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

FORM 8-K

CURRENT REPORT

**Pursuant to Section 13 or 15(d) of
the Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported): **October 31, 2018**

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

Delaware
(State or Other Jurisdiction
of Incorporation)

001-38075
(Commission File Number)

61-1748605
(IRS Employer
Identification Number)

1615 Wynkoop Street
Denver, Colorado 80202
(Address of principal executive offices) (Zip Code)

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

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

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

Item 1.01 Entry into a Material Definitive Agreement.

On October 31, 2018, Antero Midstream Partners LP (“Antero Midstream”) entered into a First Amendment and Joinder Agreement (the “First Amendment”). The First Amendment amended Antero Midstream’s Amended and Restated Credit Agreement, dated as of October 26, 2017, by and among Antero Midstream, the lenders party thereto, and Wells Fargo Bank, National Association, as Administrative Agent (the “Credit Agreement”) to, among other things, (i) increase the aggregate lender commitments to \$2.0 billion, (ii) permit Antero Midstream and its guarantors, as defined in the Credit Agreement, to consummate the transactions set forth in the Simplification Agreement, dated as of October 9, 2018, by and among AMGP GP LLC, Antero Midstream GP LP, Antero IDR Holdings LLC, Arkrose Midstream Preferred Co LLC, Arkrose Midstream NewCo Inc., Arkrose Midstream Merger Sub LLC, Antero Midstream Partners GP LLC and Antero Midstream and (iii) modify the pricing grid to decrease pricing.

The foregoing description is qualified in its entirety by reference to the First Amendment, a copy of which is attached hereto as Exhibit 10.1 and is incorporated into this Current Report on Form 8-K by reference.

Item 2.03 Creation of a Direct Financial Obligation or an Obligation Under an Off-Balance Sheet Arrangement of a Registrant.

The information set forth under Item 1.01 of this Current Report on Form 8-K is incorporated by reference into this Item 2.03 of this Current Report on Form 8-K.

Item 7.01 Regulation FD Disclosure.

On November 1, 2018, Antero Midstream GP LP (“AMGP”) held a conference call with analysts and investors to discuss third quarter results. On the call, certain matters relating to the previously announced business combination transaction between Antero Midstream and AMGP were discussed. A transcript of the conference call is filed as Exhibit 99.1 to this Current Report on Form 8-K and is incorporated into this Item 7.01 by reference.

The information furnished in this Item 7.01 (including the exhibit) shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that section, nor shall such information be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, regardless of any general incorporation language in such filing, except as shall be expressly set forth by specific reference in such filing.

Item 8.01 Other Events.

To the extent required by law, the information in Item 7.01 of this Form 8-K is incorporated into this Item 8.01.

NO OFFER OR SOLICITATION

This Current Report, including the presentation attached as an exhibit hereto, includes a discussion of a proposed business combination transaction between Antero Midstream and AMGP (the “Transaction”). This communication is for informational purposes only and does not constitute an offer to sell or the solicitation of an offer to buy any securities or a solicitation of any vote or approval, in any jurisdiction, pursuant to the Transaction or otherwise, nor shall there be any sale, issuance, exchange or transfer of the securities referred to in this document in any jurisdiction in contravention of applicable law. No offer of securities shall be made except by means of a prospectus meeting the requirements of Section 10 of the Securities Act of 1933, as amended.

IMPORTANT ADDITIONAL INFORMATION

In connection with the Transaction, AMGP will file with the U.S. Securities and Exchange Commission (“SEC”) a registration statement on Form S-4, that will include a joint proxy statement of Antero Midstream and AMGP and a prospectus of AMGP. The Transaction will be submitted to Antero Midstream’s unitholders and AMGP’s shareholders for their consideration. Antero Midstream and AMGP may also file other documents with the SEC regarding the Transaction. The definitive joint proxy statement/prospectus will be sent to the shareholders of

