I DEFINITIONS

Section 1.01 Definitions. Capitalized terms used herein without definition shall have the meanings given to them in the Common Stock Subscription Agreement. The terms set forth below are used herein as so defined:

“Affiliate” means, with respect to any Person, any other Person that directly or indirectly through one or more intermediaries controls, is controlled by or is under common control with, the Person in question. As used herein, the term “control” means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a Person, whether through ownership of voting securities, by contract or otherwise.

“Agreement” has the meaning specified therefor in the introductory paragraph of this Agreement.

“Business Day” means any day other than a Saturday, Sunday, any federal holiday or any other day on which banking institutions in the State of New York are authorized or required to be closed by law or governmental action.

“Common Share Price” means the volume weighted average closing price of the shares of Common Stock (as reported by the New York Stock Exchange) for the ten trading days immediately preceding the date on which the determination is made.

“Commission” means the U.S. Securities and Exchange Commission.

“Common Stock Subscription Agreement” has the meaning specified therefor in the recitals of this Agreement.

“Company” has the meaning specified therefor in the introductory paragraph of this Agreement.

“Effectiveness Deadline” has the meaning specified therefor in Section 2.02(b) of this Agreement.

“Effectiveness Period” has the meaning specified therefor in Section 2.01 of this Agreement.

“Holder” means the record holder of any Registrable Securities.

“Person” means an individual or a corporation, limited liability company, partnership, joint venture, trust, unincorporated organization, association, government agency or political subdivision thereof or other entity.

“Purchaser” has the meaning specified therefor in the introductory paragraph of this Agreement.

“Registrable Securities” means the Common Shares to be acquired by the Purchaser pursuant to the Common Stock Subscription Agreement and includes any type of interest issued to the Holder as a result of Section 3.04.

“Registration Expenses” has the meaning specified therefor in Section 2.05(b) of this Agreement.

“Registration Statement” has the meaning specified therefor in Section 2.01 of this Agreement.

“Selling Holder” means a Holder who is selling Registrable Securities pursuant to a registration statement.

“Shelf Filing Date” has the meaning specified therefore in Section 2.01 of this Agreement.

Section 1.02 Registrable Securities. Any Registrable Security will cease to be a Registrable Security (a) when a registration statement covering such Registrable Security becomes or has been declared effective by the Commission and such Registrable Security has been sold or disposed of pursuant to such effective registration statement; (b) when such Registrable Security has been disposed of pursuant to any section of Rule 144 (or any similar provision then in effect) under the Securities Act; (c) when such Registrable Security is held by the Company or one of its subsidiaries or Affiliates; (d) when such Registrable Security has been sold or disposed of in a private transaction in which the transferor’s rights under this Agreement are not assigned to the transferee of such securities pursuant to Section 2.08 hereof or (e) when such Registrable Security becomes eligible for resale without restriction and without the need for current public information pursuant to any section of Rule 144 (or any similar provision then in effect) under the Securities Act, assuming the Holder of such Registrable Security is not an affiliate (as defined in Rule 144(a)(1)) of the Company.

ARTICLE II
REGISTRATION RIGHTS

Section 2.01 Mandatory Registration.

(a) The Company shall use its reasonable best efforts to prepare and file no later than five (5) Business Days following the filing of the Company's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2016 with the Commission (such filing date, the "Shelf Filing Date") a registration statement with the Commission providing for registration and resale, on a continuous or delayed basis pursuant to Rule 415, of all of the Registrable Securities then outstanding from time to time; such registration statement shall be on Form S-3 (or any equivalent or successor form) under the Securities Act (the registration statement on such form, as amended or supplemented, the "Registration Statement"). The Company shall use its commercially reasonable efforts to cause the Registration Statement to be declared effective under the Securities Act by the Commission as soon as reasonably practicable after the Shelf Filing Date. The Company shall use its commercially reasonable efforts to keep the Registration Statement continuously effective under the Securities Act until the earlier of (A) the date when all of the Registrable Securities covered by such Registration Statement have been sold and (B) the date on which all of the Purchased Shares cease to be Registrable Securities hereunder (such period, the "Effectiveness Period"). The Registration Statement when effective (including the documents incorporated therein by reference) will comply as to form in all material respects with all applicable requirements of the Securities Act and the Exchange Act and will not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading (in the case of any prospectus contained in such Registration Statement, in the light of the circumstances under which a statement is made). As soon as practicable following the date that the Registration Statement becomes effective, but in any event within one (1) Business Day of such date, the Company shall provide the Holders with written notice of the effectiveness of the Registration Statement.

Section 2.02 Blackout and Delay Rights.

Notwithstanding anything to the contrary contained herein:

(a) the Company shall not be required to file a Registration Statement (or any amendment thereto) for a period of up to 60 days, if (A) the Company determines in good faith that a postponement is in the best interest of the Company and its stockholders generally due to a pending transaction involving the Company (including a pending securities offering by the Company, or any proposed financing, acquisition, merger, tender offer, business combination, corporate reorganization, consolidation or other significant transaction involving the Company), (B) the Company determines such registration would render the Company unable to comply with applicable securities laws, (C) the Company determines such registration would require disclosure of material information that the Company has a bona fide business purpose for preserving as confidential, or (D) audited financial statements as of a date other than the fiscal year end of the Company would be required to be prepared; *provided, however*, that in no event shall any such period exceed an aggregate of 90 days in any 180-day period or 120 days in any 365-day period; and

(b) the Company may, upon written notice to any Selling Holder whose Registrable Securities are included in the Registration Statement or other registration statement contemplated by this Agreement, suspend such Selling Holder's use of any prospectus which is a part of the Registration Statement or other registration statement (in which event the Selling Holder shall discontinue sales of the Registrable Securities pursuant to the Registration Statement or other registration statement contemplated by this Agreement but may settle any previously made sales of Registrable Securities) if (i) the Company determines that it would be required to make disclosure of material information in the Registration Statement that the Company has a bona fide business purpose for preserving as confidential or (ii) the Company has experienced some other material non-public event the disclosure of which at such time, in the good faith judgment of the Company, would adversely affect the Company; *provided, however*, in no event shall the Selling Holders be suspended from selling Registrable Securities pursuant to the Registration Statement or other registration statement for a period that exceeds an aggregate of 90 days in any 180-day period or 120 days in any 365-day period. Upon disclosure of such information or the termination of the condition described above, the Company shall provide prompt notice to the Selling Holders whose Registrable Securities are included in the Registration Statement, and shall promptly terminate any suspension of sales it has put into effect and shall take such other reasonable actions to permit registered sales of Registrable Securities as contemplated in this Agreement.

Section 2.03 Sale Procedures. In connection with its obligations under this Article II, the Company will, as expeditiously as possible:

(a) prepare and file with the Commission such amendments and supplements to the Registration Statement and the prospectus used in connection therewith as may be necessary to keep the Registration Statement effective for the Effectiveness Period and as may be necessary to comply with the provisions of the Securities Act with respect to the disposition of all Registrable Securities covered by the Registration Statement;

(b) make available to each Selling Holder (i) as far in advance as reasonably practicable before filing the Registration Statement or any other registration statement contemplated by this Agreement or any supplement or amendment thereto, upon request, copies of reasonably complete drafts of all such documents proposed to be filed (including exhibits and each document incorporated by reference therein to the extent then required by the rules and regulations of the Commission), and provide each such Selling Holder the opportunity to object to any information pertaining to such Selling Holder and its plan of distribution that is contained therein and make the corrections reasonably requested by such Selling Holder with respect to such information prior to filing the Registration Statement or such other registration statement or supplement or amendment thereto, and (ii) such number of copies of the Registration Statement or such other registration statement and the prospectus included therein and any supplements and amendments thereto as such Selling Holder may reasonably request in order to facilitate the public sale or other disposition of the Registrable Securities covered by such Registration Statement or other registration statement;

(c) if applicable, use its commercially reasonable efforts to register or qualify the Registrable Securities covered by the Registration Statement or any other registration statement contemplated by this Agreement under the securities or blue sky laws of such jurisdictions as the

Selling Holders shall reasonably request in writing by the time the Registration Statement is declared effective by the SEC; *provided, however*, that the Company will not be required to qualify generally to transact business in any jurisdiction where it is not then required to so qualify or to take any action that would subject it to general service of process in any such jurisdiction where it is not then so subject;

(d) promptly notify each Selling Holder, at any time when a prospectus relating thereto is required to be delivered by any of them under the Securities Act, of (i) the filing of the Registration Statement or any other registration statement contemplated by this Agreement or any prospectus or prospectus supplement to be used in connection therewith, or any amendment or supplement thereto, and, with respect to such Registration Statement or any other registration statement or any post-effective amendment thereto, when the same has become effective; and (ii) the receipt of any written comments from the Commission with respect to any filing referred to in clause (i) and any written request by the Commission for amendments or supplements to the Registration Statement or any other registration statement or any prospectus or prospectus supplement thereto;

(e) immediately notify each Selling Holder, at any time when a prospectus relating thereto is required to be delivered under the Securities Act, of (i) the happening of any event as a result of which the prospectus or prospectus supplement contained in the Registration Statement or any other registration statement contemplated by this Agreement, as then in effect, includes an untrue statement of a material fact or omits to state any material fact required to be stated therein or necessary to make the statements therein not misleading (in the case of any prospectus contained therein, in the light of the circumstances under which a statement is made); (ii) the issuance or express threat of issuance by the Commission of any stop order suspending the effectiveness of the Registration Statement or any other registration statement contemplated by this Agreement, or the initiation of any proceedings for that purpose; or (iii) the receipt by the Company of any notification with respect to the suspension of the qualification of any Registrable Securities for sale under the applicable securities or blue sky laws of any jurisdiction. Following the occurrence of any of the events set forth in clauses (i) through (iii) above, the Company agrees to as promptly as practicable amend or supplement the prospectus or prospectus supplement or take other appropriate action so that the prospectus or prospectus supplement does not include an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading in the light of the circumstances then existing and to take such other commercially reasonable action as is necessary to remove a stop order, suspension, threat thereof or proceedings related thereto;

(f) upon request and subject to appropriate confidentiality obligations, furnish to each Selling Holder copies of any and all transmittal letters or other correspondence with the Commission or any other governmental agency or self-regulatory body or other body having jurisdiction (including any domestic or foreign securities exchange) relating to the Registration Statement;

(g) otherwise use its commercially reasonable efforts to comply with all applicable rules and regulations of the Commission, and make available to its security holders, as soon as reasonably practicable, an earnings statement, which earnings statement shall satisfy the provisions of Section 11(a) of the Securities Act and Rule 158 promulgated thereunder;

(h) cause all such Registrable Securities registered pursuant to this Agreement to be listed on each securities exchange or nationally recognized quotation system on which similar securities issued by the Company are then listed;

(i) use its commercially reasonable efforts to cause the Registrable Securities to be registered with or approved by such other governmental agencies or authorities as may be necessary by virtue of the business and operations of the Company to enable the Selling Holders to consummate the disposition of such Registrable Securities;

(j) provide a transfer agent and registrar for all Registrable Securities covered by such registration statement not later than the effective date of such registration statement; and

(k) if requested by a Selling Holder, (i) incorporate in a prospectus supplement or post-effective amendment such information as such Selling Holder reasonably requests to be included therein relating to the sale and distribution of Registrable Securities, including information with respect to the number of Registrable Securities being offered or sold, the purchase price being paid therefor and any other terms of the offering of the Registrable Securities to be sold in such offering and (ii) make all required filings of such prospectus supplement or post-effective amendment after being notified of the matters to be incorporated in such prospectus supplement or post-effective amendment.

The Company will not name a Holder as an underwriter as defined in Section 2(a)(11) of the Securities Act in any Registration Statement without such Holder's consent. If the staff of the Commission requires the Company to name any Holder as an underwriter as defined in Section 2(a)(11) of the Securities Act, and such Holder does not consent thereto, then such Holder's Registrable Securities shall not be included on the Registration Statement and the Company shall have no further obligations hereunder with respect to Registrable Securities held by such Holder.

Each Selling Holder, upon receipt of notice from the Company of the happening of any event of the kind described in subsection (e) of this Section 2.03, shall forthwith discontinue offers and sales of the Registrable Securities by means of a prospectus or prospectus supplement until such Selling Holder's receipt of the copies of the supplemented or amended prospectus contemplated by subsection (e) of this Section 2.03 or until it is advised in writing by the Company that the use of the prospectus may be resumed and has received copies of any additional or supplemental filings incorporated by reference in the prospectus, and, if so directed by the Company, such Selling Holder will deliver to the Company (at the Company's expense) all copies in their possession or control, other than permanent file copies then in such Selling Holder's possession, of the prospectus covering such Registrable Securities current at the time of receipt of such notice.

