Rice Energy Inc.
Form 10-Q
August 03, 2017

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-Q
þ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended June 30, 2017
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: 001-36273
Rice Energy Inc.
(Exact name of registrant as specified in its charter)

Delaware	46-3785773
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
2200 Rice Drive Canonsburg, Pennsylvania	15317
(Address of principal executive offices)	(Zip code)

(724) 271-7200
(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. þYes ¨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). þYes ¨No

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

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

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

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). ¨Yes þNo

The number of shares of the registrant's common stock outstanding as of August 1, 2017: 213,797,601 shares of common stock.

RICE ENERGY INC.
QUARTERLY REPORT ON FORM 10-Q
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Cautionary Statement Regarding Forward-Looking Statements

This Quarterly Report on Form 10-Q (the "Quarterly Report") contains "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). All statements, other than statements of historical fact, included in this Quarterly Report regarding our strategy, future operations, financial position, estimated revenues and income/losses, projected costs, prospects, plans and objectives of management are forward-looking statements. When used in this Quarterly Report, the words "could," "may," "assume," "forecast," "position," "predict," "strategy," "expect," "int "estimate," "anticipate," "believe," "project," "budget," "potential," or "continue," and similar expressions are intended to iden 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. You are cautioned not to place undue reliance on any forward-looking statements. You should also understand that it is not possible to predict or identify all such factors and should not consider the following list to be a complete statement of all potential risks and uncertainties. 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" included in our Annual Report on Form 10-K for the year ended December 31, 2016 (the "2016 Annual Report") on file with the Securities and Exchange Commission (the "SEC") and in this Quarterly Report.

Forward-looking statements may include statements about:

- our pending merger with EQT Corporation;
- our business strategy;
- our reserves;
- our financial strategy, liquidity and capital required for our development program;
- realized natural gas, natural gas liquid ("NGL") and oil prices;
- timing and amount of future production of natural gas, NGLs and oil;
- our hedging strategy and results;
- our future drilling plans;
- competition and government regulations;
- pending legal or environmental matters;
- our marketing of natural gas, NGLs and oil;
- our leasehold or business acquisitions;
- costs of developing our properties and conducting our gathering and other midstream operations;
- operations of Rice Midstream Partners LP;
- monetization transactions, including asset sales to Rice Midstream Partners LP;
- general economic conditions;
- credit and capital markets;
- uncertainty regarding our future operating results; and
- plans, objectives, expectations and intentions contained in this Quarterly Report that are not historical.

We caution you that these forward-looking statements are subject to all of the risks and uncertainties, most of which are difficult to predict and many of which are beyond our control, incident to the exploration for and development, production, gathering and sale of natural gas, NGLs and oil. These risks include, but are not limited to: commodity price volatility; inflation; lack of availability of drilling and production equipment and services; environmental risks; drilling and other operating risks; regulatory changes; the uncertainty inherent in estimating natural gas reserves and in projecting future rates of production, cash flow and access to capital; the timing of development expenditures; risks relating to joint venture operations; and the other risks described under the heading "Item 1A. Risk Factors" in our 2016 Annual Report.

Reserve engineering is a process of estimating underground accumulations of natural gas, NGLs and oil that cannot be measured in an exact way. 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 reserve engineers. In addition, the results of

drilling, testing and production activities may justify revisions of estimates that were made previously. If significant, such revisions could change the schedule of any further production and development drilling. Accordingly, reserve estimates may differ significantly from the quantities of natural gas, and NGLs and oil that are ultimately recovered.
Should one or more of the risks or uncertainties described in this Quarterly 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 Quarterly 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.

Commonly Used Defined Terms

As used in the Quarterly Report, unless the context indicates or otherwise requires, the following terms have the following meanings:

- “Rice Energy,” the “Company,” “we,” “our,” “us” or like terms refer collectively to Rice Energy Inc. and its consolidated subsidiaries;
- “Rice Energy Operating” or “REO” refers to Rice Energy Operating LLC, a subsidiary of Rice Energy formerly known as Rice Energy Appalachia, LLC;
- “Rice Drilling B” refers to Rice Drilling B LLC, a subsidiary of Rice Energy;
- the “Partnership” or “RMP” refers to Rice Midstream Partners LP (NYSE: RMP);
- “Rice Midstream OpCo” refers to Rice Midstream OpCo LLC, a wholly-owned subsidiary of RMP;
- “Midstream Holdings” refers to Rice Midstream Holdings LLC, a subsidiary of Rice Energy;
- “GP Holdings” refers to Rice Midstream GP Holdings LP, a subsidiary of Rice Energy;
- “Vantage” refers collectively to Vantage Energy, LLC and Vantage Energy II, LLC;
- the “Vantage Acquisition” refers to the Company’s acquisition of Vantage and its subsidiaries; and
- “EQT” refers to EQT Corporation.

PART I - FINANCIAL INFORMATION
Item 1. Financial Statements
Rice Energy Inc.
Condensed Consolidated Balance Sheets
(Unaudited)

(in thousands)	June 30, 2017	December 31, 2016
Assets		
Current assets:		
Cash	$161,540	$ 470,043
Accounts receivable	339,419	218,625
Prepaid expenses and other	11,347	5,059
Derivative assets	10,624	689
Total current assets	522,930	694,416
Long-term assets:		
Gas collateral account	5,332	5,332
Property, plant and equipment, net	6,446,251	6,117,912
Acquisition deposit	18,033	—
Deferred financing costs, net	33,274	36,384
Goodwill	879,011	879,011
Intangible assets, net	43,717	44,525
Derivative assets	45,713	39,328
Other non-current assets	789	614
Total assets	$7,995,050	$ 7,817,522
Liabilities, mezzanine equity and stockholders’ equity		
Current liabilities:		
Accounts payable	$24,131	$ 18,244
Royalties payable	104,091	87,098
Accrued capital expenditures	176,594	124,700
Accrued interest	14,540	14,440
Leasehold payable	19,538	22,869
Embedded derivative liability	15,417	—
Derivative liabilities	39,061	139,388
Other accrued liabilities	90,194	126,007
Total current liabilities	483,566	532,746
Long-term liabilities:		
Long-term debt	1,599,779	1,522,481
Leasehold payable	12,279	9,237
Deferred tax liabilities	362,767	358,626
Derivative liabilities	24,591	26,477
Other long-term liabilities	90,204	81,348
Total liabilities	2,573,186	2,530,915
Mezzanine equity:		
Redeemable noncontrolling interest, net (Note 10)	396,711	382,525

Stockholders' equity:

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Common stock, $0.01 par value; authorized - 650,000,000 shares; issued and outstanding - 211,644,987 shares and 202,606,908 shares, respectively	2,117	2,026
Preferred stock, $0.01 par value; authorized - 50,000,000 shares; issued and outstanding - 31,521 and 40,000 shares, respectively	—	—
Additional paid in capital	3,473,266	3,313,917
Accumulated deficit	(350,514)	(407,741)
Stockholders’ equity before noncontrolling interest	3,124,869	2,908,202
Noncontrolling interests in consolidated subsidiaries	1,900,284	1,995,880
Total liabilities, mezzanine equity and stockholders’ equity	$7,995,050	$7,817,522

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.

Rice Energy Inc.
Condensed Consolidated Statements of Operations
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
(in thousands, except share data)	2017	2016	2017	2016
Operating revenues:				
Natural gas, oil and natural gas liquids sales	$348,892	$122,312	$705,726	$234,754
Gathering, compression and water services	38,065	23,728	68,408	48,280
Other revenue	11,350	9,958	17,979	12,906
Total operating revenues	398,307	155,998	792,113	295,940
Operating expenses:				
Lease operating [(1)]	17,645	9,038	40,294	20,109
Gathering, compression and transportation	39,131	27,169	78,557	55,301
Production taxes and impact fees	6,679	2,659	12,832	4,310
Exploration	7,106	5,548	11,118	6,538
Midstream operation and maintenance	8,348	4,555	14,998	14,177
Incentive unit expense	4,800	14,840	7,683	38,982
Acquisition expense	2,408	84	2,615	556
Impairment of gas properties	—	—	92,355	—
Impairment of fixed assets	—	—	—	2,595
General and administrative [(1)]	39,226	29,272	73,050	54,145
Depreciation, depletion and amortization	145,904	84,752	282,782	163,937
Amortization of intangible assets	406	403	808	811
Other expense	13,207	11,457	19,365	15,648
Total operating expenses	284,860	189,777	636,457	377,109
Operating income (loss)	113,447	(33,779)	155,656	(81,169)
Interest expense	(27,269)	(24,802)	(54,292)	(49,323)
Other income	273	2,549	453	2,762
Gain (loss) on derivative instruments	103,558	(201,555)	88,779	(131,376)
Loss on embedded derivatives	(15,417)	—	(15,417)	—
Amortization of deferred financing costs	(3,426)	(1,618)	(6,078)	(3,169)
Income (loss) before income taxes	171,166	(259,205)	169,101	(262,275)
Income tax (expense) benefit	(33,917)	120,496	(33,341)	126,871
Net income (loss)	137,249	(138,709)	135,760	(135,404)
Less: Net income attributable to noncontrolling interests	(53,724)	(17,977)	(78,533)	(38,870)
Net income (loss) attributable to Rice Energy Inc.	83,525	(156,686)	57,227	(174,274)
Less: Preferred dividends and accretion of redeemable noncontrolling interests	(20,656)	(7,944)	(28,988)	(11,402)
Net income (loss) attributable to Rice Energy Inc. common stockholders	$62,869	$(164,630)	$28,239	$(185,676)
Earnings (loss) per share—basic	$0.31	$(1.07)	$0.14	$(1.28)
Earnings (loss) per share—diluted	$0.30	$(1.07)	$0.14	$(1.28)