AMGP and unitholders of Antero Midstream. This document is not a substitute for the registration statement and joint proxy statement/prospectus that will be filed with the SEC or any other documents that AMGP or Antero Midstream may file with the SEC or send to shareholders of AMGP or unitholders of Antero Midstream in connection with the Transaction. **INVESTORS AND SECURITY HOLDERS OF ANTERO MIDSTREAM AND AMGP ARE URGED TO READ THE REGISTRATION STATEMENT AND THE JOINT PROXY STATEMENT/PROSPECTUS REGARDING THE TRANSACTION WHEN IT BECOMES AVAILABLE AND ALL OTHER RELEVANT DOCUMENTS THAT ARE FILED OR WILL BE FILED WITH THE SEC, AS WELL AS ANY AMENDMENTS OR SUPPLEMENTS TO THESE DOCUMENTS, CAREFULLY AND IN THEIR ENTIRETY BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION ABOUT THE TRANSACTION AND RELATED MATTERS.**

Investors and security holders will be able to obtain free copies of the registration statement and the joint proxy statement/prospectus (when available) and all other documents filed or that will be filed with the SEC by AMGP or Antero Midstream through the website maintained by the SEC at <http://www.sec.gov>. Copies of documents filed with the SEC by Antero Midstream will be made available free of charge on Antero Midstream's website at <http://investors.anteromidstream.com/investor-relations/AM>, under the heading "SEC Filings," or by directing a request to Investor Relations, Antero Midstream Partners LP, 1615 Wynkoop Street, Denver, Colorado 75219, Tel. No. (303) 357-7310. Copies of documents filed with the SEC by AMGP will be made available free of charge on AMGP's website at <http://investors.anteromidstreamgp.com/Investor-Relations/AMGP> or by directing a request to Investor Relations, Antero Midstream GP LP, 1615 Wynkoop Street, Denver, Colorado 75219, Tel. No. (303) 357-7310.

PARTICIPANTS IN THE SOLICITATION

AMGP, Antero Midstream, Antero Resources and the directors and executive officers of AMGP and Antero Midstream's respective general partners and of Antero Resources may be deemed to be participants in the solicitation of proxies in respect to the Transaction.

Information regarding the directors and executive officers of Antero Midstream's general partner is contained in Antero Midstream's 2018 Annual Report on Form 10-K filed with the SEC on February 13, 2018, and certain of its Current Reports on Form 8-K. You can obtain a free copy of this document at the SEC's website at <http://www.sec.gov> or by accessing Antero Midstream's website at <http://www.anteromidstream.com>. Information regarding the executive officers and directors of AMGP's general partner is contained in AMGP's 2018 Annual Report on Form 10-K filed with the SEC on February 13, 2018 and certain of its Current Reports on Form 8-K. You can obtain a free copy of this document at the SEC's website at www.sec.gov or by accessing AMGP's website at <http://www.anteromidstreamgp.com>. Information regarding the executive officers and directors of Antero Resources is contained in Antero Resources' 2018 Annual Report on Form 10-K filed with the SEC on February 13, 2018 and certain of its Current Reports on Form 8-K. You can obtain a free copy of this document at the SEC's website at www.sec.gov or by accessing Antero Resources' website at <http://www.anteroresources.com>.

Investors may obtain additional information regarding the interests of those persons and other persons who may be deemed participants in the Transaction by reading the joint proxy statement/prospectus regarding the Transaction when it becomes available. You may obtain free copies of this document as described above.

Item 9.01 Financial Statements and Exhibits

(d) Exhibits.

<u>Exhibits</u>	<u>Description</u>
10.1	<u>First Amendment and Joinder Agreement, dated as of October 31, 2018 (incorporated by reference to Exhibit 10.1 to Antero Midstream Partners LP's Current Report on Form 8-K (Commission File No. 001-36719) filed on November 2, 2018).</u>
99.1	<u>Transcript of Antero Midstream GP LP conference call held on November 1, 2018.</u>

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 hereunto duly authorized.

ANTERO MIDSTREAM GP LP

By: AMGP GP LLC,
its general partner

By: /s/ Glen C. Warren, Jr.
Glen C. Warren, Jr.
President and Secretary

Dated: November 2, 2018

Antero Midstream GP LP NYSE:AMGP FQ3 2018 Earnings Call Transcripts

Thursday, November 01, 2018 4:00 PM GMT

S&P Global Market Intelligence Estimates

	-FQ3 2018-			-FQ4 2018-	-FY 2018-	-FY 2019-
	CONSENSUS	ACTUAL	SURPRISE	CONSENSUS	CONSENSUS	CONSENSUS
EPS Normalized	0.13	0.09	▼ (30.77 %)	0.15	0.47	0.83
Revenue (mm)	37.72	37.82	▲ 0.27	42.77	141.88	233.12