Section 2.04 Cooperation by Holders. The Company shall have no obligation to include Registrable Securities of a Holder in the Registration Statement who has failed to timely furnish such information that the Company determines, after consultation with its counsel, is reasonably required in order for the registration statement or prospectus supplement, as applicable, to comply with the Securities Act.

Section 2.05 Expenses.

(a) Expenses. The Company will pay all reasonable Registration Expenses as determined in good faith. In addition, except as otherwise provided in Section 2.06 hereof, the Company shall not be responsible for legal fees or any brokerage fees or commissions incurred by Holders in connection with the exercise of such Holders' rights hereunder.

(b) Certain Definitions. "Registration Expenses" means all expenses incident to the Company's performance under or compliance with this Agreement to effect the registration of Registrable Securities on the Registration Statement pursuant to Section 2.01, and the disposition of such Registrable Securities, including all registration, filing, securities exchange listing and NYSE fees, all registration, filing, qualification and other fees and expenses of complying with securities or blue sky laws, fees of the Financial Industry Regulatory Authority, fees of transfer agents and registrars, all word processing, duplicating and printing expenses, any transfer taxes and the fees and disbursements of counsel and independent public accountants for the Company, including the expenses of any special audits or "cold comfort" letters required by or incident to such performance and compliance.

Section 2.06 Indemnification.

(a) Indemnification by the Company. In the event of any registration of any securities of the Company under the Securities Act pursuant to this Agreement, the Company will, and hereby does, indemnify and hold harmless the seller of any Registrable Securities covered by such registration statement, its directors and officers, each other Person who participates in the offering or sale of such securities and each other Person, if any, who controls such seller, within the meaning of the Securities Act, against any losses, claims, damages or liabilities, joint or several, to which such seller or any such director or officer, such other Person who participates in the offering or sale of such securities or controlling person may become subject, under the Securities Act or otherwise, insofar as such losses, claims, damages or liabilities (or actions or proceedings, whether commenced or threatened, in respect thereof) arise out of or are based upon any untrue statement or alleged untrue statement of any material fact contained in any registration statement under which such securities were registered under the Securities Act, any preliminary prospectus, final prospectus or summary prospectus contained therein, or any amendment or supplement thereto, or any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, and the Company will reimburse such seller and each such director, officer, such other Person who participates in the offering or sale of such securities and controlling person for any legal or any other expenses reasonably incurred by them in connection with investigating or defending any such loss, claim, liability, action or proceeding; *provided* that the Company shall not be liable in any such case to the extent that any such loss, claim, damage, liability (or action or proceeding in respect thereof) or expense arises out of or is based upon an untrue statement or alleged untrue statement or omission or alleged omission made in such registration statement, any such preliminary prospectus, final prospectus, summary prospectus, amendment or supplement in reliance upon and in conformity with information furnished to the Company in writing or electronically by such seller of Registrable Securities specifically stating that it is for use in the preparation thereof. Such indemnity shall remain in full force and effect regardless of any investigation made by or on behalf of such seller or any such director, officer, such other

Person who participates in the offering or sale of such securities or controlling person and shall survive the transfer of such securities by such seller.

(b) Indemnification by the Sellers. The Company may require, as a condition to including any Registrable Securities in any registration statement filed pursuant to Section 2.01 above, that the Company shall have received an undertaking satisfactory to it from the prospective seller of such securities, to indemnify and hold harmless (in the same manner and to the same extent as set forth in Section 2.06(a) above) the Company, each director of the Company, each officer of the Company, each other Person who participates in the offering or sale of such securities and each other Person, if any, who controls the Company within the meaning of the Securities Act, with respect to any statement or alleged statement in or omission or alleged omission from such registration statement, any preliminary prospectus, final prospectus or summary prospectus contained therein, or any amendment or supplement thereto, if such statement or alleged statement or omission or alleged omission was made in reliance upon and in conformity with information furnished to the Company in writing or electronically by such seller of Registrable Securities specifically stating that it is for use in the preparation of such registration statement, preliminary prospectus, final prospectus, summary prospectus, amendment or supplement. The maximum liability of each seller for any such indemnification shall not exceed the amount of proceeds received by such seller from the sale of his/its Registrable Securities. Such indemnity shall remain in full force and effect, regardless of any investigation made by or on behalf of the Company or any such director, officer, such other Person who participates in the offering or sale of such securities or controlling Person and shall survive the transfer of such securities by such seller.

(c) Notices of Claims, etc. Promptly after receipt by an indemnified party of notice of the commencement of any action or proceeding involving a claim referred to in Section 2.06(a) or (b) above, such indemnified party will, if a claim in respect thereof is to be made against an indemnifying party, give written notice to the latter of the commencement of such action; *provided* that the failure of any indemnified party to give notice as provided herein shall not relieve the indemnifying party of its obligations under Section 2.06(a) or (b) above, except to the extent that the indemnifying party is actually prejudiced by such failure to give notice. In case any such action is brought against an indemnified party, unless in such indemnified party's reasonable judgment a conflict of interest between such indemnified and indemnifying parties may exist in respect of such claim, the indemnifying party shall be entitled to participate in and to assume the defense thereof, jointly with any other indemnifying party similarly notified to the extent that it may wish, with counsel reasonably satisfactory to such indemnified party, and after notice from the indemnifying party to such indemnified party of its election so to assume the defense thereof, the indemnifying party shall not be liable to such indemnified party for any legal or other expenses subsequently incurred by the latter in connection with the defense thereof other than reasonable costs of investigation. No indemnifying party shall, without the consent of the indemnified party, consent to entry of any judgment or enter into any settlement which does not include as an unconditional term thereof the giving by the claimant or plaintiff to such indemnified party of a release from all liability in respect to such claim or litigation.

(d) Other Indemnification. Indemnification similar to that specified in Sections 2.06(a), (b) and (c) above (with appropriate modifications) shall be given by the Company and each seller of Registrable Securities with respect to any required registration or other

qualification of securities under any Federal or state law or regulation of any governmental authority other than the Securities Act.

(e) Indemnification Payments. The indemnification required by this Section 2.06 shall be made by periodic payments of the amount thereof during the course of the investigation or defense, as and when bills are received or expense, loss, damage or liability is incurred.

Section 2.07 Rule 144 Reporting. With a view to making available the benefits of certain rules and regulations of the Commission that may permit the sale of the Registrable Securities to the public without registration, so long as a Holder owns any Registrable Securities, the Company agrees to use its commercially reasonable efforts to:

(a) make and keep public information regarding the Company available, as those terms are understood and defined in Rule 144 under the Securities Act, at all times from and after the date hereof;

(b) file with the Commission in a timely manner all reports and other documents required of the Company under the Securities Act and the Exchange Act at all times from and after the date hereof; and

(c) furnish, unless otherwise available via EDGAR, to such Holder forthwith upon request a copy of the most recent annual or quarterly report of the Company, and such other reports and documents so filed as such Holder may reasonably request in availing itself of any rule or regulation of the Commission allowing such Holder to sell any such securities without registration.

Section 2.08 Transfer or Assignment of Registration Rights. The rights to cause the Company to register Registrable Securities granted to the Purchaser by the Company under this Article II may be transferred or assigned by the Purchaser to one or more transferees or assignees of Registrable Securities; *provided, however*, that (a) unless the transferee or assignee is an Affiliate of, and after such transfer or assignment continues to be an Affiliate of, the Purchaser, the amount of Registrable Securities transferred or assigned to such transferee or assignee shall represent at least \$20.0 million of Registrable Securities (based on the Common Share Price), (b) the Company is given written notice prior to any said transfer or assignment, stating the name and address of each such transferee or assignee and identifying the securities with respect to which such registration rights are being transferred or assigned, and (c) each such transferee or assignee assumes in writing responsibility for its portion of the obligations of the Purchaser under this Agreement.

ARTICLE III MISCELLANEOUS

Section 3.01 Communications. All notices and other communications provided for or permitted hereunder shall be made in writing by facsimile, electronic mail, courier service or personal delivery:

(a) if to the Purchaser:

Evans Investments Pte. Ltd.
60B Orchard Road #06-18 Tower 2,
The Atrium@Orchard
Singapore 238891
Attention: Neil McGregor
Email: neilmcgregor@temasek.com.sg

with a copy to:

Shearman & Sterling LLP
599 Lexington Avenue
New York, NY 10022
Attention: Scott Petepiece and Richard B. Alsop
Facsimile: 646-848-8576 and 646-848-7333
Email: spetepiece@shearman.com and richard.alsop@shearman.com

(b) if to a transferee of the Purchaser, to such Holder at the address provided pursuant to Section 2.08 above; and

(c) if to the Company:

1615 Wynkoop Street
Denver, Colorado 80202
Attention: President, Chief Financial Officer & Secretary
Facsimile: 303.357.7315
Email: gwarren@anteroresources.com

with a copy to:

Vinson & Elkins L.L.P.
1001 Fannin Street
Suite 2500
Houston, Texas 77002
Attention: W. Matthew Strock and Julian J. Seiguer
Facsimile: 713.615.5650 and 713.615.5862
Email: mstrock@velaw.com and jseiguer@velaw.com

All such notices and communications shall be deemed to have been received at the time delivered by hand, if personally delivered; when receipt acknowledged, if sent via facsimile or sent via Internet electronic mail; and when actually received, if sent by courier service or any other means.

Section 3.02 Successor and Assigns. This Agreement shall inure to the benefit of and be binding upon the successors and permitted assigns of each of the parties, including subsequent Holders of Registrable Securities to the extent permitted herein.

Section 3.03 Assignment of Rights. All or any portion of the rights and obligations of the Purchaser under this Agreement may be transferred or assigned by the Purchaser only in accordance with Section 2.08 hereof.

Section 3.04 Recapitalization, Exchanges, Etc. Affecting the Shares. The provisions of this Agreement shall apply to the full extent set forth herein with respect to any and all shares of the Company or any successor or assign of the Company (whether by merger, consolidation, sale of assets or otherwise) that may be issued in respect of, in exchange for or in substitution of, the Registrable Securities, and shall be appropriately adjusted for combinations, share splits, recapitalizations, pro rata distributions of shares and the like occurring after the date of this Agreement.

Section 3.05 Aggregation of Registrable Securities. All Registrable Securities held or acquired by Persons who are Affiliates of one another shall be aggregated together for the purpose of determining the availability of any rights and applicability of any obligations under this Agreement.

Section 3.06 Specific Performance. Damages in the event of breach of this Agreement by a party hereto may be difficult, if not impossible, to ascertain, and it is therefore agreed that each such Person, in addition to and without limiting any other remedy or right it may have, will have the right to an injunction or other equitable relief in any court of competent jurisdiction, enjoining any such breach, and enforcing specifically the terms and provisions hereof, and each of the parties hereto hereby waives any and all defenses it may have on the ground of lack of jurisdiction or competence of the court to grant such an injunction or other equitable relief. The existence of this right will not preclude any such Person from pursuing any other rights and remedies at law or in equity that such Person may have.

Section 3.07 Counterparts. This Agreement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which counterparts, when so executed and delivered, shall be deemed to be an original and all of which counterparts, taken together, shall constitute but one and the same Agreement.

Section 3.08 Headings. The headings in this Agreement are for convenience of reference only and shall not limit or otherwise affect the meaning hereof.

Section 3.09 Governing Law. **THIS AGREEMENT, AND ALL CLAIMS OR CAUSES OF ACTION (WHETHER IN CONTRACT OR TORT) THAT MAY BE BASED UPON, ARISE OUT OF OR RELATE TO THIS AGREEMENT OR THE NEGOTIATION, EXECUTION OR PERFORMANCE OF THIS AGREEMENT (INCLUDING ANY CLAIM OR CAUSE OF ACTION BASED UPON, ARISING OUT OF OR RELATED TO ANY REPRESENTATION OR WARRANTY MADE IN OR IN CONNECTION WITH THIS AGREEMENT), WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE STATE OF DELAWARE WITHOUT REGARD TO PRINCIPLES OF CONFLICTS OF LAWS. ANY ACTION AGAINST ANY PARTY RELATING TO THE FOREGOING SHALL BE BROUGHT IN ANY FEDERAL OR STATE COURT OF COMPETENT JURISDICTION LOCATED WITHIN THE STATE OF DELAWARE, AND THE PARTIES HERETO**

HEREBY IRREVOCABLY SUBMIT TO THE NON-EXCLUSIVE JURISDICTION OF ANY FEDERAL OR STATE COURT LOCATED WITHIN THE STATE OF DELAWARE OVER ANY SUCH ACTION. THE PARTIES HEREBY IRREVOCABLY WAIVE, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY OBJECTION THAT THEY MAY NOW OR HEREAFTER HAVE TO THE LAYING OF VENUE OF ANY SUCH DISPUTE BROUGHT IN SUCH COURT OR ANY DEFENSE OF INCONVENIENT FORUM FOR THE MAINTENANCE OF SUCH DISPUTE. EACH OF THE PARTIES HERETO AGREES THAT A JUDGMENT IN ANY SUCH DISPUTE MAY BE ENFORCED IN OTHER JURISDICTIONS BY SUIT ON THE JUDGMENT OR IN ANY OTHER MANNER PROVIDED BY LAW.