(1) Stock-based compensation expense of $0.2 million and $6.2 million is included in lease operating and general and administrative expense, respectively, for the three months ended June 30, 2017, and $0.1 million and $6.1 million is included in lease operating and

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general and administrative expense, respectively, for the three months ended June 30, 2016. Stock-based compensation expense of $0.4 million and $11.3 million was included in lease operating and general and administrative expense, respectively, for the six months ended June 30, 2017, and $0.2 million and $10.8 million was included in lease operating and general and administrative expense, respectively, for the six months ended June 30, 2016. See Note 14 for additional information.

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.

Rice Energy Inc.
Condensed Consolidated Statements of Cash Flows
(Unaudited)

	Six Months Ended June 30,	
(in thousands)	2017	2016
Cash flows from operating activities:		
Net income (loss)	$135,760	$(135,404)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation, depletion and amortization	282,782	163,937
Amortization of deferred financing costs	6,078	3,169
Amortization of intangibles	808	811
Exploration	11,118	6,538
Incentive unit expense	7,683	38,982
Stock compensation expense	11,701	10,789
Impairment of fixed assets	—	2,595
Impairment of gas properties	92,355	—
Derivative instruments fair value (gain) loss	(88,779)	131,376
Cash (payments) receipts for settled derivatives	(31,502)	133,205
Deferred income tax benefit (expense)	24,541	(126,871)
Loss on embedded derivatives	15,417	—
Changes in operating assets and liabilities:		
Accounts receivable	(116,958)	(21,995)
Prepaid expenses and other assets	(7,342)	(530)
Accounts payable	1,345	(4,894)
Accrued liabilities and other	(35,549)	572
Royalties payable	16,993	614
Net cash provided by operating activities	326,451	202,894
Cash flows from investing activities:		
Capital expenditures for property and equipment	(644,326)	(484,529)
Acquisitions	(3,671)	(7,744)
Acquisition deposit	(18,033)	—
Net cash used in investing activities	(666,030)	(492,273)
Cash flows from financing activities:		
Proceeds from borrowings	75,500	120,000
Repayments of debt obligations	(768)	(255,690)
Shares of common stock issued in April 2016 offering, net of offering costs	—	311,764
RMP common units issued in the Partnership's June 2016 offering, net of offering costs	—	164,150
RMP common units issued in the Partnership's ATM program, net of offering costs	—	15,782
Net cash contributions to Strike Force Midstream by Gulfport Midstream	21,815	—
Debt issuance costs	(1,399)	(669)
Distributions to the Partnership's public unitholders	(40,202)	(17,636)
Proceeds from issuance of redeemable noncontrolling interests, net of offering costs	—	368,767
Preferred dividends on Series B Units	(15,270)	(3,576)
Employee tax withholding for settlement of stock compensation award vestings	(8,600)	—
Proceeds from conversion of warrants	—	100
Net cash provided by financing activities	31,076	702,992

Net (decrease) increase in cash	(308,503)	413,613

Cash at the beginning of the year	470,043	151,901
Cash at the end of the period	$161,540	$565,514

(in thousands)		
Supplemental disclosure of non-cash investing and financing activities:		
Asset contribution to Strike Force Midstream by Gulfport Midstream	$—	$22,500
Capital expenditures financed by accounts payable	$18,899	$18,658
Capital expenditures financed by accrued capital expenditures	$176,594	$79,362
Natural gas properties financed through deferred payment obligations	$31,817	$11,097
Conversion of REO Common Units into Rice Energy common stock	$176,402	$—

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.

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Rice Energy Inc.
Condensed Consolidated Statements of Equity
(Unaudited)

(in thousands)	Common Stock ($0.01 par)	Additional Paid-In Capital	Accumulated (Deficit) Earnings	Stockholders Equity before Non-Controlling Interest	Non-Controlling Interest	Total
Balance, January 1, 2016	$ 1,364	$ 1,416,523	$ (137,990)	$ 1,279,897	$ 624,571	$ 1,904,468
Incentive unit compensation	—	38,982	—	38,982	—	38,982
Stock compensation	—	9,151	—	9,151	2,070	11,221
Issuance of common stock upon vesting of stock compensation awards, net of tax withholdings	2	(1,459)	—	(1,457)	—	(1,457)
Issuance of phantom units upon vesting of equity-based compensation, net of tax withholdings	—	(3,182)	—	(3,182)	2,063	(1,119)
Shares of common stock issued in April 2016 offering, net of offering costs	200	311,564	—	311,764	—	311,764
Conversion of warrants into shares of common stock	—	100	—	100	—	100
Preferred dividends on redeemable noncontrolling interest	—	(10,719)	—	(10,719)	—	(10,719)
Accretion of redeemable noncontrolling interest	—	(683)	—	(683)	—	(683)
RMP common units issued in the Partnership's June 2016 offering, net of offering costs	—	—	—	—	164,150	164,150
RMP common units issued pursuant to the Partnership's ATM program, net of offering costs	—	—	—	—	15,782	15,782
Distributions to the Partnership's public unitholders	—	—	—	—	(17,636)	(17,636)
Contribution from noncontrolling interest	—	—	—	—	25,530	25,530
Consolidated net (loss) income	—	—	(174,274)	(174,274)	38,870	(135,404)
Balance, June 30, 2016	$ 1,566	$ 1,760,277	$ (312,264)	$ 1,449,579	$ 855,400	$ 2,304,979
Balance, January 1, 2017	$ 2,026	$ 3,313,917	$ (407,741)	$ 2,908,202	$ 1,995,880	$ 4,904,082
Incentive unit compensation	—	7,683	—	7,683	—	7,683
Stock compensation	—	13,474	—	13,474	259	13,733
Issuance of common stock upon vesting of stock compensation awards, net of tax withholdings	6	(8,606)	—	(8,600)	—	(8,600)
Preferred dividends on redeemable noncontrolling interest	—	(15,333)	—	(15,333)	—	(15,333)
Accretion of redeemable noncontrolling interest	—	(14,186)	—	(14,186)	—	(14,186)
	—	—	—	—	21,815	21,815

Contribution from noncontrolling interest						
REO Common Unit conversion into Rice Energy common stock, net of tax	85	176,317	—	176,402	(156,001)	20,401
Distributions to the Partnership's public unitholders	—	—	—	—	(40,202)	(40,202)
Consolidated net income	—	—	57,227	57,227	78,533	135,760
Balance, June 30, 2017	$ 2,117	$ 3,473,266	$ (350,514)	$ 3,124,869	$ 1,900,284	$ 5,025,153

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The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.

Rice Energy Inc.
Notes to Condensed Consolidated Financial Statements
(Unaudited)

1. Basis of Presentation and Principles of Consolidation

The accompanying unaudited condensed consolidated financial statements of Rice Energy Inc. (the “Company”) have been prepared by the Company’s management in accordance with generally accepted accounting principles in the United States (“GAAP”) for interim financial information and applicable rules and regulations promulgated under the Securities Exchange Act of 1934, as amended (the “Exchange Act”). Accordingly, they do not include all of the information and footnotes required by GAAP for annual financial statements. The unaudited condensed consolidated financial statements included herein contain all adjustments which are, in the opinion of management, necessary to present fairly the Company’s financial position as of June 30, 2017 and December 31, 2016, its condensed consolidated statements of operations for the three and six months ended June 30, 2017 and 2016, and its statements of cash flows and equity for the six months ended June 30, 2017 and 2016.

The accompanying condensed consolidated financial statements include the financial results of the Company, its consolidated subsidiaries and certain variable interest entities in which the Company is the primary beneficiary. See Note 13 for additional discussion of variable interest entities.

These condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes therein for the year ended December 31, 2016, as filed with the Securities and Exchange Commission (“SEC”) by the Company in its Annual Report on Form 10-K (the “2016 Annual Report”). Certain prior period financial statement amounts have been reclassified to conform to current period presentation. All intercompany transactions have been eliminated in consolidation.

Proposed Merger with EQT Corporation

On June 19, 2017, the Company entered into an Agreement and Plan of Merger (the “Merger Agreement”) with EQT Corporation (“EQT”), pursuant to which, subject to the satisfaction or waiver of certain conditions, an indirect, wholly-owned subsidiary of EQT will merge with and into the Company (the “Merger”), and immediately thereafter the Company will merge with and into another indirect, wholly-owned subsidiary of EQT (“LLC Sub”), with LLC Sub continuing as the surviving entity in such merger as an indirect, wholly-owned subsidiary of EQT.