Currency: USD

Consensus as of Oct-11-2018 12:26 PM GMT



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Call Participants

EXECUTIVES

Glen C. Warren

*President, Secretary & Director of
Antero Midstream Partners GP LLC*

Michael N. Kennedy

*Senior VP of Finance & CFO -
Antero Midstream Partners GP LLC*

Paul M. Rady

*Chairman & CEO of Antero
Midstream Partners GP LLC*

ANALYSTS

John Ross Mackay

*Crédit Suisse AG, Research
Division*

Ned Antonov Baramov

*Wells Fargo Securities, LLC,
Research Division*

Timothy D. Howard

*Stifel, Nicolaus & Company,
Incorporated, Research Division*

Presentation

Operator

Good day, everyone, and welcome to the Antero Midstream Third Quarter 2018 Earnings Conference Call. [Operator Instructions] And please note that this event is being recorded.

I would now like to turn the conference over to Michael Kennedy, Chief Financial Officer of Antero Midstream. Please go ahead.

Michael N. Kennedy

Senior VP of Finance & CFO - Antero Midstream Partners GP LLC

Thank you for joining us for Antero Midstream's third quarter 2018 investor conference call. We'll spend a few minutes going through the financial and operating highlights, and then we'll open it up for Q&A. I would also like to direct you to the home page of our website at www.anteromidstream.com or www.anteromidstreamgp.com, where we have provided a separate earnings call presentation that will be reviewed during today's call.

Before we start our comments, I would first like to remind you that during this call, Antero management will make forward-looking statements. Such statements are based on our current judgments regarding factors that will impact the future performance of Antero Resources, Antero Midstream and AMGP and are subject to a number of risks and uncertainties, many of which are beyond Antero's control. Actual outcomes and results could materially differ from what is expressed, implied or forecast in such statements.

Today's call may also contain certain non-GAAP financial measures. Please refer to our earnings press release for important disclosures regarding such measures, including reconciliations for the most comparable GAAP financial measures.

Joining me on the call today are Paul Rady, Chairman and CEO of Antero Resources and Antero Midstream; and Glen Warren, President and CFO of Antero Resources and President of Antero Midstream.

I will now turn the call over to Paul.

Paul M. Rady

Chairman & CEO of Antero Midstream Partners GP LLC

Thanks, Mike, and thank you to everyone for listening in to the call today. I'll begin my comments with highlights from our recently announced simplification transaction and AR's peer-leading margins. Mike will then walk through our third quarter 2018 results and long-term outlook.

I'll begin my formal comments on Slide #3, titled Simplification Transaction Highlights, going through the numerous merits of the transaction. As you are aware, on October 9, AMGP announced a definitive agreement to acquire AM in a stock and cash transaction. The transaction was truly a win-win-win across the Antero family. First, the transaction simplifies the midstream structure into one publicly-traded entity and aligns all equity holders. New AM will be structured as a C-corp without IDRs, which we believe is the increasingly preferred structure by our midstream investors. We expect the structure to broaden our investor base and importantly, position Antero Midstream to be included in major equity indices in the future.

In addition to the intangible benefits of structure and governance, the transaction is immediately accretive to both AM and AMGP on a DCF per unit basis and averages double-digit accretion through 2022 for both entities.

AMGP shareholders will receive 42% immediate distribution accretion compared to the status quo 2019 AMGP target, and AM public unitholders will receive a premium and will be more than made-whole on their previously communicated distributions and growth profiles.

Third, the transaction eliminates the IDRs, reducing the pro forma cost of equity capital. Eliminating the IDRs today helps to ensure that we do not miss out any -- out on any future growth opportunities, both organic and third-party. It allows us to compete for larger scale projects with other entities that have already eliminated their IDRs. Structured as a corporation for both tax and governance purposes, the transaction significantly enhances governance and shareholder rights as compared to the MLP structure.

New AM will have an elected board with a majority of independent directors pushing it to the forefront of best corporate governance practices in the midstream space. The transaction is also tax-efficient with respect to corporate taxes and eliminates approximately \$375 million of taxes that AMGP was expected to pay from 2019 through 2022. These tax savings generated by the step-up in basis allow the transaction to be accretive to both AM and AMGP.