Section 3.10 Severability of Provisions. Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof or affecting or impairing the validity or enforceability of such provision in any other jurisdiction.

Section 3.11 Entire Agreement. This Agreement is intended by the parties as a final expression of their agreement and intended to be a complete and exclusive statement of the agreement and understanding of the parties hereto in respect of the subject matter contained herein. There are no restrictions, promises, warranties or undertakings, other than those set forth or referred to herein with respect to the rights granted by the Company set forth herein. This Agreement supersedes all prior agreements and understandings between the parties with respect to such subject matter.

Section 3.12 Amendment. This Agreement may be amended only by means of a written amendment signed by the Company and the Holders of a majority of the then outstanding Registrable Securities; *provided, however*, that no such amendment shall materially and adversely affect the rights of any Holder hereunder without the consent of such Holder.

Section 3.13 No Presumption. If any claim is made by a party relating to any conflict, omission or ambiguity in this Agreement, no presumption or burden of proof or persuasion shall be implied by virtue of the fact that this Agreement was prepared by or at the request of a particular party or its counsel.

Section 3.14 Obligations Limited to Parties to Agreement. Each of the Parties hereto covenants, agrees and acknowledges that no Person other than the Purchaser (and their permitted transferees and assignees) and the Company shall have any obligation hereunder and that, notwithstanding that the Purchaser may be a corporation, partnership or limited liability company, no recourse under this Agreement or under any documents or instruments delivered in connection herewith or therewith shall be had against any former, current or future director, officer, employee, agent, general or limited partner, manager, member, stockholder or Affiliate of the Purchaser or any former, current or future director, officer, employee, agent, general or limited partner, manager, member, stockholder or Affiliate of any of the foregoing, whether by the enforcement of any assessment or by any legal or equitable proceeding, or by virtue of any applicable Law, it being expressly agreed and acknowledged that no personal liability whatsoever shall attach to, be imposed on or otherwise be incurred by any former, current or

future director, officer, employee, agent, general or limited partner, manager, member, stockholder or Affiliate of the Purchaser or any former, current or future director, officer, employee, agent, general or limited partner, manager, member, stockholder or Affiliate of any of the foregoing, as such, for any obligations of the Purchaser under this Agreement or any documents or instruments delivered in connection herewith or therewith or for any claim based on, in respect of or by reason of such obligation or its creation, except in each case for any transferee or assignee of the Purchaser hereunder.

Section 3.15 Interpretation. Article and Section references to this Agreement, unless otherwise specified. All references to instruments, documents, contracts and agreements are references to such instruments, documents, contracts and agreements as the same may be amended, supplemented and otherwise modified from time to time, unless otherwise specified. The word “including” shall mean “including but not limited to.” Whenever any determination, consent or approval is to be made or given by an Purchaser under this Agreement, such action shall be in such Purchaser’s sole discretion unless otherwise specified.

[Signature pages to follow]

IN WITNESS WHEREOF, the Parties hereto execute this Agreement, effective as of the date first above written.

ANTERO RESOURCES CORPORATION

By: /s/ Alwyn A. Schopp

Alwyn A. Schopp

Chief Administrative Officer, Regional

Senior

Vice President and Treasurer

Signature Page to
Registration Rights Agreement

EVANS INVESTMENTS PTE. LTD.

By: /s/ Neil McGregor

Name: Neil McGregor

Title: Authorized Signatory

Signature Page to
Registration Rights Agreement

**GLOBAL AMENDMENT TO
GRANT NOTICES AND AWARD AGREEMENTS
UNDER THE ANTERO RESOURCES CORPORATION
LONG-TERM INCENTIVE PLAN**

This Global Amendment to Grant Notices and Award Agreements under the Antero Resources Corporation Long-Term Incentive Plan is hereby adopted by Antero Resources Corporation, a Delaware corporation (the “Company”), as of October 24, 2016 (the “Effective Date”). Capitalized terms used but not defined herein shall have the meanings assigned to such terms in the Antero Resources Corporation Long-Term Incentive Plan (the “LTIP”).

WHEREAS, the Company has previously granted Performance Share Units, Restricted Stock, Restricted Stock Units and Stock Options under the LTIP to Participants pursuant to the terms and conditions of Performance Share Unit Grant Notices and Performance Share Unit Agreements, Restricted Stock Grant Notices and Restricted Stock Agreements, Restricted Stock Unit Grant Notices and Restricted Stock Unit Agreements and Stock Option Grant Notices and Stock Option Agreements, as applicable, between the Company and such Participants (collectively, the “Outstanding Award Agreements”);

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

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

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

1. Notwithstanding anything to the contrary in any Outstanding Award Agreement:
 - (a) With respect to each Award expressly described on Schedule A hereto, such Award shall immediately become fully vested upon the consummation of a Change in Control so long as the Participant holding such Award remains continuously employed by the Company or one of its Affiliates through the date on which such Change in Control is consummated.
 - (b) With respect to each Award that is not expressly described on Schedule A hereto, such Award shall immediately become fully vested if (i) the employment of the Participant holding such Award is terminated by the Company or any of its Affiliates other than for Cause within the 12-month period following the consummation of a Change in Control or (ii) in the case of a transaction described in clause (iii) of the definition of Change in Control, the Participant holding such Award does not receive an offer of employment from the acquirer in such transaction that (1) provides a base salary or base wage rate at least equal to the base salary or base wage rate provided to such Participant by the Company or one of its Affiliates immediately prior to the consummation of such Change in Control; and (2) is at a principal place of employment
-

that is no more than 25 miles from the location of such Participant's principal place of employment immediately prior to the consummation of such Change in Control.

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

3. With regard to Performance Share Units, the vesting acceleration provisions set forth herein apply only to service-based conditions applicable to such Awards and do not affect the achievement of any performance measures or criteria.

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

[Remainder of Page Intentionally Blank]

SCHEDULE A

- All outstanding Awards granted to senior vice presidents of the Company
- All outstanding Awards granted to named executive officers as set forth in the Company's Definitive Proxy Statement on Schedule 14A, filed on April 27, 2016
- All outstanding Awards granted to employees who are age 65 or older as of the date of a Change in Control
- All stock distribution catch-up Awards granted during November 2015 or December 2015

Schedule A to
Global Amendment to
Grant Notices and Award Agreements
under the Antero Resources Corporation
Long-Term Incentive Plan

COMMON STOCK SUBSCRIPTION AGREEMENT

by and between

ANTERO RESOURCES CORPORATION

and

THE PURCHASER NAMED ON SCHEDULE A HERETO

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COMMON STOCK SUBSCRIPTION AGREEMENT

This COMMON STOCK SUBSCRIPTION AGREEMENT, dated as of October 3, 2016 (this “Agreement”), is by and between ANTERO RESOURCES CORPORATION, a Delaware corporation (the “Company”), and the purchaser listed on Schedule A hereof (the “Purchaser”).

WHEREAS, the Company desires to issue and sell to the Purchaser, and the Purchaser desires to purchase from the Company, certain shares (the “Common Shares”) of the Company’s common stock, par value \$0.01 per share (the “Common Stock”), in accordance with the provisions of this Agreement; and

WHEREAS, the Company and the Purchaser will enter into a registration rights agreement (the “Registration Rights Agreement”), pursuant to which the Company will provide the Purchaser with certain registration rights with respect to the Common Shares acquired pursuant hereto.

NOW THEREFORE, in consideration of the mutual covenants and agreements set forth herein and for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Company and the Purchaser, severally and not jointly, hereby agree as follows:

ARTICLE I

DEFINITIONS

Section 1.1 Definitions. As used in this Agreement, and unless the context requires a different meaning, the following terms have the meanings indicated:

“Affiliate” means, with respect to any Person, any other Person that directly or indirectly through one or more intermediaries controls, is controlled by or is under common control with, the Person in question. As used herein, the term “control” means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a Person, whether through ownership of voting securities, by contract or otherwise.

“Agreement” has the meaning set forth in the introductory paragraph.

“Closing” has the meaning specified in Section 2.2.

“Closing Date” has the meaning specified in Section 2.2.

“Commission” means the United States Securities and Exchange Commission.

“Common Share Price” means \$26.00.

“Common Shares” has the meaning specified in the recitals.

“Common Stock” has the meaning specified in the recitals.

“Company” has the meaning set forth in the introductory paragraph.

“Company Related Parties” has the meaning specified in Section 5.2.

“Company SEC Documents” has the meaning specified in Section 3.1.

“consent” has the meaning specified in Section 3.8.

“Environmental Laws” has the meaning specified in Section 3.12.

“Exchange Act” means the Securities Exchange Act of 1934, as amended from time to time, and the rules and regulations of the Commission promulgated thereunder.

“Indemnified Party” has the meaning specified in Section 5.3.

“Indemnifying Party” has the meaning specified in Section 5.3.

“Law” means any federal, state, local or foreign order, writ, injunction, judgment, settlement, award, decree, statute, law, rule or regulation.

“Lien” has the meaning specified in Section 3.4.

“Material Adverse Change” means a material adverse effect on the management, condition (financial or otherwise), results of operations, business or properties of the Company and its Subsidiaries, taken as a whole; *provided, however*, that a Material Adverse Change shall not include any material and adverse effect on the foregoing to the extent such material and adverse effect results from, arises out of, or relates to (x) a general deterioration in the economy or changes in the general state of the industries in which the Company operates, except to the extent that the Company, taken as a whole, is adversely affected in a disproportionate manner as compared to other industry participants, (y) the outbreak or escalation of hostilities involving the United States, the declaration by the United States of a national emergency or war or the occurrence of any other calamity or crisis, including acts of terrorism, or (z) any change in accounting requirements or principles imposed upon the Company and its Subsidiaries or their respective businesses or any change in applicable Law, or the interpretation thereof.

“Material Adverse Effect” has the meaning specified in Section 3.3.

“NYSE” means The New York Stock Exchange, Inc.

“Operative Documents” means, collectively, this Agreement and the Registration Rights Agreement, and any amendments, supplements, continuations or modifications thereto.

“Permits” has the meaning specified in Section 3.13.

“Person” means an individual or a corporation, limited liability company, partnership, joint venture, trust, unincorporated organization, association, government agency or political subdivision thereof or other form of entity.

“Purchase Price” means, with respect to the Purchaser, the amount set forth opposite the Purchaser’s name under the column titled “Purchase Price” set forth on Schedule A hereto.

“Purchased Shares” means, with respect to the Purchaser, the number of Common Shares equal to the aggregate Purchase Price set forth opposite the Purchaser’s name under the column titled “Purchase Price” set forth on Schedule A hereto divided by the Common Share Price.

“Purchaser” has the meaning set forth in the introductory paragraph.

“Purchaser Related Parties” has the meaning specified in Section 5.1.

“Registration Rights Agreement” has the meaning set forth in the recitals hereto.

“Representatives” of any Person means the Affiliates, officers, directors, managers, employees, agents, counsel, accountants, investment bankers, investment advisers and other representatives of such Person.

“Securities Act” means the Securities Act of 1933, as amended from time to time, and the rules and regulations of the Commission promulgated thereunder.

“Short Sales” means, without limitation, all “short sales” as defined in Rule 200 promulgated under Regulation SHO under the Exchange Act, whether or not against the box, and forward sale contracts, options, puts, calls, short sales, “put equivalent positions” (as defined in Rule 16a-1(h) under the Exchange Act) and similar arrangements, and sales and other transactions through non-U.S. broker dealers or foreign regulated brokers.

“Subsidiary” means all of the subsidiaries of the Company (other than Antero Midstream Partners LP and its subsidiaries), each of which is listed on Schedule B attached hereto.

ARTICLE II

AGREEMENT TO SELL AND PURCHASE

Section 2.1 Sale and Purchase. Subject to the terms and conditions hereof, the Company hereby agrees to issue and sell to the Purchaser and the Purchaser hereby agrees, severally and not jointly, to purchase from the Company, its Purchased Shares, and the Purchaser agrees, severally and not jointly, to pay the Company the Common Share Price for each Purchased Share.