On the terms and subject to the conditions set forth in the Merger Agreement, which has been unanimously approved by the respective boards of directors of EQT and the Company, at the effective time of the Merger, each share of the Company’s common stock issued and outstanding immediately before that time (other than shares of the Company’s common stock held by EQT or certain of its direct and indirect subsidiaries, shares held by the Company in treasury or shares with respect to which appraisal has been properly demanded pursuant to Delaware law) will automatically be converted into the right to receive 0.37 shares of EQT common stock and $5.30 in cash. The consummation of the Merger is subject to approval by the shareholders of both the Company and EQT and certain customary regulatory and other closing conditions and is expected to occur in the fourth quarter of 2017.

The Merger Agreement provides for certain termination rights for both the Company and EQT, including the right of either party to terminate the Merger Agreement if the Merger is not consummated by February 19, 2018 (which may be extended by either party to May 19, 2018 under certain circumstances). Upon termination of the Merger Agreement under certain specified circumstances, the Company may be required to pay EQT, or EQT may be required to pay the Company, a termination fee of $255.0 million. In addition, if the Merger Agreement is terminated because of a failure of a party’s shareholders to approve the proposals required to complete the Merger, that party may be required to reimburse the other party for its transaction expenses in an amount equal to $67.0 million.

2. Acquisitions

Vantage Acquisition

On October 19, 2016, the Company completed the acquisition of Vantage Energy, LLC and Vantage Energy II, LLC (collectively, “Vantage”) and their subsidiaries (the “Vantage Acquisition”) pursuant to the terms of the Purchase and Sale Agreement (the “Vantage Purchase Agreement”) dated September 26, 2016 between and among the Company, Vantage Energy Investment LLC, Vantage Energy Investment II LLC and Vantage. Pursuant to the terms of the Vantage Purchase Agreement, Rice Energy Operating LLC (“Rice Energy Operating”) acquired Vantage from certain affiliates of Quantum Energy Partners, Riverstone Holdings LLC and Lime Rock Partners (such affiliates, the “Vantage Sellers”) for approximately $2.7 billion, which consisted of approximately $1.0 billion in cash, the assumption of net debt of approximately $707.0 million and the issuance of

40.0 million common units in Rice Energy Operating that were immediately exchangeable into 40.0 million shares of common stock of the Company, valued at approximately $1.0 billion.

On September 26, 2016, the Company entered into a Purchase and Sale Agreement (the "Midstream Purchase Agreement") by and between the Company and Rice Midstream Partners LP (the "Partnership"). Pursuant to the terms of the Midstream Purchase Agreement, as amended, immediately following the close of the Vantage Acquisition on October 19, 2016, the Partnership acquired from the Company all of the outstanding membership interests of Vantage Energy II Access, LLC and Vista Gathering, LLC (collectively, the "Vantage Midstream Entities," and such acquisition, the "Vantage Midstream Acquisition"). The Partnership's acquisition of the Vantage Midstream Entities from the Company is accounted for as a combination of entities under common control at historical cost. The Vantage Midstream Entities, which became wholly-owned subsidiaries of the Partnership upon the completion of the acquisition of the Vantage Midstream Entities, own midstream assets, including approximately 30 miles of dry gas gathering and compression assets. In consideration for the acquisition of the Vantage Midstream Entities, the Partnership paid the Company $600.0 million in aggregate cash consideration, which the Partnership funded through the net proceeds of a private placement of Partnership common units and borrowings under its revolving credit facility.

Allocation of Purchase Price

The following table summarizes the preliminary purchase price and the preliminary estimated values of assets and liabilities assumed based on the fair value as of October 19, 2016, with any excess of the purchase price over the estimated fair value of the identified net assets acquired recorded as goodwill. Approximately $369.0 million and $470.8 million of goodwill has been allocated to the Exploration and Production segment and Rice Midstream Partners segment, respectively. Included within the Rice Midstream Partners segment is goodwill of $15.4 million, attributable to the enhanced cash flow distributions to Rice Midstream GP Holdings LP ("GP Holdings") expected to result from the Vantage Midstream Acquisition. The amount of goodwill allocated to the Rice Midstream Partners segment includes an acquired 67.5% interest in the Wind Ridge system previously owned by Access Midstream Partners. The Partnership acquired the Wind Ridge system in connection with the Vantage Midstream Acquisition for approximately $14.3 million, of which $10.9 million was ascribed to property and equipment and $3.4 million to goodwill. Goodwill primarily relates to the Company's ability to control the Vantage acquired assets and recognize synergies related to administrative and capital efficiencies, extended laterals, the creation of additional contiguous leasing opportunities not previously available and additional dedicated acreage.

Certain data necessary to complete the purchase price allocation is not yet available, including, but not limited to, title defect analysis. The Company expects to complete the purchase price allocation once it has received all of the necessary information, but no later than one year from the date of completion of the Vantage Acquisition. Prior to the completion of the Company's purchase price allocation, the value of the assets and liabilities may be revised as appropriate. Goodwill associated with the Vantage Acquisition is fully deductible for tax purposes.

(in thousands)	
Consideration Given:	
Fair value of issued Rice Energy Operating units	$1,001,200
Cash consideration, net of cash acquired	981,080
Total consideration	$1,982,280
Estimated Fair Value of Assets Acquired and Liabilities Assumed:	
Current assets, net of cash acquired	$49,532
Natural gas and oil properties	2,178,076
Midstream property, plant and equipment	144,562
Other non-current assets	27,437
Current liabilities	(103,322)
Fair value of debt assumed	(706,912)
Other non-current liabilities	(51,052)
Noncontrolling interest in Rice Energy Operating	(395,910)
Total estimated fair value of assets acquired and liabilities assumed	$1,142,411

Goodwill	$ 839,869

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The fair value of natural gas and oil properties are based on inputs that are not observable in the market and therefore represent Level 3 inputs. The fair values of natural gas and oil properties were measured using valuation techniques that convert future cash flows into a single discounted amount. Significant inputs to the valuation of natural gas and oil properties included estimates of: (i) recoverable reserves; (ii) production rates; (iii) future operating and development costs; (iv) future commodity prices; and (v) a market-based weighted average cost of capital rate. These inputs required significant judgments and estimates by management at the time of the valuation and are the most sensitive and may be subject to change. The fair value of undeveloped property was determined based upon a market approach of comparable transactions using Level 3 inputs.

The fair value measurements of the debt assumed were determined using Level 1 inputs. The debt balance includes amounts related to Vantage's second lien note and amounts outstanding under Vantage's credit facility, which were assumed by the Company and repaid concurrent to the Vantage Acquisition.

The valuation of Rice Energy Operating common units issued as consideration was primarily calculated based upon Level 1 inputs. The common unit value was included as an input in determining the fair value of the noncontrolling interests, which were further adjusted using level 3 inputs to reflect the value of ownership retained by the Vantage Sellers.

Post-Acquisition Operating Results

The Vantage Acquisition contributed the following to the Company's consolidated operating results for the three and six months ended June 30, 2017.

(in thousands)	Three Months Ended June 30, 2017	Six Months Ended June 30, 2017
Revenue attributable to Rice Energy Inc.	$106,042	$201,878
Net income (loss) attributable to noncontrolling interests	$3,000	$(2,827)
Net income (loss) attributable to Rice Energy Inc.	$15,816	$(15,615)

Unaudited Pro Forma Information

The following table presents unaudited pro forma combined financial information for the three and six months ended June 30, 2016, which presents the Company's results as though the Vantage Acquisition had been completed at January 1, 2016. The pro forma combined financial information is not necessarily indicative of the results that might have actually occurred had the Vantage Acquisition been completed at January 1, 2016; furthermore, the financial information is not intended to be a projection of future results.

(in thousands, except per share data)	Pro Forma Three Months Ended June 30, 2016	Six Months Ended June 30, 2016
Operating revenues	$211,649	$401,735
Net loss	$(232,925)	$(198,647)
Less: Net loss (income) attributable to noncontrolling interests	$17,895	$(9,574)
Net loss attributable to Rice Energy	$(215,030)	$(208,221)
Loss per share (basic)	$(1.21)	$(1.10)
Loss per share (diluted)	$(1.21)	$(1.10)

3. Impairment

The carrying values of the Company's proved properties are reviewed periodically when events or circumstances indicate that the remaining carrying amount may not be recoverable. This evaluation is performed at the lowest levels for which there are identifiable cash flows that are largely independent of other groups of assets by comparing estimated undiscounted cash flows to the carrying value and including risk-adjusted probable and possible reserves, if deemed reasonable. Key assumptions utilized in determining the estimated undiscounted future cash flows are generally consistent with assumptions used in the Company's budgeting and forecasting processes. If the carrying value of proved properties exceeds the estimated undiscounted future cash flows, they are written down to fair value. Fair value of proved properties is estimated by discounting the estimated future cash flows using discount rates and consideration of expected assumptions that would be used by a market participant.