Lastly, the combination of cash consideration from the announced transaction, along with AR free cash flow, is expected to fully fund AR's buyback and delevering program.

Now let's move to Slide #4, titled Antero's Proven Integrated Strategy. While Antero Midstream's corporate structure is expected to change, our proven strategy -- our integrated proven strategy will not. We firmly believe in the benefits of integration and unparalleled visibility into the long-term development plan. In our view, ownership and control of the midstream buildout is critical for a sustainable resource development. Our integration and visibility into AR's development plan allows us to deploy just-in-time capital and appropriately size infrastructure to support AR's production growth. As an example, during the third quarter, AM tied in in-line, a company record 73 wells into the gathering and compression system, a 100% of which were on time. The precise timing of midstream projects optimizes capital efficiency, both for AR and AM. The 73 new wells drove record volumes in the third quarter and are expected to generate significant growth and momentum heading into the fourth quarter of 2018 and into 2019.

On the fresh water delivery side, we continued our 100% timely track record of delivering fresh water for completions even as AR set records for completion stages per day. For that, I want to thank all of our employees for the tremendous achievements operationally.

Moving to the right-hand side of the page, AR and management and sponsors remain highly aligned with our midstream investors and will own 31% and 25% of new AM, respectively.

Now let's move to Slide #5, titled Consistent Leader in Realizations and Margins, which illustrates AR's peer-leading realizations and margins. Antero Resources is not a traditional Northeast natural gas producer. In fact, during the third quarter, 43% of AR's revenues were derived from liquids, including ethane, C3+, NGLs and oil. Antero's liquids exposure is a key differentiator and is the reason AR can generate attractive and sustainable single well and corporate-level rates of return.

As depicted on the left-hand portion of the slide, AR generated all-in realized pricing of almost \$4 per Mcf equivalent during the quarter, which is 41% above the peer average and over \$1 above NYMEX natural gas prices. While generating the highest pricing realizations is important, it is more important to generate attractive all-in margins, which ultimately drives the economics supporting the long-term development program.

Once again, AR generated best-in-class EBITDAX margins of \$1.68 per Mcfe on a fully burdened stand-alone E&P basis, including full AM fees.

The third quarter exemplified Antero's trend of consistently generating the highest realized pricing and margins in Appalachia and gives us confidence in the long-term sustainable production growth that underpins AM.

Looking ahead, the fourth quarter represents an important inflection point for AR in which it expects to generate free cash flow, driven by expanding margins benefiting from strong NGL pricing. These attractive margins support AR's measured drilling and completion capital budgets through 2022, that are expected to be more than fully funded from cash flow assuming today's strip pricing.

I'll finish my comments on Slide #6, with a macro view of NGL infrastructure in the Northeast, as the infrastructure is an important springboard for the development of AR's liquid-rich locations.

Appalachia NGL fractionation and transportation is differentiated from other shale plays in the U.S. All [wide-grade] barrels are fractionated in basin and transported in purity product form, which is a more marketable product for downstream consumption. This allows barrels from the Northeast to be insulated from highly-constrained fractionation, transportation and storage capacity, that's currently down on the Gulf Coast. In fact, there is sufficient fractionation capacity in the Northeast and more specifically, AR has sufficient running room to continue delivering peer-leading liquids production growth. In the short-term, the joint venture between AM and MPLX expects to bring online Sherwood Processing plants 10 and 11 and, in fact, plant 10 just came on last evening adding an additional 400 million cubic feet of processing capacity in this fourth quarter of 2018.

The joint venture also expects to place the Hopedale 4 fractionation plant into service during the fourth quarter of 2018, adding an additional 60,000 barrels per day of gross fractionation capacity to the basin. Longer-term, AM and MPLX will continue planning and executing on additional processing and fractionation capacity customized to AR's growth. This visibility in customized midstream solution is an underappreciated benefit for AR as it is the only E&P in the Northeast with direct ownership and control of the midstream infrastructure buildout all the way from the wellhead through processing and fractionation.

In summary, we believe that we have the right assets, strategy, employees and now corporate structure to continue generating value for our shareholders.

With that, I'll turn the call back over to Mike.