Section 2.2 Closing. Pursuant to the terms of this Agreement, the consummation of the purchase and sale of the Purchased Shares hereunder (the “Closing”) shall take place at the offices of Vinson & Elkins L.L.P., 1001 Fannin, Suite 2500, Houston, Texas 77002 at 9:00 a.m. (Central Time) on October 7, 2016, or at such other time as the Company and Purchaser determine (the date of such closing, the “Closing Date”). The parties agree that the Closing may occur via delivery of facsimiles or photocopies of the Operative Documents and the closing deliverables contemplated hereby and thereby. Unless otherwise provided herein, all proceedings to be taken and all documents to be executed and delivered by all parties at the Closing will be deemed to have been taken and executed simultaneously, and no proceedings

will be deemed to have been taken nor documents executed or delivered until all have been taken.

Section 2.3 Purchaser's Conditions. The obligation of the Purchaser to consummate the purchase of its Purchased Shares shall be subject to the satisfaction on or prior to the Closing Date of each of the following conditions (any or all of which may be waived by the Purchaser on behalf of itself in writing with respect to its Purchased Shares, in whole or in part, to the extent permitted by applicable Law):

(a) the Company shall have performed and complied with the covenants and agreements contained in this Agreement that are required to be performed and complied with by the Company on or prior to the Closing Date;

(b) (i) the representations and warranties of the Company (A) set forth in Section 3.3, Section 3.4, Section 3.6 and Section 3.17 and (B) contained in this Agreement that are qualified by materiality or a Material Adverse Effect shall be true and correct when made and as of the Closing Date and (ii) all other representations and warranties of the Company shall be true and correct in all material respects when made and as of the Closing Date, in each case as though made at and as of the Closing Date (except that representations and warranties made as of a specific date shall be required to be true and correct as of such date only);

(c) the NYSE shall have authorized, upon official notice of issuance, the listing of the Purchased Shares;

(d) no notice of delisting from the NYSE shall have been received by the Company with respect to the Common Stock; and

(e) the Company shall have delivered, or caused to be delivered, to the Purchaser at the Closing, the Company's closing deliveries described in Section 2.5.

Section 2.4 Company's Conditions. The obligation of the Company to consummate the issuance and sale of the Purchased Shares to the Purchaser shall be subject to the satisfaction on or prior to the Closing Date of each of the following conditions with respect to the Purchaser (any or all of which may be waived by the Company in writing, in whole or in part, to the extent permitted by applicable Law):

(a) the representations and warranties of the Purchaser contained in this Agreement that are qualified by materiality shall be true and correct when made and as of the Closing Date and all other representations and warranties of the Purchaser shall be true and correct in all material respects as of the Closing Date (except that representations of the Purchaser made as of a specific date shall be required to be true and correct as of such date only);

(b) the Purchaser shall have performed and complied with the covenants and agreements contained in this Agreement that are required to be performed and complied with by that Purchaser on or prior to the Closing Date; and

(c) the Purchaser shall have delivered, or caused to be delivered, to the Company at the Closing the Purchaser's closing deliveries described in Section 2.6,

Section 2.5 Deliveries by the Company. Upon the terms and subject to the conditions of this Agreement, at the Closing, the Company will deliver (or cause to be delivered) the following:

(a) evidence of issuance of the Purchased Shares credited to book-entry accounts maintained by the Company's transfer agent, bearing the legend or restrictive notation set forth in Section 4.10, free and clear of any Liens, other than transfer restrictions under applicable federal and state securities laws;

(b) a certificate of the Secretary of State of the State of Delaware, dated a recent date, to the effect that the Company is in good standing;

(c) a cross receipt executed by the Company and delivered to the Purchaser certifying that it has received the Purchase Price from the Purchaser as of the Closing Date;

(d) the Registration Rights Agreement with respect to the Purchased Shares, which shall have been duly executed by the Company;

(e) an opinion addressed to the Purchaser from Vinson & Elkins L.L.P., legal counsel to the Company, dated as of the Closing, in the form and substance attached hereto as Exhibit A; and

(f) a certificate of the Secretary of the Company, certifying as to (1) the Amended and Restated Certificate of Incorporation of the Company and the Amended and Restated Bylaws of the Company, (2) board resolutions authorizing the execution and delivery of the Operative Documents and the consummation of the transactions contemplated thereby, including the issuance of the Purchased Shares, and (3) the incumbency of the officers authorized to execute the Operative Documents, setting forth the name and title and bearing the signatures of such officers.

Section 2.6 Purchaser Deliveries. Upon the terms and subject to the conditions of this Agreement, the Purchaser is delivering (or causing to be delivered) the following:

(a) the Purchase Price payable by the Purchaser in accordance with Schedule A, by wire transfer of immediately available funds;

(b) a Form W-9 (or equivalent) executed by the Purchaser;

(c) the Registration Rights Agreement with respect to the Purchased Shares, which shall have been duly executed by the Purchaser; and

(d) a cross-receipt executed by the Purchaser and delivered to the Company certifying that the Purchaser has received the Purchased Shares from the Company on the Closing Date.

Section 2.7 Taking of Necessary Action

Each of the parties hereto shall use its commercially reasonable efforts promptly to take or cause to be taken all action and promptly to do or cause to be done all things necessary, proper or advisable under applicable Law and regulations to consummate and make effective the transactions between the Company and the Purchaser contemplated by this Agreement related specifically to the acquisition of the Purchased Shares. Without limiting the foregoing, each of the Company and the Purchaser shall use its commercially reasonable efforts to make all filings and obtain all consents of any governmental or regulatory authority that may be necessary or, in the reasonable opinion of the other parties, as the case may be, advisable for the consummation of the transactions contemplated by the Operative Documents. The Purchaser agrees that its trading activities, if any, with respect to Company's securities will be in compliance with all applicable state and federal securities laws, rules and regulations and the rules and regulations of the NYSE. The Company shall promptly and accurately respond, and shall use its commercially reasonable efforts to cause its transfer agent to respond, to reasonable requests for information (which is otherwise not publicly available) made by the Purchaser or its auditors relating to the actual holdings of the Purchaser or its accounts; provided that, the Company shall not be obligated to provide any such information that could reasonably result in a violation of applicable law or conflict with the Company's insider trading policy or a confidentiality obligation of the Company.

ARTICLE III

REPRESENTATIONS AND WARRANTIES OF THE COMPANY

The Company represents and warrants to the Purchaser as follows:

Section 3.1 Periodic Reports. Since December 31, 2015, all forms, reports, schedules and statements required to be filed by the Company under the Exchange Act (all such documents, including the exhibits thereto, collectively the "Company SEC Documents") have been filed with the Commission on a timely basis. The Company SEC Documents, at the time filed (except to the extent corrected by a subsequent Company SEC Document) (a) did not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading and (b) complied as to form in all material respects with the applicable requirements of the Exchange Act.

Section 3.2 Financial Statements. The financial statements and the related notes and supporting schedules thereto included or incorporated by reference in the Company SEC Documents comply as to form in all material respects with the requirements of Regulation S-X under the Securities Act and present fairly the consolidated financial position of the Company and its consolidated subsidiaries as of the dates indicated and the results of their operations and the changes in their cash flows for the periods specified; such financial statements have been prepared in conformity with United States generally accepted accounting principles applied on a consistent basis throughout the periods covered thereby, except to the extent

disclosed therein. The other financial information included in the Company SEC Documents has been derived from the accounting records of the Company and its consolidated subsidiaries and presents fairly in all material respects the information shown thereby.

Section 3.3 Organization and Good Standing. The Company and each of its Subsidiaries have been duly organized and are validly existing and in good standing under the laws of their respective jurisdictions of organization, are duly qualified to do business and are in good standing in each jurisdiction in which their respective ownership or lease of property or the conduct of their respective businesses requires such qualification, and have all power and authority necessary to own or hold their respective properties and to conduct the businesses in which they are engaged, except where the failure to be so qualified, in good standing or have such power or authority would not, individually or in the aggregate, (A) have a material adverse effect on the business, properties, management, financial position or results of operations of the Company and its Subsidiaries taken as a whole or (B) materially impair the ability of the Company or any of its Subsidiaries to perform their respective obligations under this Agreement (each of clause (A) and (B), a “Material Adverse Effect”). Each of the Company and its Subsidiaries has all power and authority necessary to own or hold its properties and to conduct the business in which it is engaged as described in the Company SEC Documents. The Company does not own or control, directly or indirectly, any corporation, association or other entity other than Antero Midstream Partners LP and its subsidiaries and the subsidiaries listed in Schedule B hereto.

Section 3.4 Capitalization. The authorized equity interests of the Company consist of 50,000,000 shares of preferred stock, par value \$0.01 per share, and 1,000,000,000 shares of Common Stock. All of the issued shares of capital stock of the Company have been duly authorized and validly issued, are fully paid and non-assessable, conform to the description thereof contained in the Company SEC Documents in all material respects and are not subject to any preemptive right, resale right, right of first refusal or similar right. Other than awards issued pursuant to the Company’s Long-Term Incentive Plan, no options, warrants or other rights to purchase or exchange any securities for shares of the Company’s capital stock are outstanding, except as disclosed in the Company SEC Documents. All of the issued shares of capital stock or other equity interests of each Subsidiary of the Company have been duly and validly authorized and issued, are fully paid and non-assessable and are owned directly or indirectly by the Company, free and clear of any lien, charge, encumbrance, security interest, restriction on voting or transfer or any other claim of any third party (“Liens”), except as described in the Company SEC Documents.

Section 3.5 Power and Authority. The Company has full right, power and authority to execute and deliver each of the Operative Documents and to perform its obligations thereunder.

Section 3.6 Authorization, Execution and Delivery of the Operative Documents. Each of the Operative Documents has been duly authorized, executed and delivered by the Company.

Section 3.7 No Conflicts. The execution, delivery and performance of this Agreement, the sale of the Purchased Shares and the consummation of the transactions contemplated by this Agreement will not (i) conflict with or result in a breach or violation of any of the terms or provisions of, or constitute a default under, or result in the creation or imposition of any lien, charge or encumbrance upon any property or assets of the Company or any of its Subsidiaries pursuant to, any indenture, mortgage, deed of trust, loan agreement, license, lease or other agreement or instrument to which the Company or any of its Subsidiaries is a party or by which the Company or any of its Subsidiaries is bound or to which any property, right or asset of the Company or any of its Subsidiaries is subject; (ii) result in any violation of the provisions of the charter or bylaws or similar organizational documents of the Company or any of its Subsidiaries; or (iii) result in any violation of any law or statute or any judgment, order, decree, rule or regulation of any court or arbitrator or governmental or regulatory authority, except, in the case of clauses (i) and (iii) above, for any such conflict, breach, violation or default that would not, individually or in the aggregate, have a Material Adverse Effect.

Section 3.8 No Consents. No consent, approval, authorization or order of, or filing, registration or qualification (“consent”) of or with any court or arbitrator or governmental or regulatory authority is required for (i) the execution, delivery and performance by the Company of the Operative Documents; (ii) the sale of the Purchased Shares; or (iii) the consummation of the transactions contemplated by the Operative Documents; except (A) such as have been, or prior to the Closing Date will be, obtained or made, (B) for the registration of the Common Stock under the Securities Act pursuant to the Registration Rights Agreement and consents as may be required under the Exchange Act and applicable state securities laws, and (C) for such consents that, if not obtained, have not or would not, individually or in the aggregate, have a Material Adverse Effect.

Section 3.9 Legal Proceedings. Except as described in the Company SEC Documents, there are no legal, governmental or regulatory investigations, actions, suits or proceedings pending to which the Company or any of its Subsidiaries is or may be a party or to which any property, right or asset of the Company or any of its Subsidiaries is or may be the subject that, individually or in the aggregate, are reasonably expected to have a Material Adverse Effect; and to the knowledge of the Company, no such investigations, actions, suits or proceedings are threatened or contemplated by any governmental or regulatory authority or by others.

Section 3.10 Labor Relations.

No labor disturbance by or dispute with the employees of the Company or any of its Subsidiaries exists or, to the knowledge of the Company, is contemplated or threatened, and the Company is not aware of any existing or imminent labor disturbance by, or dispute with, the employees of any of the Company’s or any of the Company’s Subsidiaries’ contractors, except as could not reasonably be expected to have a Material Adverse Effect.

Section 3.11 Compliance. Neither the Company nor any of its Subsidiaries is (i) in violation of its charter or bylaws or similar organizational documents; (ii) in default, and no event has occurred that, with notice or lapse of time or both, would constitute

such a default, in the due performance or observance of any term, covenant or condition contained in any indenture, mortgage, deed of trust, loan agreement or other agreement or instrument to which the Company or any of its Subsidiaries is a party or by which the Company or any of its Subsidiaries is bound or to which any of the property or assets of the Company or any of its Subsidiaries is subject; or (iii) in violation of any law or statute or any judgment, order, rule or regulation of any court or arbitrator or governmental or regulatory authority; except, in the case of clauses (ii) and (iii) above, for any such default or violation that would not, individually or in the aggregate, have a Material Adverse Effect.