During the first quarter of 2017, the Company identified significant declines in forward Waha basis differentials, which is the primary sales point for its Fort Worth Basin production. Such expected prolonged declines indicated a potential impairment trigger, and, as a result, the Company performed an asset recoverability test of its Fort Worth Basin properties. Based upon the results of the recoverability assessment, the Company concluded that the carrying value of its Fort Worth Basin properties exceeded its undiscounted cash flows. The fair value of the Fort Worth Basin proved properties was determined using a combination of the market and income approach to determine fair value. Significant inputs to the valuation of the discounted cash flows of natural gas and oil properties included estimates of: (i) recoverable reserves; (ii) production rates; (iii) future operating and development costs; (iv) future commodity prices; and (v) a market-based weighted average cost of capital rate. These inputs required significant judgments and estimates by management which included Level 3 unobservable inputs to the fair value measurement. The difference between the carrying value and fair value resulted in an asset impairment of $92.4 million within the Exploration and Production segment during the first quarter of 2017.

4. Accounts Receivable

Accounts receivable are primarily from the Company's joint interest partners and natural gas marketers. The Company extends credit to parties in the normal course of business based upon management's assessment of their creditworthiness. An allowance is provided for those accounts for which collection is estimated as doubtful; uncollectible accounts are written off and charged against the allowance. In estimating the allowance, management considers, among other things, how recently and how frequently payments have been received and the financial position of the party. Allowances for uncollectible accounts were not material for the periods presented. Accounts receivable as of June 30, 2017 and December 31, 2016 are detailed below.

(in thousands)	June 30, 2017	December 31, 2016
Joint interest	$141,910	$ 53,577
Natural gas sales	173,745	145,887
Other	23,764	19,161
Total accounts receivable	$339,419	$ 218,625

5. Long-Term Debt

Long-term debt consists of the following as of June 30, 2017 and December 31, 2016:

(in thousands)	June 30, 2017	December 31, 2016
Long-term Debt		
Senior Notes Due 2022, net of unamortized deferred financing costs and original discount issuances of $10,896 and $12,023, respectively (a)	$889,104	$ 887,977
Senior Notes Due 2023, net of unamortized deferred financing costs and original discount issuances of $7,825 and $8,496, respectively (b)	392,175	391,504
Senior Secured Revolving Credit Facility (c)	—	—
Midstream Holdings Revolving Credit Facility (d)	112,500	53,000
RMP Revolving Credit Facility (e)	206,000	190,000
Total long-term debt	$1,599,779	$ 1,522,481

Senior Notes

6.25% Senior Notes Due 2022 (a)

The Company has $900.0 million in aggregate principal amount of 6.25% senior notes due 2022 outstanding (the "2022 Notes"). The 2022 Notes will mature on May 1, 2022, and interest is payable on the 2022 Notes on each May 1 and November 1. Upon the occurrence of a change of control, unless the Company has given notice to redeem the 2022 Notes, the holders of the 2022 Notes will have the right to require the Company to repurchase all or a portion of the 2022 Notes at a price equal to 101% of the aggregate principal amount of the 2022 Notes, plus any accrued and unpaid interest. The Company may redeem some or all of the 2022 Notes at redemption prices (expressed as percentages of principal amount) equal to 104.688% prior to May 1, 2018, 103.125% for the twelve-month period beginning May 1, 2018, 101.563% for the twelve-month period beginning on May 1, 2019 and 100.000% beginning on May 1, 2020, plus accrued and unpaid interest.

7.25% Senior Notes Due 2023 (b)

The Company has $400.0 million in aggregate principal amount of 7.25% senior notes due 2023 outstanding (the "2023 Notes"). The 2023 Notes will mature on May 1, 2023, and interest is payable on the 2023 Notes on each May 1 and November 1. At any time prior to May 1, 2018, the Company may redeem up to 35% of the 2023 Notes at a redemption price of 107.250% of the principal amount, plus accrued and unpaid interest, with the proceeds of certain equity offerings so long as the redemption occurs within 180 days of completing such equity offering and at least 65%

of the aggregate principal amount of the 2023 Notes remains outstanding after such redemption. Prior to May 1, 2018, the Company may redeem some or all of the notes for cash at a redemption price equal to 100% of their principal amount plus an applicable make-whole premium and accrued and unpaid

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interest. Upon the occurrence of a change of control, unless the Company has given notice to redeem the 2023 Notes, the holders of the 2023 Notes will have the right to require the Company to repurchase all or a portion of the 2023 Notes at a price equal to 101% of the aggregate principal amount of the 2023 Notes, plus any accrued and unpaid interest. On or after May 1, 2018, the Company may redeem some or all of the 2023 Notes at redemption prices (expressed as percentages of principal amount) equal to 105.438% for the twelve-month period beginning on May 1, 2018, 103.625% for the twelve-month period beginning May 1, 2019, 101.813% for the twelve-month period beginning on May 1, 2020 and 100.000% beginning on May 1, 2021, plus accrued and unpaid interest.

The 2022 Notes and the 2023 Notes (collectively, the “Notes”) are the Company’s senior unsecured obligations, rank equally in right of payment with all of the Company’s existing and future senior debt, and will rank senior in right of payment to all of the Company’s future subordinated debt. The Notes will be effectively subordinated to all of the Company’s existing and future secured debt to the extent of the value of the collateral securing such indebtedness. The Notes are jointly and severally, fully and unconditionally, guaranteed by the Company’s Guarantors.

Senior Secured Revolving Credit Facility (c)

In April 2013, the Company entered into a Senior Secured Revolving Credit Facility (the “Senior Secured Revolving Credit Facility”) with Wells Fargo Bank, N.A., as administrative agent, and a syndicate of lenders. In April 2014, the Company, as borrower, and Rice Drilling B LLC (“Rice Drilling B”), as predecessor borrower, amended and restated the credit agreement governing the Senior Secured Revolving Credit Facility to, among other things, assign all of the rights and obligations of Rice Drilling B as borrower under the Senior Secured Revolving Credit Facility to the Company.

In connection with the closing of the Vantage Acquisition, in October 2016, the Company entered into a Fourth Amended and Restated Credit Agreement (the “A&R Credit Agreement”), among the Company, Rice Energy Operating, Wells Fargo Bank, N.A., as administrative agent, and the lenders and other parties thereto. The A&R Credit Agreement provides, among other things, for the assignment of the Company’s rights and obligations as borrower under the Senior Secured Revolving Credit Facility to Rice Energy Operating and the addition of the Company as a guarantor of those obligations.

On June 15, 2017, Rice Energy Operating, as borrower, and the Company, as parent guarantor, entered into the Third Amendment to the A&R Credit Agreement, pursuant to which the lenders under the A&R Credit Agreement completed their semi-annual redetermination of the borrowing base. Following the redetermination, the Company’s borrowing base and aggregate elected commitment amounts each increased from $1.45 billion to $1.6 billion.

As of June 30, 2017, the borrowing base was $1.6 billion and the sublimit for letters of credit was $400.0 million. The Company had zero borrowings outstanding and $211.0 million in letters of credit outstanding under the A&R Credit Agreement as of June 30, 2017, resulting in availability of $1.4 billion. The maturity date of the Senior Secured Revolving Credit Facility is October 19, 2021. The next redetermination of the borrowing base is expected to occur in October 2017.

Eurodollar loans under the Senior Secured Revolving Credit Facility bear interest at a rate per annum equal to LIBOR plus an applicable margin ranging from 225 to 325 basis points, depending on the percentage of borrowing base utilized, and base rate loans bear interest at a rate per annum equal to the greatest of (i) the agent bank’s reference rate, (ii) the federal funds effective rate plus 50 basis points and (iii) the rate for one month Eurodollar loans plus 100 basis points, plus an applicable margin ranging from 125 to 225 basis points, depending on the percentage of borrowing base utilized.

The A&R Credit Agreement also contains certain financial covenants and customary events of default. If an event of default occurs and is continuing, the lenders may declare all amounts outstanding under the Senior Secured Revolving Credit Facility to be immediately due and payable.

The Company was in compliance with such covenants and ratios effective as of June 30, 2017.

Midstream Holdings Revolving Credit Facility (d)

On December 22, 2014, Rice Midstream Holdings LLC ("Midstream Holdings") entered into a credit agreement (the "Midstream Holdings Credit Agreement") with Wells Fargo Bank, N.A., as administrative agent, and a syndicate of lenders establishing a revolving credit facility (the "Midstream Holdings Revolving Credit Facility") with a maximum credit amount of $300.0 million and a sublimit for letters of credit of $25.0 million.