Michael N. Kennedy

Senior VP of Finance & CFO - Antero Midstream Partners GP LLC

Thank you, Paul. I'll first touch on the distribution for AM and AMGP for the third quarter, beginning on Slide #7, titled Track Record of Delivering Growth.

We recently announced an AM distribution of \$0.44 per unit, a 29% increase year-over-year and a 6% increase sequentially. The third quarter distribution at AM was the 15th consecutive distribution increase since its IPO, all of which have represented growth of 28% to 30% on an annualized basis since 2014, which is an incredible achievement. AM's DCF coverage ratio has averaged 1.4x since the IPO, well in excess of the IPO-DCF coverage target of 1.15x. Additionally, AMGP announced the distribution of \$0.144 per share, a 144% increase compared to the prior year quarter and a 15% increase sequentially. The AMGP distribution was the fifth consecutive distribution increase since its IPO in May of 2017.

As Paul mentioned before, the accretion and the simplification transaction allows us to continue this peer-leading growth and more than keep-whole our AM public unitholders on their distributions on the previously provided growth targets.

Now let's move on to the third quarter operational results beginning with Slide #8, titled High-Growth Year-Over-Year Midstream Throughput. All of our gathering, compression, processing and fractionation volumes represented record highs for AM during the third quarter of 2018.

Starting on the top left portion of the page. Low-pressure gathering volumes were 2.2 Bcf per day in the third quarter, which represents a 37% increase from the prior year quarter. Compression volumes during the quarter averaged 1.8 Bcf per day, a 45% increase compared to the prior year quarter. Compression capacity was 80% utilized during the quarter.

Joint venture gross processing volumes averaged just over 600 million per day, a 65% increase compared to the prior year quarter. Processing capacity was over 100% utilized during the quarter, and we expect continued growth as we place online Sherwood 10 and 11 during the fourth quarter, adding an additional 400 million per day of processing capacity and bringing the joint venture's total capacity to 1 Bcf per day.

Joint venture gross fractionation volumes were nearly 18,000 barrels per day, a 170% increase over the prior year quarter. Fresh water delivery volumes averaged 195,000 barrels per day, a 37% increase over the prior year quarter.

Looking ahead to the fourth quarter, we expect a decline in fresh water delivery volumes as compared to the third quarter due to reducing our completion crews from 6 in the first half of 2018 to 4 in the third quarter and to 3 in the fourth quarter.

Moving on to financial results. Adjusted EBITDA for the third quarter was \$186 million, a 46% increase compared to the prior year quarter. The increase in adjusted EBITDA was primarily driven by increased throughput and fresh water delivery volumes.

Distributable cash flow for the third quarter is \$157 million, resulting in a healthy DCF coverage ratio of 1.3x.

During the third quarter, Antero Midstream invested \$131 million in gathering infrastructure and \$19 million in water handling infrastructure. In addition to gathering and water, AM invested \$35 million in the processing and fractionation joint venture during the third quarter.

Moving on to balance sheet and liquidity. As of September 30, 2018, Antero Midstream had \$875 million drawn on its \$1.5 billion revolving credit facility, resulting in \$625 million in liquidity and a net debt-to-LTM EBITDA ratio of 2.3x.

In addition, after quarter end, Antero Midstream exercised the accordion feature on its revolving credit facility, increasing the borrowing capacity from \$1.5 billion to \$2 billion.

I'll finish my comments on the outlook for New AM on Slide #9, titled Best-In-Class Midstream Vehicle. In addition to our premier asset footprint in operations, we believe the recently announced simplification transaction checks all the boxes for current and future shareholders and we remain excited about the future prospects of New AM. New AM will be a 1099 security with no IDRs or K-1s and substantially shielded from taxes through at least 2024. Our core financial policy will remain unchanged with New AM maintaining its self-funding organic business model, strong balance sheet, healthy Bcf coverage and significant liquidity. We remain highly aligned and integrated with AR, which gives us visibility and provide our long-term targets. Our organic growth strategy will continue to be focused on just-in-time capital investment, which we believe leads to top tier capital efficiency and high-teens return on invested capital.