Section 3.12 Environmental Laws

Except as described in the Company SEC Documents: (i) the Company and its Subsidiaries (x) are and, during the relevant time periods specified in all applicable statutes of limitations, have been in compliance with all applicable federal, state, local and foreign laws, rules, regulations, requirements, decisions and orders relating to the protection of human health or safety (to the extent such human health or safety protection is related to exposure to hazardous or toxic substances or wastes, pollutants or contaminants), the environment, natural resources, hazardous or toxic substances or wastes, pollutants or contaminants (collectively, "Environmental Laws"), (y) have received and are in compliance with all permits, licenses, certificates or other authorizations or approvals required of them under applicable Environmental Laws to conduct their respective businesses and (z) have not received any written notice of any actual or potential liability under or relating to any Environmental Laws, including for the investigation or remediation of any disposal or release of hazardous or toxic substances or wastes, pollutants or contaminants, and have no knowledge of any event or condition that would reasonably be expected to result in any such notice; (ii) there are no costs or liabilities associated with Environmental Laws of or relating to the Company or its Subsidiaries, except in the case of each of (i) and (ii) above, for any such failure to comply, or failure to receive required permits, licenses or approvals, or cost or liability, as would not, individually or in the aggregate, have a Material Adverse Effect; and (iii) there are no proceedings that are pending or, to the knowledge of the Company, threatened against the Company under any Environmental Laws in which a governmental authority is also a party, other than such proceedings regarding which it is reasonably believed no monetary sanctions of \$100,000 or more will be imposed.

Section 3.13 Regulatory Permits

The Company and its Subsidiaries possess all licenses, certificates, permits and other authorizations issued by, and have made all declarations and filings with, the appropriate federal, state, local or foreign governmental or regulatory authorities ("Permits") that are necessary for the ownership or lease of their respective properties or the conduct of their respective businesses as described in the Company SEC Documents, except where the failure to possess or make the same would not, individually or in the aggregate, have a Material Adverse Effect; and except as described in the Company SEC Documents, neither the Company nor any of its Subsidiaries has received notice of any revocation or modification of any such Permits or has any reason to believe that any such Permits will not be renewed in the ordinary course.

Section 3.14 Independent Accountants. KPMG LLP, which has certified certain financial statements of the Company and its consolidated subsidiaries, is an independent public accounting firm with respect to the Company and its consolidated subsidiaries within the applicable rules and regulations adopted by the Commission and the Public Company Accounting Oversight Board (United States) and as required by the Securities Act.

Section 3.15 Accounting Controls. The Company and its Subsidiaries maintain systems of “internal control over financial reporting” (as such term is defined in Rule 15d-15(f) of the Exchange Act) that comply with the requirements of the Exchange Act and that have been designed by, or under the supervision of, the Company’s principal executive officer(s) and principal financial officer(s), 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 in the United States, including internal accounting controls sufficient to provide reasonable assurance that (i) transactions are executed in accordance with management’s general or specific authorization; (ii) transactions are recorded as necessary to permit preparation of the Company’s consolidated financial statements in conformity with U.S. generally accepted accounting principles and to maintain asset accountability; (iii) access to assets is permitted only in accordance with management’s general or specific authorization; (iv) the recorded accountability for assets is compared with existing assets at reasonable intervals and appropriate action is taken with respect to any differences; and (v) interactive data in eXtensible Business Reporting Language is prepared in accordance with the Commission’s rules and guidelines applicable thereto. As of the date of the most recent balance sheet of the Company and its consolidated subsidiaries reviewed by KPMG LLP, there were no material weaknesses or significant deficiencies in the internal controls of the Company.

Section 3.16 Taxes. Except as disclosed in the Company SEC Documents, the Company and its Subsidiaries have paid all federal, state, local and foreign taxes and filed all tax returns required to be paid or filed through the date hereof, and except as otherwise disclosed in the Company SEC Documents or as would not, individually or in the aggregate, have a Material Adverse Effect, there is no tax deficiency that has been, or could reasonably be expected to be, asserted against the Company or any of its Subsidiaries or any of their respective properties or assets.

Section 3.17 No Material Adverse Change. Since January 1, 2016, no event or circumstance has occurred that, individually or in the aggregate, constitutes or would reasonably be expected to constitute a Material Adverse Change.

Section 3.18 Certain Fees. No fees or commissions are or will be payable by the Company to brokers, finders, or investment bankers with respect to the sale of any of the Purchased Shares or the consummation of the transactions contemplated by this Agreement. The Company agrees that it will indemnify and hold harmless the Purchaser from and against any and all claims, demands, or liabilities for broker’s, finder’s, placement, or other similar fees or commissions incurred by the Company in connection with the sale of the Purchased Shares or the consummation of the transactions contemplated by this Agreement.

Section 3.19 No General Solicitation; No Advertising. The Company has not solicited offers for, or offered or sold, and will not solicit offers for, or offer or sell, the Purchased Shares by means of any form of general solicitation or general advertising within the meaning of Rule 502(c) of Regulation D or in any manner involving a public offering within the meaning of Section 4(a)(2) of the Securities Act.

Section 3.20 No Registration Required. Assuming the accuracy of the representations and warranties of the Purchaser contained in Article IV, the issuance and sale of the Purchased Shares pursuant to this Agreement is exempt from registration requirements of the Securities Act, and neither the Company nor, to the knowledge of the Company, any authorized Representative acting on its behalf has taken or will take any action hereafter that would cause the loss of such exemption.

Section 3.21 No Integration. The Company has not, directly or through any agent, issued, sold, offered for sale, solicited offers to buy or otherwise negotiated in respect of, any security (as defined in the Securities Act), that is or will be integrated with the offering and sale of the Purchased Shares contemplated by this Agreement pursuant to the Securities Act, the rules and regulations thereunder or the interpretations thereof by the Commission.

Section 3.22 Listing and Maintenance Requirements. The Common Stock is listed on the NYSE, and the Company has not received any notice of delisting. Subject to the requirements of NYSE Rule 312.03(c), the issuance and sale of the Purchased Shares do not contravene NYSE rules and regulations.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES OF THE PURCHASER

The Purchaser, severally and not jointly, hereby represents and warrants to the Company that:

Section 4.1 Organization and Good Standing. Such Purchaser is duly organized and validly existing and in good standing under the Laws of its jurisdiction of organization, with all requisite power and authority to own, lease, use and operate its properties and to conduct its business as currently conducted.

Section 4.2 Authorization, Enforceability. Such Purchaser has all necessary corporate, limited liability company or partnership power and authority to execute, deliver and perform its obligations under the Operative Documents and to consummate the transactions contemplated thereby, and the execution, delivery and performance by such Purchaser of each Operative Document has been duly authorized by all necessary action on the part of such Purchaser; and the Operative Documents constitute the legal, valid and binding obligations of such Purchaser, enforceable in accordance with their terms, except as such enforceability may be limited by bankruptcy, insolvency, fraudulent transfer and similar laws affecting creditors' rights generally or by general principles of equity, including principles of commercial reasonableness, fair dealing and good faith.

Section 4.3 No Conflicts. The execution, delivery and performance of the Operative Documents by such Purchaser and the consummation by such Purchaser of the transactions contemplated hereby and thereby will not (a) conflict with or result in a breach or violation of any of the terms or provisions of, or constitute a default under, any material agreement to which such Purchaser is a party or by which such Purchaser is bound or to which any of the property or assets of such Purchaser is subject, (b) conflict with or result in any violation of the provisions of the organizational documents of such Purchaser, or (c) violate any statute, order, rule or regulation of any court or governmental agency or body having jurisdiction over such Purchaser or the property or assets of such Purchaser, except in the cases of clauses (a) and (c), for such conflicts, breaches, violations or defaults as would not prevent the consummation of the transactions contemplated by the Operative Documents.

Section 4.4 Certain Fees. No fees or commissions are or will be payable by such Purchaser to brokers, finders, or investment bankers with respect to the purchase of any of the Purchased Shares or the consummation of the transactions contemplated by this Agreement. Such Purchaser agrees that it will indemnify and hold harmless the Company from and against any and all claims, demands, or liabilities for broker's, finder's, placement, or other similar fees or commissions incurred by such Purchaser in connection with the purchase of the Purchased Shares or the consummation of the transactions contemplated by this Agreement.

Section 4.5 Investment. The Purchased Shares are being acquired for such Purchaser's own account, the account of its Affiliates, or the accounts of clients for whom such Purchaser exercises discretionary investment authority (all of whom such Purchaser hereby represents and warrants are "accredited investors" within the meaning of Rule 501(a) of Regulation D promulgated by the Commission pursuant to the Securities Act), not as a nominee or agent, and with no present intention of distributing the Purchased Shares or any part thereof, and such Purchaser has no present intention of selling or granting any participation in or otherwise distributing the same in any transaction in violation of the securities laws of the United States or any state, without prejudice, however, to such Purchaser's right at all times to sell or otherwise dispose of all or any part of the Purchased Shares under a registration statement under the Securities Act and applicable state securities laws or under an exemption from such registration available thereunder (including, if available, Rule 144 promulgated thereunder). If such Purchaser should in the future decide to dispose of any of the Purchased Shares, the Purchaser understands and agrees (a) that it may do so only in compliance with the Securities Act and applicable state securities law, as then in effect, including a sale contemplated by any registration statement pursuant to which such securities are being offered, or pursuant to an exemption from the Securities Act, and (b) that stop-transfer instructions to that effect will be in effect with respect to such securities.

Section 4.6 Nature of Purchaser.

(a) Such Purchaser represents and warrants to the Company that, (a) it is an "accredited investor" within the meaning of Rule 501 of Regulation D promulgated by the Commission pursuant to the Securities Act and (b) by reason of its business and financial experience it has such knowledge, sophistication and experience in making similar investments and in business and financial matters generally so as to be capable of evaluating the merits and

risks of the prospective investment in the Purchased Shares, is able to bear the economic risk of such investment and, at the present time, would be able to afford a complete loss of such investment.

(b) Such Purchaser or its Representatives have been furnished with materials relating to the business, finances and operations of the Company and relating to the offer and sale of the Purchased Shares that have been requested by such Purchaser. Such Purchaser or its Representatives have been afforded the opportunity to ask questions of the Company or its Representatives. Neither such inquiries nor any other due diligence investigations conducted at any time by such Purchaser or its Representatives shall modify, amend or affect such Purchaser's right (i) to rely on the Company's representations and warranties contained in Article III above or (ii) to indemnification or any other remedy based on, or with respect to the accuracy or inaccuracy of, or compliance with, the representations, warranties, covenants and agreements in this Agreement. Such Purchaser understands and acknowledges that its purchase of the Purchased Shares involves a high degree of risk and uncertainty. Such Purchaser has sought such accounting, legal and tax advice as it has considered necessary to make an informed investment decision with respect to its investment in the Purchased Shares.

Section 4.7 Restricted Securities. Such Purchaser understands that the Purchased Shares are characterized as "restricted securities" under the federal securities Laws inasmuch as they are being acquired from the Company in a transaction not involving a public offering and that under such Laws and applicable regulations such securities may be resold without registration under the Securities Act only in certain limited circumstances. In this connection, such Purchaser represents that it is knowledgeable with respect to Rule 144 of the Commission promulgated under the Securities Act.

Section 4.8 Reliance Upon Purchaser's Representations and Warranties. Such Purchaser understands and acknowledges that the Purchased Shares are being offered and sold in reliance on a transactional exemption from the registration requirements of federal and state securities laws, and that the Company is relying in part upon the truth and accuracy of the representations, warranties, agreements, acknowledgments and understandings of such Purchaser set forth in this Agreement in (i) concluding that the issuance and sale of the Purchased Shares is a "private offering" and, as such, is exempt from the registration requirements of the Securities Act, and (ii) determining the applicability of such exemptions and the suitability of such Purchaser to purchase the Purchased Shares.

Section 4.9 Short Selling. Such Purchaser has not engaged in any Short Sales involving Common Shares owned by it between the time it first began discussions with the Company about the transactions contemplated by this Agreement and the date of execution of this Agreement.

Section 4.10 Legend; Restrictive Notation. Such Purchaser understands that the certificates evidencing the Purchased Shares or the book-entry account maintained by the transfer agent evidencing ownership of the Purchased Shares, as applicable, will bear the following legend or restrictive notation:

“THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED. THESE SECURITIES MAY NOT BE SOLD, OFFERED FOR SALE, PLEDGED OR HYPOTHECATED IN THE ABSENCE OF A REGISTRATION STATEMENT IN EFFECT WITH RESPECT TO THE SECURITIES UNDER SUCH ACT OR PURSUANT TO AN EXEMPTION FROM REGISTRATION THEREUNDER AND, IN THE CASE OF A TRANSACTION EXEMPT FROM REGISTRATION, UNLESS SOLD PURSUANT TO RULE 144 UNDER SUCH ACT OR THE ISSUER HAS RECEIVED DOCUMENTATION REASONABLY SATISFACTORY TO IT THAT SUCH TRANSACTION DOES NOT REQUIRE REGISTRATION UNDER SUCH ACT.”