As of June 30, 2017, Midstream Holdings had $112.5 million of borrowings outstanding and no letters of credit under this facility, resulting in availability of $187.5 million. The year-to-date average daily outstanding balance of the Midstream Holdings Revolving Credit Facility was approximately $74.6 million, and interest was incurred on the Midstream Holdings Revolving Credit Facility at a weighted average interest rate of 3.2% through June 30, 2017. The Midstream Holdings Revolving Credit Facility is available to fund working capital requirements and capital expenditures and to purchase assets. The maturity date of the Midstream Holdings Revolving Credit Facility is December 22, 2019.

Principal amounts borrowed are payable on the maturity date, and interest is payable quarterly for base rate loans and at the end of the applicable interest period for Eurodollar loans. Midstream Holdings may elect to borrow in Eurodollars or at the base rate. Eurodollar loans bear interest at a rate per annum equal to the applicable LIBOR Rate plus an applicable margin ranging from 225 to 300 basis points, depending on the leverage ratio then in effect. Base rate loans bear interest at a rate per annum equal to the greatest of (i) the agent bank's reference rate, (ii) the federal funds effective rate plus 50 basis points and (iii) the rate for one month Eurodollar loans plus 100 basis points, plus an applicable margin ranging from 125 to 200 basis points, depending on the leverage ratio then in effect. Midstream Holdings also pays a commitment fee based on the undrawn commitment amount ranging from 37.5 to 50 basis points.

The Midstream Holdings Credit Agreement also contains certain financial covenants and customary events of default. If an event of default occurs and is continuing, the lenders may declare all amounts outstanding under the Midstream Holdings Revolving Credit Facility to be immediately due and payable. Midstream Holdings was in compliance with such covenants and ratios effective as of June 30, 2017.

RMP Revolving Credit Facility (e)

On December 22, 2014, Rice Midstream OpCo LLC ("Rice Midstream OpCo"), a wholly-owned subsidiary of the Partnership, entered into a credit agreement (the "RMP Credit Agreement") with Wells Fargo Bank, N.A., as administrative agent, and a syndicate of lenders establishing a revolving credit facility (the "RMP Revolving Credit Facility").

As of June 30, 2017, the RMP Revolving Credit Facility provided for lender commitments of $850.0 million, with an additional $200.0 million of commitments available under an accordion feature subject to lender approval. Rice Midstream OpCo had $206.0 million of borrowings outstanding and no letters of credit outstanding under the RMP Revolving Credit Facility as of June 30, 2017, resulting in availability of $644.0 million. The year-to-date average daily outstanding balance of the RMP Revolving Credit Facility was approximately $194.0 million, and interest was incurred at a weighted average annual interest rate of 2.9% through June 30, 2017. The RMP Revolving Credit Facility is available to fund working capital requirements and capital expenditures, to purchase assets, to pay distributions and repurchase units and for general partnership purposes and matures on December 22, 2019. The Partnership and its restricted subsidiaries are the guarantors of the obligations under the RMP Revolving Credit Facility.

Principal amounts borrowed are payable on the maturity date, and interest is payable quarterly for base rate loans and at the end of the applicable interest period for Eurodollar loans. Rice Midstream OpCo may elect to borrow in Eurodollars or at the base rate. Eurodollar loans bear interest at a rate per annum equal to the applicable LIBOR Rate plus an applicable margin ranging from 200 to 300 basis points, depending on the leverage ratio then in effect, and base rate loans bear interest at a rate per annum equal to the greatest of (i) the agent bank's reference rate, (ii) the federal funds effective rate plus 50 basis points and (iii) the rate for one month Eurodollar loans plus 100 basis points, plus an applicable margin ranging from 100 to 200 basis points, depending on the leverage ratio then in effect. Rice Midstream OpCo also pays a commitment fee based on the undrawn commitment amount ranging from 37.5 to 50 basis points.

The RMP Credit Agreement also contains certain financial covenants and customary events of default. If an event of default occurs and is continuing, the lenders may declare all amounts outstanding under the RMP Revolving Credit Facility to be immediately due and payable. The Partnership was in compliance with such covenants and ratios effective as of June 30, 2017.

Expected Aggregate Maturities

Expected aggregate maturities of long-term debt as of June 30, 2017 are as follows (in thousands):

Remainder of Year Ending December 31, 2017	$—
Year Ending December 31, 2018	—
Year Ending December 31, 2019	318,500
Year Ending December 31, 2020	—
Year Ending December 31, 2021 and Beyond	1,281,279
Total	$1,599,779

Interest paid in cash was approximately $49.1 million and $55.1 million for the three and six months ended June 30, 2017, respectively, and $46.6 million and $49.1 million for the three and six months ended June 30, 2016, respectively.

6. Derivative Instruments

The Company uses derivative commodity instruments that are placed with major financial institutions whose creditworthiness is regularly monitored. Substantially all of the Company's derivative counterparties share in the Senior Secured Revolving Credit Facility collateral. The Company has entered into various derivative contracts to manage price risk and to achieve more predictable cash flows. As a result of the Company's hedging activities, the Company may realize prices that are greater or less than the market prices that it would have received otherwise.

As of June 30, 2017, the Company has entered into derivative instruments with various financial institutions, fixing the price it receives for a portion of its future sales of produced natural gas. The Company's fixed price derivatives primarily include swap and collar contracts that are tied to the commodity prices on NYMEX. As of June 30, 2017, the Company has entered into NYMEX hedging contracts through December 31, 2021, hedging a total of approximately 1,234 Bcfe of its projected natural gas production at a weighted average price of $2.99 per MMBtu. Additionally, the Company has entered into basis swap contracts to hedge the difference between the NYMEX index price and various local index prices. The fixed price and basis hedging contracts the Company has entered into through December 31, 2021 at other various sales points cover a total of approximately 1,165 Bcfe.

As a result of the entry into the Merger Agreement (as discussed in Note 1), the Company reassessed the probability of a Change in Control under the LLC Agreement and the GP Holdings A&R LPA and determined that the Change in Control was probable (all terms as defined in Note 10). As such, we assessed certain embedded derivatives requiring bifurcation in the LLC Agreement and GP Holdings A&R LPA and determined that the value of the Investor Put Right (as defined in Note 10) has increased as a result of the increased probability of the Change in Control. As of June 30, 2017, the fair value of the Investor Put Right embedded derivative was approximately $15.4 million and is included as an embedded derivative liability in the accompanying condensed consolidated balance sheet. Refer to Note 10 for further information.

The Company recognizes all derivative instruments as either assets or liabilities at fair value per Financial Accounting Standards Board ("FASB") Accounting Standards Update ("ASU") "Derivatives and Hedging (Topic 815)." The Company's derivative commodity instruments have not been designated as hedges for accounting purposes; therefore, all gains and losses are recognized currently in earnings. The following tables present the gross amounts of the Company's recognized derivative assets and liabilities, the amounts offset under netting arrangements with counterparties, and the resulting net amounts presented in the consolidated balance sheets for the periods presented, all at fair value:

	As of June 30, 2017		
(in thousands)	Derivative instruments, gross	Derivative instruments subject to master netting arrangements	Derivative Instruments, net
Derivative assets	$131,000	$(74,663)	$56,337
Derivative liabilities	$157,612	$(93,960)	$63,652
Embedded derivative liability	$15,417	$—	$15,417

As of December 31, 2016

(in thousands)	Derivative instruments, gross	Derivative instruments subject to master netting arrangements	Derivative Instruments, net
Derivative assets	$103,507	$ (63,490)	$ 40,017
Derivative liabilities	$286,019	$ (120,154)	$ 165,865

7. Fair Value of Financial Instruments

The Company determines the fair value of its financial instruments, which are comprised primarily of derivative instruments, on a recurring basis as these instruments are required to be recorded at fair value for each reporting amount. Certain amounts in the Company's financial statements were measured at fair value on a nonrecurring basis, including discounts associated with long-term debt. Fair value is based on quoted market prices, where available. If quoted market prices are not available, fair value is based upon models that use as inputs market-based parameters, including but not limited to forward curves, discount rates, broker quotes, volatilities and nonperformance risk.

The Company has categorized its fair value measurements into a three-level fair value hierarchy, based on the priority of the inputs to the valuation technique. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets and liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The Company's fair value measurements relating to derivative instruments are included in Level 2. Since the adoption of fair value accounting, the Company has not made any changes to its classification of financial instruments in each category.

Items included in Level 3 are valued using internal models that use significant unobservable inputs. Items included in Level 2 are valued using management's best estimate of fair value corroborated by third-party quotes.

The following assets and liabilities were measured at fair value on a recurring basis during the period (refer to Note 6 for details relating to derivative instruments):

	As of June 30, 2017				
		Fair Value Measurements at Reporting Date Using			
(in thousands)	Carrying Value	Total Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:					
Derivative instruments, at fair value	$56,337	$56,337	$ —	$ 56,337	$ —
Total assets	$56,337	$56,337	$ —	$ 56,337	$ —
Liabilities:					
Derivative instruments, at fair value	$63,652	$63,652	$ —	$ 63,652	$ —
Embedded derivatives, at fair value	15,417	15,417	—	—	15,417
Total liabilities	$79,069	$79,069	$ —	$ 63,652	$ 15,417

	As of December 31, 2016				
		Fair Value Measurements at Reporting Date Using			
(in thousands)	Carrying Value	Total Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:					
Derivative instruments, at fair value	$40,017	$40,017	$ —	$ 40,017	$ —
Total assets	$40,017	$40,017	$ —	$ 40,017	$ —
Liabilities:					
Derivative instruments, at fair value	$165,865	$165,865	$ —	$ 165,865	$ —
Total liabilities	$165,865	$165,865	$ —	$ 165,865	$ —

The carrying value of cash and cash equivalents approximates fair value due to the short maturity of the instruments.