In summary, we will continue to leverage our visibility into AR's development plan to generate attractive project and corporate-level rates of return and deliver value to our unitholders. As a result of the transaction, New AM will be one of the top 20 midstream companies by market capitalization, which is highlighted on Slide #10, titled Highest Dividend Growth Among Top 20 Midstream. In the chart, red font indicates midstream companies that are structured to C-corps and the asterisks indicate companies have eliminated IDRs. Of that peer group, New AM is expected to have the highest distribution growth among the top 20 infrastructure C-corps and one of the strongest balance sheets, with a 27% distribution compounded annual growth rate through 2021 and an initial leverage around 3x trailing into the low 2x range.

With all these characteristics, we remain excited about the value proposition New AM presents as shown on Slide #11, titled Yield Versus Growth Implies Attractive Value. New AM is expected to have the highest distribution growth among midstream infrastructure corporations and entities that eliminated IDRs. In addition, New AM's leverage profile is expected to be a turn lower than the peer average at closing and continue to decline into low 2x by 2022. We believe this growth profile and strong balance sheet, combined with no equity needs to fund the organic growth capital, should result in an attractive value proposition.

Based on the market implied valuation of yield versus growth, New AM has an implied yield of 5% resulting in a pro forma share value of \$25 per share or over 50% of the site to the base price. With that, operator, we are ready to take questions.

Question and Answer

Operator

[Operator Instructions] And our first questioner today will be Spiro Dounis with Crédit Suisse.

John Ross Mackay

Crédit Suisse AG, Research Division

It's John Mackay on for Spiro. First one, even talking about getting more involved downstream for a while now. Obviously, the MPLX JV was a great first step. But just kind of wondering what the kind of next steps to look like and kind of what the gating factors might be there?

Glen C. Warren

President, Secretary & Director of Antero Midstream Partners GP LLC

Yes, that's still an objective longer-term certainly, and I think part of the delay in doing anything there has been the delay in some of the projects and just watching how the takeaway universe comes together for liquids. So it just hasn't been actionable, I guess, at this point in time and hopefully it will be down the road.

John Ross Mackay

Crédit Suisse AG, Research Division

That's fair. And just a follow-up. On the AR called -- talked about kind of upstream consolidation Northeast from midstream we saw Borealis this morning. Just wondering your thoughts kind of on, if we can see anymore midstream kind of Northeast consolidation?

Glen C. Warren

President, Secretary & Director of Antero Midstream Partners GP LLC

I think you will continue to see some. I think it will go somewhat hand-in-hand with upstream consolidation. We expect to see some more of that. So yes, that's something we certainly look at in addition to our organic growth, also looking at acquisition opportunities. We haven't done anything like that to date, but we continue to look. Our filter is pretty tight because we would only want to do something that where our molecules impact the assets on the midstream side and those are a little bit more difficult to find, but we continue to look.

Operator

And our next questioner today will be Tim Howard with Stifel.

Timothy D. Howard

Stifel, Nicolaus & Company, Incorporated, Research Division

Could we have an update on the water treatment facility and maybe utilization in 4Q and any 2019 expectations?

Paul M. Rady

Chairman & CEO of Antero Midstream Partners GP LLC

Yes. Our design on the water facility has been -- would be performing at 40,000 barrels a day. And we're still in the commissioning phase, where it's up and down. We've processed as much as 40,000 barrels a day, but we're still working out some of the bugs in the project.

Timothy D. Howard

Stifel, Nicolaus & Company, Incorporated, Research Division

Got it. And if that continues into 2019, would it risk any of the gathering and processing business at all or just AR's growth in general?

Glen C. Warren

President, Secretary & Director of Antero Midstream Partners GP LLC

No, it doesn't have any impact on that. It would just have a slight immaterial impact to the EBITDA in 2019, but doesn't affect any of the gathering.

Timothy D. Howard

Stifel, Nicolaus & Company, Incorporated, Research Division

Okay. Got it. And then pivoting to the pro forma entity, how should we think about 2019 distribution growth? Should we anticipate a like onetime step-up in the ratable growth thereafter for like the first quarter of pro forma? Or should we anticipate kind of ratable growth throughout?

Glen C. Warren

President, Secretary & Director of Antero Midstream Partners GP LLC

That's right. So we came out with \$1.24 distribution per unit in 2019 expectations. That starts in the first quarter with \$0.28 per share and then it's the 28% to 30% growth for that for a total of \$1.24.