Section 4.11 Ownership of Securities. Such Purchaser and its Affiliates do not, as of the date hereof, own five percent or more of the Company’s issued and outstanding capital stock.

Section 4.12 Company Information. Such Purchaser acknowledges and agrees that the Company has provided or made available to such Purchaser (through EDGAR, the Company’s website or otherwise) all Company SEC Documents, as well as all press releases or investor presentations issued by the Company through the date of this Agreement that are included in a filing by the Company on Form 8-K or clearly posted on the Company’s website.

Section 4.13 Sufficient Funds. Such Purchaser has available to it as of the date of this Agreement and will have at the Closing, sufficient funds to enable such Purchaser to pay in full at the Closing the entire amount of such Purchaser’s Purchase Price in immediately available cash funds.

ARTICLE V

INDEMNIFICATION

Section 5.1 Indemnification by the Company. The Company agrees to indemnify the Purchaser and its Representatives (collectively, “Purchaser Related Parties”) from costs, losses, liabilities, damages, or expenses of any kind or nature whatsoever, and hold each of them harmless against, any and all actions, suits, proceedings (including any investigations, litigation or inquiries), demands, and causes of action, and, in connection therewith, and promptly upon demand, pay or reimburse each of them for all costs, losses, liabilities, damages, or expenses of any kind or nature whatsoever, including the reasonable fees and disbursements of counsel and all other reasonable expenses incurred in connection with investigating, defending or preparing to defend any such matter that may be incurred by them or asserted against or involve any of them as a result of, arising out of, or in any way related to the breach of any of the representations, warranties or covenants of the Company contained herein, provided that such claim for indemnification relating to a breach of the representations or warranties is made prior to the expiration of such representations or warranties to the extent applicable; and provided further, that no Purchaser Related Party shall be entitled to recover special, consequential or punitive damages under this Section 5.1.

Section 5.2 Indemnification by Purchaser. The Purchaser agrees, severally and not jointly, to indemnify the Company and its respective Representatives (collectively, “Company Related Parties”) from, and hold each of them harmless against, any and all actions, suits, proceedings (including any investigations, litigation or inquiries), demands, and causes of action, and, in connection therewith, and promptly upon demand, pay or reimburse each of them for all costs, losses, liabilities, damages, or expenses of any kind or nature whatsoever, including the reasonable fees and disbursements of counsel and all other reasonable expenses incurred in connection with investigating, defending or preparing to defend any such matter that may be incurred by them or asserted against or involve any of them as a result of, arising out of, or in any way related to the breach of any of the representations, warranties or covenants of the Purchaser contained herein, provided that such claim for indemnification relating to a breach of the representations and warranties is made prior to the expiration of such representations and warranties; and provided further, that no Company Related Party shall be entitled to recover special, consequential or punitive damages.

Section 5.3 Indemnification Procedure. Promptly after any Company Related Party or Purchaser Related Party (hereinafter, the “Indemnified Party”) has received notice of any indemnifiable claim hereunder, or the commencement of any action, suit or proceeding by a third person, which the Indemnified Party believes in good faith is an indemnifiable claim under this Agreement, the Indemnified Party shall give the indemnitor hereunder (the “Indemnifying Party”) written notice of such claim or the commencement of such action, suit or proceeding, but failure to so notify the Indemnifying Party will not relieve the Indemnifying Party from any liability it may have to such Indemnified Party hereunder except to the extent that the Indemnifying Party is materially prejudiced by such failure. Such notice shall state the nature and the basis of such claim to the extent then known. The Indemnifying Party shall have the right to defend and settle, at its own expense and by its own counsel who shall be reasonably acceptable to the Indemnified Party, any such matter as long as the Indemnifying Party pursues the same diligently and in good faith. If the Indemnifying Party undertakes to defend or settle, it shall promptly notify the Indemnified Party of its intention to do so, and the Indemnified Party shall cooperate with the Indemnifying Party and its counsel in all commercially reasonable respects in the defense thereof and the settlement thereof. Such cooperation shall include, but shall not be limited to, furnishing the Indemnifying Party with any books, records and other information reasonably requested by the Indemnifying Party and in the Indemnified Party’s possession or control. Such cooperation of the Indemnified Party shall be at the cost of the Indemnifying Party. After the Indemnifying Party has notified the Indemnified Party of its intention to undertake to defend or settle any such asserted liability, and for so long as the Indemnifying Party diligently pursues such defense, the Indemnifying Party shall not be liable for any additional legal expenses incurred by the Indemnified Party in connection with any defense or settlement of such asserted liability; provided, however, that the Indemnified Party shall be entitled (i) at its expense, to participate in the defense of such asserted liability and the negotiations of the settlement thereof and (ii) if (A) the Indemnifying Party has failed to assume the defense or employ counsel reasonably acceptable to the Indemnified Party or (B) if the defendants in any such action include both the Indemnified Party and the Indemnifying Party and counsel to the Indemnified Party shall have concluded that there may be reasonable defenses available to the Indemnified Party that are different from or in addition to those available to the Indemnifying Party or if the interests of the Indemnified Party reasonably may be deemed to

conflict with the interests of the Indemnifying Party, then the Indemnified Party shall have the right to select a separate counsel and to assume such legal defense and otherwise to participate in the defense of such action, with the expenses and fees of such separate counsel and other expenses related to such participation to be reimbursed by the Indemnifying Party as incurred. Notwithstanding any other provision of this Agreement, the Indemnifying Party shall not settle any indemnified claim without the consent of the Indemnified Party, unless the settlement thereof imposes no liability or obligation on, and includes a complete release from liability of, and does not include any admission of wrongdoing or malfeasance by, the Indemnified Party. The remedies provided for in this Article V are cumulative and are not exclusive of any remedies that may be available to a party at law or in equity or otherwise.

ARTICLE VI

MISCELLANEOUS

Section 6.1 Interpretation and Survival of Provisions. Article, Section, Schedule, and Exhibit references are to this Agreement, unless otherwise specified. All references to instruments, documents, contracts, and agreements are references to such instruments, documents, contracts, and agreements as the same may be amended, supplemented, and otherwise modified from time to time, unless otherwise specified. The word “including” shall mean “including but not limited to.” Whenever any party has an obligation under the Operative Documents, the expense of complying with that obligation shall be an expense of such party unless otherwise specified. Whenever any determination, consent, or approval is to be made or given by the Purchaser, such action shall be in the Purchaser’s sole discretion unless otherwise specified in this Agreement. If any provision in the Operative Documents is held to be illegal, invalid, not binding, or unenforceable, such provision shall be fully severable and the Operative Documents shall be construed and enforced as if such illegal, invalid, not binding, or unenforceable provision had never comprised a part of the Operative Documents, and the remaining provisions shall remain in full force and effect. The Operative Documents have been reviewed and negotiated by sophisticated parties with access to legal counsel and shall not be construed against the drafter.

Section 6.2 Survival of Provisions. The representations, warranties, covenants and agreements contained in this Agreement shall survive the Closing for a period of twelve (12) months following the Closing Date regardless of any investigation made by or on behalf of the Company or the Purchaser; provided that the covenants and agreements contained in Section 6.7 shall survive until performed in full. All indemnification obligations of the Company and the Purchaser pursuant to this Agreement and the provisions of Article V shall remain operative and in full force and effect unless such obligations are expressly terminated in a writing by the parties, regardless of any purported general termination of this Agreement.

Section 6.3 No Waiver; Modifications in Writing.

(a) Delay. No failure or delay on the part of any party in exercising any right, power, or remedy hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right, power, or remedy preclude any other or further exercise thereof or the exercise of

any other right, power, or remedy. The remedies provided for herein are cumulative and are not exclusive of any remedies that may be available to a party at law or in equity or otherwise.

(b) Amendments and Waivers. Except as otherwise provided herein, no amendment, waiver, consent, modification, or termination of any provision of this Agreement or any other Operative Document shall be effective unless signed by each of the parties hereto or thereto affected by such amendment, waiver, consent, modification, or termination. Any amendment, supplement or modification of or to any provision of this Agreement or any other Operative Document, any waiver of any provision of this Agreement or any other Operative Document, and any consent to any departure by the Company from the terms of any provision of this Agreement or any other Operative Document shall be effective only in the specific instance and for the specific purpose for which made or given. Except where notice is specifically required by this Agreement, no notice to or demand on the Company in any case shall entitle the Company to any other or further notice or demand in similar or other circumstances.

Section 6.4 Binding Effect; Assignment.

(a) Binding Effect. This Agreement shall be binding upon the Company, the Purchaser, and their respective successors and permitted assigns. Except as expressly provided in this Agreement, this Agreement shall not be construed so as to confer any right or benefit upon any Person other than the parties to this Agreement and their respective successors and permitted assigns.

(b) Assignment of Rights. All or any portion of the rights and obligations of the Purchaser under this Agreement may be transferred by the Purchaser to any Affiliate of the Purchaser without the consent of the Company by delivery of an agreement to be bound and a revised Schedule A. No portion of the rights and obligations of the Purchaser under this Agreement may be transferred by the Purchaser to a non-Affiliate without the written consent of the Company (which consent shall not be unreasonably withheld by the Company).

Section 6.5 Confidentiality. Notwithstanding anything herein to the contrary, to the extent that the Purchaser has executed or is otherwise bound by a confidentiality agreement in favor of the Company, the Purchaser shall continue to be bound by such confidentiality agreement.

Section 6.6 Communications. All notices and demands provided for hereunder shall be in writing and shall be given by registered or certified mail, return receipt requested, telecopy, air courier guaranteeing overnight delivery or personal delivery to the following addresses:

(a) If to the Purchaser:

Evans Investments Pte. Ltd.
60B Orchard Road #06-18 Tower 2,
The Atrium@Orchard
Singapore 238891
Attention: Neil McGregor

Email: neilmcgregor@temasek.com.sg

with a copy to:

Shearman & Sterling LLP
599 Lexington Avenue
New York, NY 10022
Attention: Scott Petepiece and Richard B. Alsop
Facsimile: 646-848-8576 and 646-848-7333
Email: spetepiece@shearman.com and richard.alsop@shearman.com

(b) If to Antero Resources Corporation:

1615 Wynkoop Street
Denver, Colorado 80202
Attention: President, Chief Financial Officer & Secretary
Facsimile: 303.357.7315
Email: gwarren@anteroresources.com

with a copy to:

Vinson & Elkins L.L.P.
1001 Fannin Street
Suite 2500
Houston, Texas 77002
Attention: W. Matthew Strock and Julian J. Seiguer
Facsimile: 713.615.5650 and 713.615.5862
Email: mstrock@velaw.com and jseiguer@velaw.com

or to such other address as the Company or the Purchaser may designate in writing. All notices and communications shall be deemed to have been duly given: at the time delivered by hand, if personally delivered; when notice is sent to the sender that the recipient has read the message, if sent by electronic mail; upon actual receipt if sent by certified mail, return receipt requested, or regular mail, if mailed; when receipt acknowledged, if sent via facsimile; and upon actual receipt when delivered to an air courier guaranteeing overnight delivery.

Section 6.7 Removal of Legend. In connection with a sale of the Purchased Shares by the Purchaser in reliance on Rule 144, the Purchaser or its broker shall deliver to the transfer agent and the Company a broker representation letter providing to the transfer agent and the Company any information the Company deems necessary to determine that the sale of the Purchased Shares is made in compliance with Rule 144, including, as may be appropriate, a certification that the Purchaser is not an Affiliate of the Company and regarding the length of time the Purchased Shares have been held. Upon receipt of such representation letter, the Company shall promptly direct its transfer agent to remove the notation of a restrictive legend in the Purchaser's certificates evidencing the Purchased Shares or the book-entry account maintained by the transfer agent, including the legend referred to in Section 4.10, and the

Company shall bear all costs associated therewith. After a registration statement under the Securities Act permitting the public resale of the Purchased Shares has become effective or the Purchaser or its permitted assigns have held the Purchased Shares for one year, if the book-entry account of such Purchased Shares still bears the notation of the restrictive legend referred to in Section 4.10, the Company agrees, upon request of the Purchaser or permitted assignee, to take all steps necessary to promptly effect the removal of the legend described in Section 4.10 from the Purchased Shares, and the Company shall bear all costs associated therewith, regardless of whether the request is made in connection with a sale or otherwise, so long as the Purchaser or its permitted assigns provide to the Company any information the Company deems reasonably necessary to determine that the legend is no longer required under the Securities Act or applicable state laws, including (if there is no such registration statement) a certification that the holder is not an Affiliate of the Company (and a covenant to inform the Company if it should thereafter become an Affiliate and to consent to the notation of an appropriate restriction) and regarding the length of time the Purchased Shares have been held.