The Company's non-financial assets, such as property, plant and equipment, goodwill and intangible assets are recorded at fair value upon business combination and are remeasured at fair value only if an impairment charge is recognized. To the extent necessary, the Company applies unobservable inputs and management judgment due to the absence of quoted market prices (Level 3) to the valuation methodologies for these non-financial assets.

The estimated fair value and gross carrying amount of long-term debt as reported on the condensed consolidated balance sheets as of June 30, 2017 and December 31, 2016 is shown in the table below (refer to Note 5 for details relating to the debt instruments). The fair value was estimated using Level 2 inputs based on rates reflective of the remaining maturity as well as the Company's financial position. The gross carrying value of the revolving credit facilities approximates fair value for the periods presented below.

	As of June 30, 2017		As of December 31, 2016	
Long-Term Debt (in thousands)	Carrying Value	Fair Value	Carrying Value	Fair Value
Senior Notes Due 2022	$900,000	$942,750	$900,000	$929,250
Senior Notes Due 2023	397,791	433,000	397,601	428,000
Midstream Holdings Revolving Credit Facility	112,500	112,500	53,000	53,000
RMP Revolving Credit Facility	206,000	206,000	190,000	190,000
Total	$1,616,291	$1,694,250	$1,540,601	$1,600,250

8. Financial Information by Business Segment

The Company is organized and operates in three different operating segments: the Exploration and Production segment, the Rice Midstream Holdings segment and the Rice Midstream Partners segment. The segments represent components of the Company that engage in activities (a) from which revenue is generated and expenses are incurred; (b) whose operating results are regularly reviewed by the Chief Operating Decision Maker, who makes decisions about resources to be allocated to the segment and (c) for which discrete financial information is available. Operating segments are evaluated on their contribution to the Company's consolidated results based on operating income. Other income and expenses, interest and income taxes are managed on a consolidated basis. The segment accounting policies are the same as those described in Note 1 to the Company's Consolidated Financial Statements for the year ended December 31, 2016 contained in its 2016 Annual Report.

The operating results of the Company's reportable segments were as follows for the three months ended June 30, 2017:

(in thousands)	Exploration and Production	Rice Midstream Holdings	Rice Midstream Partners	Elimination of Intersegment Transactions	Consolidated Total
Total operating revenues	$ 360,242	$ 31,947	$ 72,377	$ (66,259)	$ 398,307
Total operating expenses	301,801	11,847	25,364	(54,152)	284,860
Operating income (loss)	$ 58,441	$ 20,100	$ 47,013	$ (12,107)	$ 113,447
Capital expenditures for segment assets	$ 268,254	$ 61,351	$ 29,530	$ (12,772)	$ 346,363
Depreciation, depletion and amortization	$ 141,478	$ 1,790	$ 7,543	$ (4,907)	$ 145,904

The operating results of the Company's reportable segments were as follows for the three months ended June 30, 2016:

(in thousands)	Exploration and Production	Rice Midstream Holdings	Rice Midstream Partners	Elimination of Intersegment Transactions	Consolidated Total
Total operating revenues	$ 132,270	$ 11,873	$ 46,547	$ (34,692)	$ 155,998
Total operating expenses	191,718	7,872	17,547	(27,360)	189,777
Operating (loss) income	$ (59,448)	$ 4,001	$ 29,000	$ (7,332)	$ (33,779)
Capital expenditures for segment assets	$ 150,646	$ 15,894	$ 38,776	$ (10,506)	$ 194,810
Depreciation, depletion and amortization	$ 79,515	$ 1,556	$ 6,855	$ (3,174)	$ 84,752

The operating results and assets of the Company's reportable segments were as follows for the six months ended June 30, 2017:

(in thousands)	Exploration and Production	Rice Midstream Holdings	Rice Midstream Partners	Elimination of Intersegment Transactions	Consolidated Total
Total operating revenues	$723,705	$ 58,791	$135,127	$ (125,510)	$ 792,113
Total operating expenses	672,971	18,858	47,518	(102,890)	636,457
Operating income (loss)	$50,734	$ 39,933	$87,609	$ (22,620)	$ 155,656
Capital expenditures for segment assets	$494,014	$ 123,782	$58,036	$ (31,506)	$ 644,326
Depreciation, depletion and amortization	$273,317	$ 3,187	$15,164	$ (8,886)	$ 282,782
Segment assets	$6,019,255	$ 589,584	$1,471,348	$ (85,137)	$ 7,995,050
Goodwill	$368,992	$ —	$510,019	$ —	$ 879,011

The operating results of the Company's reportable segments were as follows for the six months ended June 30, 2016:

(in thousands)	Exploration and Production	Rice Midstream Holdings	Rice Midstream Partners	Elimination of Intersegment Transactions	Consolidated Total
Total operating revenues	$247,660	$ 22,524	$ 101,090	$ (75,334)	$ 295,940
Total operating expenses	374,898	15,397	36,473	(49,659)	377,109
Operating (loss) income	$(127,238)	$ 7,127	$ 64,617	$ (25,675)	$ (81,169)
Capital expenditures for segment assets	$386,320	$ 54,267	$ 75,019	$ (31,077)	$ 484,529
Depreciation, depletion and amortization	$154,471	$ 2,645	$ 12,225	$ (5,404)	$ 163,937

The assets of the Company's reportable segments were as follows as of December 31, 2016:

(in thousands)	Exploration and Production	Rice Midstream Holdings	Rice Midstream Partners	Elimination of Intersegment Transactions	Consolidated Total
Segment assets	$6,120,530	$ 360,292	$1,399,217	$ (62,517)	$ 7,817,522
Goodwill	$384,431	$ —	$494,580	$ —	$ 879,011

9. Commitments and Contingencies

On October 14, 2013, the Company entered into a Development Agreement and Area of Mutual Interest Agreement (collectively, the "Utica Development Agreements") with Gulfport Energy Corporation ("Gulfport") covering approximately 50,000 aggregate net acres in the Utica Shale in Belmont County, Ohio. Pursuant to the Utica Development Agreements, the Company had approximately 68.7% participating interest in acreage currently owned or to be acquired by the Company or Gulfport located within Goshen and Smith Townships (the "Northern Contract Area") and an approximately 48.2% participating interest in acreage currently owned or to be acquired by the Company or Gulfport located within Wayne and Washington Townships (the "Southern Contract Area"), each within Belmont County, Ohio. The majority of the remaining participating interests are held by Gulfport. The participating interests of the Company and Gulfport in each of the Northern and Southern Contract Areas approximated the Company's then-current relative acreage positions in each area.

The Utica Development Agreements have terms of ten years and are terminable upon 90 days' notice by either party; provided that, with respect to interests included within a drilling unit, such interests shall remain subject to the applicable joint operating agreement and the Company and Gulfport shall remain operators of drilling units located in the Northern and Southern Contract Areas, respectively, following such termination.

Firm Transportation

The Company has commitments for gathering and firm transportation under existing contracts with third parties. Future payments under these contracts as of June 30, 2017 totaled $4.9 billion (remainder of 2017 - $95.1 million, 2018 - $242.2 million, 2019 - $235.5 million, 2020 - $235.2 million, 2021 - $234.8 million, 2022 - $234.4 million and thereafter - $3.6 billion).

Drilling Rig Service Commitments

As of June 30, 2017, the Company had five horizontal rigs under contract, of which three expire in 2017, one expires in 2018 and one expires in 2019. The Company also had four tophole drilling rigs under contract, of which one expires in 2017, one expires in 2018 and two expire in 2019. Future payments under these contracts as of June 30, 2017 totaled $62.7 million (remainder of 2017 - $23.3 million, 2018 - $31.3 million and 2019 - $8.1 million). Any other rig performing work for the Company is performed on a well-by-well basis and therefore can be released without penalty at the conclusion of drilling on the current well, the costs of which have not been included in the amounts above. The values above represent the gross amounts that the Company is committed to pay without regard to its proportionate share based on its working interest.

Frac Sand Commitments

Commencing in January 2017, the Company has commitments for frac sand to be used as a proppant in its hydraulic fracturing operations. Future commitments under these contracts as of June 30, 2017 totaled $38.2 million (remainder of 2017 - $7.6 million, 2018 - $15.2 million and 2019 - $15.4 million).