Timothy D. Howard

Stifel, Nicolaus & Company, Incorporated, Research Division

Okay. Got it. And then last one, the comment on inclusion into major indices following the transactions close, are there any of the boxes that need to be checked for that consideration?

Glen C. Warren

President, Secretary & Director of Antero Midstream Partners GP LLC

We tick all the boxes. The one, I think, that we're close on, but should be there in 2019 is 50% of the float outstanding, but we're very close on that one as well. So by the time the indices would consider including us, I think we would tick all the boxes.

Operator

And our next questioner today will be Ned Baramov with Wells Fargo.

Ned Antonov Baramov

Wells Fargo Securities, LLC, Research Division

Maybe just going back on your water business. Could you talk about water usage per well? I think we have in on an upward trajectory for this metric since you acquired the business from AR, and I think that's been driven by longer laterals, increases in completion stages, which in turn drive higher usage of propane and water per foot. But are there any lengths or lateral lengths or water usage per foot that could be treated as the limits beyond which returns would diminish based on what we know today?

Glen C. Warren

President, Secretary & Director of Antero Midstream Partners GP LLC

Yes, you're right and we've been increasing on that. We're actually fairly consistent in Q3 in that kind of mid-40 barrel that kind of since where we've shaken out and that's based on a 2,000-pound of sand completion. The lateral feet has increased as well. We're up in the average around the 10,000 feet per lateral that were actually the wells we're completing right now. So those all ticked up. But our guidance is always based on that 2,000-pound sand per foot. And based on the lateral lengths that AR provides us and then it's 46 -- excuse me, 44 barrels of water per foot on average for the program and that's been consistent. The other thing I would note is that we've been on the upper end of actual number of wells that we service from a freshwater perspective. In 2018, our initial guidance range was 150 to 160 wells being completed. We're in the high-end of that guidance range. So more on the 160 wells for the year. So that's also added to the improved performance and improved EBITDA from the freshwater business.

Paul M. Rady

Chairman & CEO of Antero Midstream Partners GP LLC

And then as far Ned, as your question on, would we -- as we go to longer and longer laterals, would we change those proportions of sand and water and the answer is, no, we've gone sideways out towards 15,000 feet in the Marcellus and 17,000 in the Utica, but we -- from what we've done so far, we've used our same formula, our same designs in terms of sand per foot and water per foot, and we've seen productivity that is -- that doesn't diminish as you go longer and longer that [URs] per 1,000 are the same. So we probably be applying the same design. So the answer is even as we go longer and longer, it will still be about the same amounts of sand and water proportionately.

Ned Antonov Baramov
Wells Fargo Securities, LLC, Research Division

Okay. That's great. And then maybe looking at 2019, is the 150 to 160 wells still a good number?

Glen C. Warren
President, Secretary & Director of Antero Midstream Partners GP LLC

Yes. Very close to that. Yes.

Ned Antonov Baramov
Wells Fargo Securities, LLC, Research Division

Okay. And maybe one more, if I may. You've talked about the importance of maintaining the integrated upstream and midstream relationship. So given some of your peers have elected to pursue a different route where a midstream is an independent operation, would you consider pursuing third-party opportunities a little bit more aggressively?

Paul M. Rady
Chairman & CEO of Antero Midstream Partners GP LLC

Yes. It depends on the opportunity, of course. As Glen was mentioning, we strategically like to think about opportunities where the upstream touches the midstream and, of course, that's to keep out the volume risk we know from the upstream side how -- what the volumes would be through a midstream infrastructure. So we still stick with that. We do have third-party opportunities. So far they are more on the waterside, which would be definitely accretive. And I'm not sure, you would see us going out there and competing with other third stream -- third-party midstream where we're paying high multiples to service somebody else. So we're pretty conscious that it's a highly competitive market and oftentimes midstream companies overpay in order to be able to provide services for people. So we look at it, but we don't see it as quite as attractive as servicing AR.

Operator

And this will conclude our question-and-answer session. I would now like to turn the conference back over to Michael Kennedy for any closing remarks.

Michael N. Kennedy
Senior VP of Finance & CFO - Antero Midstream Partners GP LLC

Thank you for joining us on our call today. If you have any further questions, please feel free to reach out to us. Thanks, again.

Operator

The conference has now concluded. Thank you all for attending today's presentation, and you may now disconnect your lines.

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