Section 6.8 Entire Agreement. This Agreement, the other Operative Documents and the other agreements and documents referred to herein are intended by the parties as a final expression of their agreement and intended to be a complete and exclusive statement of the agreement and understanding of the parties hereto in respect of the subject matter contained herein and therein. There are no restrictions, promises, warranties or undertakings, other than those set forth or referred to herein or the other Operative Documents with respect to the rights granted by the Company or any of its Affiliates or the Purchaser or any of its Affiliates set forth herein or therein. This Agreement, the other Operative Documents and the other agreements and documents referred to herein or therein supersede all prior agreements and understandings between the parties with respect to such subject matter.

Section 6.9 Governing Law. This Agreement, and all claims or causes of action (whether in contract or tort) that may be based upon, arise out of or relate to this Agreement or the negotiation, execution or performance of this Agreement (including any claim or cause of action based upon, arising out of or related to any representation or warranty made in or in connection with this Agreement), will be construed in accordance with and governed by the laws of the State of Delaware without regard to principles of conflicts of laws. Any action against any party relating to the foregoing shall be brought in any federal or state court of competent jurisdiction located within the State of Delaware, and the parties hereto hereby irrevocably submit to the non-exclusive jurisdiction of any federal or state court located within the State of Delaware over any such action. The parties hereby irrevocably waive, to the fullest extent permitted by applicable Law, any objection that they may now or hereafter have to the laying of venue of any such dispute brought in such court or any defense of inconvenient forum for the maintenance of such dispute. Each of the parties hereto agrees that a judgment in any such dispute may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by Law.

Section 6.10 Execution in Counterparts. This Agreement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which counterparts, when so executed and delivered, shall be deemed to be an original and all of which counterparts, taken together, shall constitute but one and the same Agreement.

Section 6.11 Termination.

(a) This Agreement may be terminated at any time prior to the Closing by mutual written consent of the Company and the Purchaser.

(b) Notwithstanding anything herein to the contrary, this Agreement shall automatically terminate at any time at or prior to the Closing if a statute, rule, order, decree or regulation shall have been enacted or promulgated, or if any action shall have been taken by any governmental or regulatory authority of competent jurisdiction that permanently restrains, permanently precludes, permanently enjoins or otherwise permanently prohibits the consummation of the transactions contemplated by this Agreement or makes the transactions contemplated by this Agreement illegal.

(c) Notwithstanding anything herein to the contrary, this Agreement may be terminated at any time by the Purchaser (with respect to the obligations of the Purchaser) or the Company, upon written notice to the other party, if the Closing shall not have occurred on or before October 31, 2016 (the "Outside Date"); *provided, however*, that the right to terminate this Agreement under this Section 6.11(c) shall not be available to any party whose (i) breach of any provision of this Agreement, (ii) failure to comply with their obligations under this Agreement or (iii) actions not taken in good faith, shall have been the cause of, or shall have resulted in, the failure of the Closing to occur on or prior to the Outside Date or the failure of a condition in Section 2.3 or Section 2.4 to be satisfied at such time.

(d) In the event of the termination of this Agreement as provided in this Section 6.11, (1) this Agreement shall forthwith become null and void and (2) there shall be no liability on the part of any party hereto, except as set forth in Article V of this Agreement and except with respect to the requirement to comply with any confidentiality agreement in favor of the Company; *provided* that nothing herein shall relieve any party from any liability or obligation with respect to any willful breach of this Agreement.

Section 6.12 Recapitalization, Exchanges, Etc. Affecting the Common Stock. The provisions of this Agreement shall apply to the full extent set forth herein with respect to any and all equity interests of the Company or any successor or assign of the Company (whether by merger, consolidation, sale of assets or otherwise) which may be issued in respect of, in exchange for or in substitution of, the Common Stock, and shall be appropriately adjusted for combinations, recapitalizations and the like occurring after the date of this Agreement and prior to the Closing.

[Signature pages follow]

IN WITNESS WHEREOF, the parties hereto execute this Agreement, effective as of the date first above written.

ANTERO RESOURCES CORPORATION

By: /s/ Alwyn A. Schopp

Alwyn A. Schopp

Chief Administrative Officer, Regional

Senior

Vice President and Treasurer

Signature Page to
Common Stock Subscription Agreement

EVANS INVESTMENTS PTE. LTD.:

By: /s/ Neil McGregor

Name: Neil McGregor

Title: Authorized Signatory

Signature Page to
Common Stock Subscription Agreement

Schedule A – List of Purchasers and Commitment Amounts

Purchaser	Shares of Common Stock	Purchase Price
Evans Investments Pte. Ltd.	6,730,769	\$26.00

Schedule B – Subsidiaries

Name	Jurisdiction of Organization
Monroe Pipeline LLC	Delaware
AR OHIO LLC	Delaware

Exhibit A

Form of Opinion of Vinson & Elkins L.L.P.

Capitalized terms used but not defined herein have the meanings assigned to such terms in the Common Stock Subscription Agreement (the “Subscription Agreement”). The Company shall furnish to the Purchaser at the Closing an opinion of Vinson & Elkins L.L.P., counsel for the Company, addressed to the Purchaser and dated the Closing Date in form satisfactory to the Purchaser, stating that:

(i) The Company is validly existing as a corporation and in good standing under the laws of the State of Delaware, with the corporate power and authority to conduct the businesses in which it is currently engaged; and the Company is duly qualified to do business as a foreign corporation in good standing in all jurisdictions listed on Annex A to such opinion.

(ii) The Purchased Shares have been duly authorized in accordance with the Company’s Amended and Restated Certificate of Incorporation and Amended and Restated Bylaws and, when issued and delivered by the Company to the Purchaser upon payment therefor in accordance with the Subscription Agreement, will be validly issued, fully paid and non-assessable.

(iii) Assuming the accuracy of the representations and warranties of the Purchaser and the Company contained in the Subscription Agreement, the offer, issuance and sale of the Purchased Shares by the Company to the Purchaser solely in the manner contemplated by the Subscription Agreement are exempt from the registration requirements of the Securities Act; provided that such counsel will express no opinion as to any subsequent sale.

(iv) No consent, approval, authorization or order of, or filing with, any Person (including any governmental agency or body or any court) is required to be obtained or made by the Company for the consummation of the transactions contemplated by the Subscription Agreement, except such as have been disclosed in the Company SEC Documents, such as have been obtained or made, or such as may be required under federal or state securities laws or by the rules of the Financial Industry Regulatory Authority, Inc., in each case where the failure to obtain such consent, approval, authorization or order of, or filing with, would not reasonably be expected to materially impair the ability of the Company and its Subsidiaries to consummate the transactions contemplated by the Subscription Agreement.

*Exhibit A to
Common Stock Subscription Agreement*

**TWENTIETH AMENDMENT TO FOURTH AMENDED AND RESTATED
CREDIT AGREEMENT**

This TWENTIETH AMENDMENT TO FOURTH AMENDED AND RESTATED CREDIT AGREEMENT (this "Amendment") is made as of October 24, 2016, by and among ANTERO RESOURCES CORPORATION, a Delaware corporation (the "Borrower"), CERTAIN SUBSIDIARIES OF BORROWER, as Guarantors, the LENDERS party hereto, and JPMORGAN CHASE BANK, N.A., as Administrative Agent (in such capacity, the "Administrative Agent"). Unless otherwise expressly defined herein, capitalized terms used but not defined in this Amendment have the meanings assigned to such terms in the Credit Agreement (as defined below).

WITNESSETH:

WHEREAS, Borrower, the Guarantors, the Administrative Agent and the Lenders have entered into that certain Fourth Amended and Restated Credit Agreement, dated as of November 4, 2010 (as the same has been amended, restated, amended and restated, supplemented or otherwise modified from time to time prior to the date hereof, the "Existing Agreement") and as further amended by this Amendment, the "Credit Agreement"; and

WHEREAS, Borrower has requested that Administrative Agent and the Lenders enter into this Amendment to amend certain terms of the Existing Agreement as set forth herein; and

WHEREAS, Administrative Agent, the Lenders, Borrower and Guarantors desire to amend the Existing Agreement as provided herein upon the terms and conditions set forth herein.

NOW, THEREFORE, for and in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged and confessed, Borrower, the Guarantors, the Administrative Agent and the Lenders hereby agree as follows:

SECTION 1. Amendments to Credit Agreement. Subject to the satisfaction or waiver in writing of each condition precedent set forth in Section 3 of this Amendment, and in reliance on the representations, warranties, covenants and agreements contained in this Amendment, the Existing Agreement shall be amended in the manner provided in this Section 1.

1.1 Additional Definitions. The following definitions are hereby added to Section 1.01 of the Credit Agreement in appropriate alphabetical order:

"Twentieth Amendment Effective Date" means October 24, 2016.

1.2 Amended Definitions. The following definitions in Section 1.01 of the Credit Agreement are hereby amended and restated in their entirety to read as follows:

"Maximum Facility Amount" means \$5,000,000,000.

“Aggregate Commitment” means, at any time, the sum of the Commitments of all the Lenders at such time, as such amount may be reduced or increased from time to time pursuant to Section 2.02 and Section 2.03; provided that such amount shall not at any time exceed the lesser of (a) the Net Borrowing Base then in effect and (b) the Maximum Facility Amount. As of the Twentieth Amendment Effective Date, the Aggregate Commitment is \$4,000,000,000.

1.3 Deleted Definition. The definition of “*Seventeenth Amendment Effective Date*” in Section 1.01 of the Credit Agreement shall be and it hereby is deleted in its entirety.

1.4 Hedging Contracts. Section 7.03(e) of the Credit Agreement shall be and it hereby is amended by replacing the date “*December 31, 2021*” therein with “*December 31, 2023*”.

SECTION 2. Redetermination of Borrowing Base. This Amendment shall constitute notice of the Redetermination of the Borrowing Base pursuant to Section 3.05 of the Credit Agreement, and the Administrative Agent, the Lenders, Borrower and the Guarantors hereby acknowledge that effective as of the Twentieth Amendment Effective Date, the Borrowing Base is \$4,750,000,000, and such redetermined Borrowing Base shall remain in effect until the earlier of (i) the Scheduled Redetermination to occur on or about April 15, 2017 pursuant to Section 3.03 of the Credit Agreement and (ii) the date such Borrowing Base is otherwise adjusted pursuant to the terms of the Credit Agreement. For the avoidance of doubt, the redetermination of the Borrowing Base contained in this Section 2 constitutes the Scheduled Redetermination, which otherwise would have occurred on or about October 15, 2016 pursuant to Section 3.03 of the Credit Agreement.

SECTION 3. Conditions. The amendments to the Existing Agreement contained in Section 1 of this Amendment shall be effective upon the satisfaction of each of the conditions set forth in this Section 3 (the “Twentieth Amendment Effective Date”).

3.1 Execution and Delivery. Each Credit Party, the Lenders and the Administrative Agent shall have executed and delivered this Amendment.

3.2 No Default. No Default shall have occurred and be continuing or shall result from the effectiveness of this Amendment.

3.3 Certificates. The Administrative Agent shall have received such documents and certificates as the Administrative Agent or its counsel may reasonably request relating to the organization, existence and good standing of each Credit Party, the authorization of this Amendment and the transactions contemplated hereby and any other legal matters relating to the Credit Parties, this Amendment or the transactions contemplated hereby, all in form and substance reasonably satisfactory to the Administrative Agent and its counsel.

3.4 Other Documents. The Administrative Agent shall have received such other instruments and documents incidental and appropriate to the transactions provided for herein as the Administrative Agent or its special counsel may reasonably request, and all such documents shall be in form and substance reasonably satisfactory to the Administrative Agent.

SECTION 4. Representations and Warranties of Credit Parties. To induce the Lenders to enter into this Amendment, each Credit Party hereby represents and warrants to the Lenders as follows:

4.1 Reaffirmation of Representations and Warranties/Further Assurances. Both before and after giving effect to the amendments herein, each representation and warranty of such Credit Party contained in the Credit Agreement and in each of the other Loan Documents is true and correct in all material respects as of the date hereof (except to the extent such representations and warranties relate solely to an earlier date, in which case such representations and warranties shall have been true and correct in all material respects as of such date and any representation or warranty which is qualified by reference to “materiality” or “Material Adverse Effect” is true and correct in all respects).

4.2 Corporate Authority; No Conflicts. The execution, delivery and performance by each Credit Party of this Amendment are within such Credit Party’s corporate or other organizational powers, have been duly authorized by necessary action, require no action by or in respect of, or filing with, any Governmental Authority and do not violate or constitute a default under any provision of any applicable law or other agreements binding upon any Credit Party or result in the creation or imposition of any Lien upon any of the assets of any Credit Party except for Permitted Liens and otherwise as permitted in the Credit Agreement.