Litigation

From time to time the Company is party to various legal and/or regulatory proceedings arising in the ordinary course of business. While the ultimate outcome and impact to the Company cannot be predicted with certainty, the Company believes that all such matters are without merit and involve amounts which, if resolved unfavorably, either individually or in the aggregate, will not have a material adverse effect on its financial condition, results of operations or cash flows. When it is determined that a loss is probable of occurring and is reasonably estimable, the Company accrues an undiscounted liability for such contingencies based on its best estimate using information available at the time. The Company discloses contingencies where an adverse outcome may be material, or in the judgment of management, the matter should otherwise be disclosed.

10. Mezzanine Equity

On February 17, 2016, Midstream Holdings and GP Holdings, entered into a securities purchase agreement (the “Securities Purchase Agreement”) with EIG Energy Fund XVI, L.P., EIG Energy Fund XVI-E, L.P., and EIG Holdings (RICE) Partners, LP (collectively, the “Investors”) pursuant to which (i) Midstream Holdings agreed to issue and sell 375,000 Series B Units (“Series B Units”) with an aggregate liquidation preference of $375.0 million and (ii) GP Holdings agreed to issue and sell common units representing an 8.25% limited partner interest in GP Holdings (“GP Holdings Common Units”) for aggregate consideration of $375.0 million in a private placement (the “Midstream Holdings Investment”) exempt from the registration requirements under the Securities Act. In conjunction with the Securities Purchase Agreement, Midstream Holdings issued 1,000 Series A Units to Rice Energy Operating. The Midstream Holdings Investment closed on February 22, 2016 (the “Closing Date”).

In connection with the Closing Date, (i) Rice Energy Operating and the Investors entered into the Amended and Restated Limited Liability Company Agreement of Midstream Holdings (the “LLC Agreement”), which defines the preferences, rights, powers and duties of holders of the Series B Units and (ii) Rice Midstream GP Management LLC (“GP Management”), as general partner of GP Holdings, and Midstream Holdings and the Investors, as limited partners, entered into the Amended and Restated Agreement of Limited Partnership of GP Holdings, which defines the preferences, rights, powers and duties of holders of the GP Holdings Common Units (the “GP Holdings A&R LPA”).

In connection with the Midstream Holdings Investment, Midstream Holdings received gross proceeds of $375.0 million less transaction fees and expenses of approximately $6.2 million. Midstream Holdings used approximately $69.0 million of the proceeds to reduce outstanding borrowings under the Midstream Holdings Revolving Credit Facility and $300.0 million was distributed to the Company.

Series B Units

Pursuant to the LLC Agreement, the Series B Units rank senior to all other equity interests in Midstream Holdings with respect to the payment of distributions and distribution of assets upon liquidation, dissolution and winding up. The Series B Units will pay quarterly distributions at a rate of 8% per annum, payable in cash or “in-kind” through the issuance of additional Series B Units, subject to certain exceptions, at Midstream Holdings' option for the first two years, and in cash thereafter.

Distributions are payable on January 1, April 1, July 1 and October 1 of each year that the Series B Units remain outstanding. For purposes of the second quarter 2017 distribution, the Company paid $7.7 million in cash in July 2017.

The Investors holding Series B Units have the option to require Midstream Holdings to redeem the Series B Units on or after the tenth anniversary of the Closing Date at an amount equal to $1,000 per Series B Unit plus any accrued and unpaid distributions (the "Liquidation Preference"). The Series B Units are subject to an optional cash redemption by Midstream Holdings after the third anniversary of the Closing Date, at an amount equal to the Liquidation Preference. If any of the Company, the Partnership or Midstream Holdings undergoes a Change in Control (as defined in the LLC Agreement), the Investors have the right to require Midstream Holdings to repurchase any or all of the Series B Units for cash (the "Investor Put Right"), and Midstream Holdings has the right to repurchase any or all of the Series B Units for cash. The redemption price pursuant to the Investor Put Right for a Change of Control prior to February 2019 is equal to the sum of (a) $1,000 per Series B Unit plus (b) any distributions that have accrued but have not been paid on such Series B Units as of the date of determination of a Change in Control plus (c) all distributions that would accrue following the date of determination of a Change in Control through the third anniversary of the Closing Date ("Accelerated Distributions," and together with (a) and (b), the "Early Redemption Price"). The holders of the Series B units do not have the power to vote or dispose of the equity interest in the Partnership held by GP Holdings.

In relation to the Series B Units, the occurrence of certain events or violations of certain financial and non-financial restrictions will constitute "Triggering Events" (as defined in the Securities Purchase Agreement) that may result in various consequences, including additional restrictions on the activities of Midstream Holdings, including the termination of the Investor's additional commitment, increases in the distribution rate, additional governance rights for the Investors and other measures depending on the applicable Triggering Event. As of June 30, 2017, none of the Triggering Events had occurred.

In the event that Midstream Holdings or GP Holdings pursues an initial public offering, Midstream Holdings may redeem the Series B Units at a redemption price equal to the Liquidation Preference on the date of the closing of the applicable initial public offering plus all additional distributions that would have otherwise been paid through the third anniversary of the Closing Date. Midstream Holdings may satisfy this redemption price in cash or common equity interests of the entity that completes an initial public offering. In the event of any liquidation and winding up of Midstream Holdings, profits and losses will be allocated to the holders of the Series B Units so that, to the maximum extent possible, the capital accounts of the Series B unitholders will equal the aggregate Liquidation Preference.

GP Holdings Common Units

Pursuant to the GP Holdings A&R LPA, the holders of the GP Holdings Common Units are entitled to distributions of GP Holdings in proportion to their pro rata share of the outstanding GP Holdings Common Units. Distributions will occur upon GP Holdings receipt of any distributions of cash in respect of the equity interests in the Partnership held by GP Holdings.

The Investors holding GP Holdings Common Units have tag-along rights in connection with a sale of the common equity interests in GP Holdings to a third-party. The holders of GP Holdings Common Units will have drag-along rights in connection with a sale of the majority of the common equity interests in GP Holdings to a third-party, subject to the achievement of an agreed-upon minimum return. If a qualifying initial public offering of GP Holdings is not consummated prior to the fifth anniversary of the Closing Date, the holders of the GP Holdings Common Units shall have the right to require GP Holdings to repurchase all of their GP Holdings Common Units for cash in an aggregate purchase price of $125.0 million. In the event of a Change in Control or a GP Change in Control (as each term is defined in the GP Holdings A&R LPA) of the Company, Midstream Holdings or GP Holdings, the Purchasers shall have the right to require GP Holdings to repurchase all of their GP Holdings Common Units for an aggregate purchase price of $125.0 million ("Minimum Investor Return"). The holders of the GP Holdings Common Units do not have the power to vote or dispose of the Partnership's units held by GP Holdings.

In the event GP Holdings sells any of its assets, subject to certain exceptions, GP Holdings may only make distributions of such proceeds to the extent that GP Holdings meets certain requirements, including the requirement to retain a certain amount of cash or cash equivalents following the sale of such assets. In the event of any liquidation and winding up of GP Holdings, GP Management, in its capacity as general partner, will appoint a liquidator to wind up the affairs and make final distributions as provided for in the GP Holdings A&R LPA.

After September 30, 2016 and prior to the eighteen-month anniversary of the closing of the Midstream Holdings Investment, upon the satisfaction of certain financial and operational metrics, Midstream Holdings has the right to require the Investors to purchase additional Series B Units and GP Holdings Common Units. Midstream Holdings may require the Investors to purchase at least $25.0 million of additional units on up to three occasions, up to a total aggregate amount of $125.0 million. Pursuant to the Securities Purchase Agreement, Midstream Holdings is required to pay the Investors a quarterly cash commitment fee of 2% per annum on any undrawn amounts of the additional $125.0 million commitment. The commitment fee paid in cash was approximately $0.6 million and $1.2 million for the three and six months ended June 30, 2017. No additional units have been purchased by the Investors since the closing of the Midstream Holdings Investment.

As the Investors have an option to redeem the Series B Units and GP Holdings Common Units for cash at a future date, the proceeds from such securities (net of accretion and issuances costs and fees) are not considered to be a component of stockholders' equity on the condensed consolidated balance sheet, and such Series B Units and GP Holdings Common Units are reported as mezzanine equity on the condensed consolidated balance sheet. The following table represents the value allocated to the Series B Units and GP Holdings Common Units at inception.

(in thousands)	
At Inception	
Series B Units	$341,661
GP Holdings Common Units	33,339
Less: issuance costs and fees	(6,242)
Carrying amount of redeemable noncontrolling interest at inception	$368,758

Effects of the Proposed Merger

As a result of the entry into the Merger Agreement (as discussed in Note 1), the Company reassessed the probability of a Change in Control under the LLC Agreement and the GP Holdings A&R LPA and determined that a Change in Control was probable. As such, we assessed certain embedded derivatives requiring bifurcation in the LLC Agreement and GP Holdings A&R LPA and determined that the value of the Investor Put Right has increased as a result of the increased probability of the Change in Control. The fair value of the Investor Put Right, a Level 3 financial instrument (refer to Notes 6 and 7), was calculated under a Black-Derman-Toy model and the with-and-without method as a form of the income approach. This method compared the value of the Series B Units with and without the Investor Put Right in determining the fair value of the Investor Put Right as of June 30, 2017. Significant assumptions in the Black-Derman-Toy model included the treasury yield curve, interest rate volatility curve, market yield spread, probability of the closing of the Merger and the estimated closing date of the Merger. As of June 30, 2017, the fair value of the Investor Put Right embedded derivative was approximately $15.4 million and is included as an embedded derivative liability in the accompanying condensed consolidated balance sheet.