4.3 Enforceability. This Amendment constitutes the valid and binding obligation of Borrower and each other Credit Party enforceable in accordance with its terms, except as (i) the enforceability thereof may be limited by bankruptcy, insolvency or similar laws affecting creditor’s rights generally, and (ii) the availability of equitable remedies may be limited by equitable principles of general application.

4.4 No Default. As of the date hereof, both before and immediately after giving effect to this Amendment, no Default has occurred and is continuing.

SECTION 5. Miscellaneous.

5.1 Reaffirmation of Loan Documents and Liens. Any and all of the terms and provisions of the Credit Agreement and the Loan Documents shall, except as amended and modified hereby, remain in full force and effect and are hereby in all respects ratified and confirmed by each Credit Party. Borrower and each Guarantor hereby agrees that the amendments and modifications herein contained shall in no manner affect or impair the liabilities, duties and obligations of any Credit Party under the Credit Agreement and the other Loan Documents or the Liens securing the payment and performance thereof.

5.2 Parties in Interest. All of the terms and provisions of this Amendment shall bind and inure to the benefit of the parties hereto and their respective successors and assigns.

5.3 Legal Expenses. Each Credit Party hereby agrees to pay all reasonable fees and expenses of special counsel to the Administrative Agent incurred by the Administrative Agent in connection with the preparation, negotiation and execution of this Amendment and all related documents.

5.4 Counterparts. This Amendment may be executed in one or more counterparts and by different parties hereto in separate counterparts each of which when so executed and delivered shall be deemed an original, but all such counterparts together shall constitute but one and the same instrument; signature pages may be detached from multiple separate counterparts and attached to a single counterpart so that all signature pages are physically attached to the same document. Delivery of photocopies of the signature pages to this Amendment by facsimile or electronic mail shall be effective as delivery of manually executed counterparts of this Amendment.

5.5 Complete Agreement. THIS AMENDMENT, THE CREDIT AGREEMENT, AND THE OTHER LOAN DOCUMENTS REPRESENT THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS OR ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES.

5.6 Headings. The headings, captions and arrangements used in this Amendment are, unless specified otherwise, for convenience only and shall not be deemed to limit, amplify or modify the terms of this Amendment, nor affect the meaning thereof.

5.7 Governing Law. This Amendment shall be construed in accordance with and governed by the laws of the State of New York.

5.8 Reference to and Effect on the Loan Documents.

(a) This Amendment shall be deemed to constitute a Loan Document for all purposes and in all respects. Each reference in the Existing Agreement to “this Agreement,” “hereunder,” “hereof,” “herein” or words of like import, and each reference in the Existing Agreement or in any other Loan Document, or other agreements, documents or other instruments executed and delivered pursuant to the Existing Agreement to the “Credit Agreement”, shall mean and be a reference to the Existing Agreement as amended by this Amendment.

(b) The execution, delivery and effectiveness of this Amendment shall not operate as a waiver of any right, power or remedy of any Lender or Administrative Agent under any of the Loan Documents, nor constitute a waiver of any provision of any of the Loan Documents.

*[Remainder of page intentionally blank.
Signature pages follow.]*

IN WITNESS WHEREOF, the parties have caused this Amendment to be duly executed by their respective authorized officers to be effective as of the date first above written.

BORROWER:

ANTERO RESOURCES CORPORATION

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

GUARANTORS:

AR OHIO LLC

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

MONROE PIPELINE LLC:

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

**ANTERO HOLDCO EXCHANGE
PROPERTIES LLC**

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

ANTERO EXCHANGE PROPERTIES LLC

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

JPMORGAN CHASE BANK, N.A.,
as Administrative Agent, Issuing Bank and a
Lender

By: /s/ David Morris

Name: David Morris

Title: Authorized Officer

Antero Resources Corporation
Twentieth Amendment to Credit Agreement

SIGNATURE PAGE

WELLS FARGO BANK, N.A.,
as Syndication Agent and a Lender

By: /s/ Suzanne Ridenhour

Name: Suzanne Ridenhour

Title: Director

Antero Resources Corporation
Twentieth Amendment to Credit Agreement

SIGNATURE PAGE

**CREDIT AGRICOLE CORPORATE AND
INVESTMENT BANK,**
as Co-Documentation Agent and a Lender

By: /s/ Michael Willis

Name: Michael Willis

Title: Managing Director

By: /s/ Page Dillehunt

Name: Page Dillehunt

Title: Managing Director

Antero Resources Corporation
Twentieth Amendment to Credit Agreement

SIGNATURE PAGE

MUFG UNION BANK, N.A.,
as Co-Documentation Agent and a Lender

By: /s/ Stephen W. Warfel

Name: Stephen W. Warfel

Title: Managing Director

Antero Resources Corporation
Twentieth Amendment to Credit Agreement

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CITIBANK, N.A.,
as a Lender

By: /s/ Phillip R. Ballard
Name: Phillip R. Ballard
Title: Managing Director

Antero Resources Corporation
Twentieth Amendment to Credit Agreement

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BARCLAYS BANK PLC,
as a Lender

By: /s/ Jake Lam
Name: Jake Lam
Title: Assistant Vice President

Antero Resources Corporation
Twentieth Amendment to Credit Agreement

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CAPITAL ONE, NATIONAL ASSOCIATION,
as a Lender

By: /s/ Christopher Kuna

Name: Christopher Kuna

Title: Director

Antero Resources Corporation
Twentieth Amendment to Credit Agreement

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TORONTO DOMINION (NEW YORK) LLC,
as a Lender

By: /s/ Rayan Karim

Name: Rayan Karim

Title: Authorized Signatory

Antero Resources Corporation
Twentieth Amendment to Credit Agreement

SIGNATURE PAGE

COMERICA BANK,
as a Lender

By: /s/ Garrett R. Merrell
Name: Garrett R. Merrell
Title: Relationship Manager

Antero Resources Corporation
Twentieth Amendment to Credit Agreement

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BMO HARRIS BANK N.A.,
as a Lender

By: /s/ Kevin Utsey
Name: Kevin Utsey
Title: Director

Antero Resources Corporation
Twentieth Amendment to Credit Agreement

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U.S. BANK NATIONAL ASSOCIATION,
as a Lender

By: /s/ John C. Lozano

Name: John C. Lozano

Title: Vice President

Antero Resources Corporation
Twentieth Amendment to Credit Agreement

SIGNATURE PAGE

**CREDIT SUISSE AG, CAYMAN ISLANDS
BRANCH,**
as a Lender

By: /s/ Nupur Kumar

Name: Nupur Kumar

Title: Authorized Signatory

By: /s/ Lorenz Meier

Name: Lorenz Meier

Title: Authorized Signatory

THE BANK OF NOVA SCOTIA,
as a Lender

By: /s/ Alan Dawson

Name: Alan Dawson

Title: Director

Antero Resources Corporation
Twentieth Amendment to Credit Agreement

SIGNATURE PAGE

SCOTIABANC INC.,

as a Lender

By: /s/ J.F. Todd

Name: J.F. Todd

Title: Managing Director

Antero Resources Corporation
Twentieth Amendment to Credit Agreement

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**BRANCH BANKING AND TRUST
COMPANY**

as a Lender

By: /s/ Robert Kret

Name: Robert Kret

Title: AVP

Antero Resources Corporation
Twentieth Amendment to Credit Agreement

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**CANADIAN IMPERIAL BANK OF
COMMERCE, NEW YORK BRANCH,**
as a Lender

By: s/ Daria Mahoney
Name: Daria Mahoney
Title: Authorized Signatory

By: /s/ Trudy Nelson
Name: Trudy Nelson
Title: Authorized Signatory

Antero Resources Corporation
Twentieth Amendment to Credit Agreement

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KEYBANK NATIONAL ASSOCIATION,
as a Lender

By: /s/ George E McKean

Name: George E McKean

Title: Senior Vice President

Antero Resources Corporation
Twentieth Amendment to Credit Agreement

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ABN AMRO CAPITAL USA LLC,
as a Lender

By: /s/ Darrell Holley

Name: Darrell Holley

Title: Managing Director

By: /s/ David Montgomery

Name: David Montgomery

Title: Executive Director

Antero Resources Corporation
Twentieth Amendment to Credit Agreement

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PNC BANK NATIONAL ASSOCIATION,
as a Lender

By: /s/ John Engel

Name: John Engel

Title: Vice President

Antero Resources Corporation
Twentieth Amendment to Credit Agreement

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**SUMITOMO MITSUI BANKING
CORPORATION,**
as a Lender

By: /s/ James D. Weinstein

Name: James D. Weinstein

Title: Managing Director

Antero Resources Corporation
Twentieth Amendment to Credit Agreement

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FIFTH THIRD BANK,
as a Lender

By: /s/ Jonathan H Lee
Name: Jonathan H Lee
Title: Director

Antero Resources Corporation
Twentieth Amendment to Credit Agreement

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BANK OF AMERICA, N.A.,
as a Lender

By: /s/ Greg M. Hall
Name: Greg M. Hall
Title: Vice President

Antero Resources Corporation
Twentieth Amendment to Credit Agreement

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COMPASS BANK,
as a Lender

By: /s/ Rhianna Disch
Name: Rhianna Disch
Title: Vice President

Antero Resources Corporation
Twentieth Amendment to Credit Agreement

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**HSBC BANK USA, NATIONAL
ASSOCIATION**

as a Lender

By: /s/ James Kaiser

Name: James Kaiser

Title: Managing Director

Antero Resources Corporation
Twentieth Amendment to Credit Agreement

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MORGAN STANLEY BANK, N.A.,
as a Lender

By: /s/ Matthew T. Meyers

Name: Matthew T. Meyers

Title: Authorized Signatory

Antero Resources Corporation
Twentieth Amendment to Credit Agreement

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SUNTRUST BANK,
as a Lender

By: /s/ Chulley Bogle
Name: Chulley Bogle
Title: Vice President

Antero Resources Corporation
Twentieth Amendment to Credit Agreement

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SANTANDER BANK, N.A.,
as a Lender

By: /s/ Aidan Lanigan

Name: Aidan Lanigan

Title: Senior Vice President

By: /s/ Puiki Lok

Name: Puiki Lok

Title: Vice President

Antero Resources Corporation
Twentieth Amendment to Credit Agreement

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NATIXIS, NEW YORK BRANCH,
as a Lender

By: /s/ Brice LeFoyer

Name: Brice LeFoyer

Title: Director

By: /s/ Carlos Quinteros

Name: Carlos Quinteros

Title: Managing Director

Antero Resources Corporation
Twentieth Amendment to Credit Agreement

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DNB CAPITAL LLC,
as a Lender

By: /s/ Joe Hykle
Name: Joe Hykle
Title: Senior Vice President

By: /s/ James Grubb
Name: James Grubb
Title: Vice President

Antero Resources Corporation
Twentieth Amendment to Credit Agreement

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BNP PARIBAS,
as a Lender

By: /s/ Ann Rhoads

Name: Ann Rhoads

Title: Managing Director

By: /s/ Vincent Trapet

Name: Vincent Trapet

Title: Director

Antero Resources Corporation
Twentieth Amendment to Credit Agreement

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**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, Chairman and Chief Executive Officer of Antero Resources Corporation, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2016 of Antero Resources 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 26, 2016

/s/ Paul M. Rady

Paul M. Rady

Chief Executive Officer

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

I, Glen C. Warren, Jr., President and Chief Financial Officer of Antero Resources Corporation, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2016 of Antero Resources 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 26, 2016

/s/ Glen C. Warren, Jr.
Glen C. Warren, Jr.
Chief Financial Officer

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

In connection with this Quarterly Report on Form 10-Q of Antero Resources Corporation for the quarter ended September 30, 2016, I, Paul M. Rady, Chief Executive Officer of Antero Resources 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, 2016 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in this Quarterly Report on Form 10-Q for the quarter ended September 30, 2016 fairly presents, in all material respects, the financial condition and results of operations of Antero Resources Corporation for the periods presented therein.

Date: October 26, 2016

/s/ Paul M. Rady

Paul M. Rady

Chief Executive Officer

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

In connection with this Quarterly Report on Form 10-Q of Antero Resources Corporation for the quarter ended September 30, 2016, I, Glen C. Warren, Jr., Chief Financial Officer of Antero Resources 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, 2016 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in this Quarterly Report on Form 10-Q for the quarter ended September 30, 2016 fairly presents, in all material respects, the financial condition and results of operations of Antero Resources Corporation for the periods presented therein.

Date: October 26, 2016

/s/ Glen C. Warren, Jr.
Glen C. Warren, Jr.
Chief Financial Officer