Additionally, as a result of the entry into the Merger Agreement, the Company concluded that while the Series B Units and GP Holdings Common Units were not currently redeemable as of June 30, 2017, it was probable that they would become redeemable by the Investors prior to the respective earliest redemption dates as stipulated in the LLC Agreement and the GP Holdings A&R LPA, respectively. As the Series B Units would become redeemable at the Early Redemption Price, the Company accelerated accretion of the un-accreted discount to the face amount of the Series B Units and began accreting Accelerated Distributions under the assumption that the Merger would close in the fourth quarter of 2017. Similarly, as the GP Holdings Common Units would become redeemable to the effect of the Minimum Investor Return, the Company began accreting the GP Holdings Common Units from their fair value at inception to the Minimum Investor Return under the assumption that the Merger would close in the fourth quarter of 2017. Lastly, the Company accelerated amortization of unamortized issuance costs and fees under the assumption that the Merger would close in the fourth quarter of 2017.

The following table represents detail of the balance of redeemable noncontrolling interest, net on the condensed consolidated balance sheet as of June 30, 2017 after the effects of the Merger as discussed above.

(in thousands)	
As of June 30, 2017	
Face amount of Series B Units	$375,000
Plus: Accelerated Distributions	50,997
Plus: distributions paid in kind	11,504
Less: un-accreted discount of face amount of Series B Units	(28,349)
Less: un-accreted Accelerated Distributions	(47,331)
Carrying amount of Series B Units	361,821
GP Holdings Common Units	33,339
Plus: additional value to Minimum Investor Return	91,661
Less: un-accreted additional value to Minimum Investor Return	(85,071)
Carrying amount of GP Holdings Common Units	39,929
Less: unamortized issuance costs and fees	(5,039)
Redeemable noncontrolling interest, net	$396,711

The Investors holding GP Common Units are subject to an allocation of income and losses associated with their respective ownership percentages in GP Holdings. Income attributable to the Investors was $1.1 million and $0.9 million for the three months ended June 30, 2017 and 2016, respectively. Income attributable to the Investors for the six months ended June 30, 2017 and for the period from February 22, 2016 through June 30, 2016 was $2.1 million and $1.4 million, respectively.

11. Stockholders' Equity

The Company's Board of Directors did not declare or pay a dividend for the six months ended June 30, 2017. On May 18, 2017, a cash distribution of $0.2608 per common and subordinated unit was paid by the Partnership to the Partnership's unitholders related to the first quarter of 2017. On July 20, 2017, the Board of Directors of the Partnership's general partner declared a cash distribution to the Partnership's unitholders for the second quarter of 2017 of $0.2711 per common and subordinated unit. The cash distribution will be paid on August 17, 2017 to unitholders of record at the close of business on August 8, 2017. Also on August 17, 2017, a cash distribution of $1.6 million will be made to GP Holdings related to its incentive distribution rights in the Partnership in accordance with the partnership agreement.

The Company's authorized common stock includes 650,000,000 shares of common stock, $0.01 par value per share. The following table presents a summary of changes to the Company's common shares from January 1, 2016 through June 30, 2017:

Balance, January 1, 2016	136,387,194
April 2016 Equity Offering	20,000,000
September 2016 Equity Offering	46,000,000
Conversion of warrants into shares of common stock	30,242
Common stock awards vested, net	189,472
Balance as of December 31, 2016	202,606,908
Conversion of REO Common Units (as defined in Note 15) into shares of common stock	8,479,336
Common stock awards vested, net	558,743
Balance, June 30, 2017	211,644,987

12. Incentive Units

In connection with the Company's initial public offering ("IPO") and the related corporate reorganization, the Rice Energy Operating incentive unit holders contributed their Rice Energy Operating incentive units to NGP Holdings and Rice Energy Holdings LLC ("Rice Holdings") in return for (i) incentive units in such entities that, in the aggregate, were substantially similar to the Rice Energy Operating incentive units they previously held and (ii) shares of common stock in the amount of $3.4 million related to the extinguishment of the incentive burden attributable to Mr. Daniel J. Rice III. No payments were made in respect of incentive units prior to the completion of the Company's IPO. As a result of the IPO, the payment likelihood related to the NGP Holdings and Rice Holdings incentive units was deemed probable, requiring the Company to recognize compensation expense. The compensation expense related to these interests is treated as additional paid in capital from NGP Holdings and Rice Holdings

in the Company's financial statements and is not deductible for federal or state income tax purposes. The compensation expense recognized is a non-cash charge, with the settlement obligation resting on NGP Holdings and Rice Holdings, and as such, the incentive units are not dilutive to Rice Energy Inc.

NGP Holdings

The NGP Holdings incentive units were considered a liability-based award and were adjusted to fair market value on a quarterly basis until all payments were made. During 2016, NGP Holdings sold its remaining shares of the Company's common stock in connection with the Company's public offering on April 15, 2016. No future expense will be recognized related to the NGP Holdings incentive units as a result of the April 2016 settlement of the remaining NGP Holdings incentive unit obligation. The Company recognized $9.0 million and $27.3 million of non-cash compensation expense for the three and six months ended June 30, 2016, respectively.

Rice Holdings

The Rice Holdings incentive units are considered an equity-based award with the fair value of the award determined at the grant date and amortized over the service period of the award using the straight-line method. Compensation expense relative to the Rice Holdings incentive units was $4.8 million and $7.7 million for the three and six months ended June 30, 2017, respectively, and $5.8 million and $11.7 million for the three and six months ended June 30, 2016, respectively. The Company will recognize approximately $3.3 million of additional compensation expense over the remaining expected service period related to the Rice Holdings incentive units.

In August 2014, the triggering event for the Rice Holdings incentive units was achieved. As a result, in September 2014, 2015 and 2016, Rice Holdings distributed one quarter, one third and one half, respectively, of its then-remaining assets (consisting solely of shares of the Company's common stock) to its members pursuant to the terms of its limited liability company agreement. In addition, in September 2017, Rice Holdings will distribute all of its then-remaining assets (consisting solely of shares of the Company's common stock) to its members pursuant to the terms of its limited liability company agreement. As a result, over time, the shares of the Company's common stock held by Rice Holdings will be transferred in their entirety to the members of Rice Holdings.

Combined

Total combined compensation expense attributable to the incentive units was $4.8 million and $7.7 million for the three and six months ended June 30, 2017, respectively, and $14.8 million and $39.0 million for the three and six months ended June 30, 2016, respectively.

The three tranches of the incentive units having a time vesting feature and were fully vested as of December 31, 2016. Two tranches of the incentive units do not have a time vesting feature, and their payouts are triggered upon a future payment condition. As such, none of these awards have vested as of June 30, 2017.

13. Variable Interest Entities

Pursuant to an evaluation performed upon adoption of ASU 2015-02, "Consolidation (Topic 810): Amendments to the Consolidation Analysis," the Company concluded that the Partnership, GP Holdings, Strike Force Midstream LLC ("Strike Force Midstream"), a subsidiary of Midstream Holdings and Gulfport Midstream Holdings LLC ("Gulfport Midstream"), a wholly owned subsidiary of Gulfport, and Rice Energy Operating each meet the criteria for variable interest entity ("VIE") classification, as described in further detail below.

Rice Midstream Partners LP

The Company evaluated the Partnership for consolidation and determined the Partnership to be a VIE. The Company determined that the primary beneficiary of the Partnership is GP Holdings. As of June 30, 2017, Midstream Holdings held a significant indirect interest in the Partnership through (i) its ownership of a 91.75% limited liability partnership interest in GP Holdings, which owned an approximate 28% limited partner interest in the Partnership, and (ii) through ownership of its wholly-owned subsidiary Rice Midstream Management LLC, which holds all of the substantive voting and participating rights in the Partnership. As a result, through this ownership, the Company holds the power to direct the activities of the Partnership that most significantly impact the Partnership's economic performance and the obligation to absorb losses or the right to receive benefits from the Partnership that could potentially be significant to the Partnership.

As of June 30, 2017, the Company consolidated the Partnership, recording noncontrolling interest related to the net income of the Partnership attributable to its public unitholders. The following table presents summary information of assets and

liabilities of the Partnership that is included in the Company's condensed consolidated balance sheets that are for the use or obligation of the Partnership.

(in thousands)	June 30, 2017	December 31, 2016
Assets (liabilities):		
Cash	$12,196	$ 21,834
Accounts receivable	9,058	8,758
Other current assets	129	64
Property and equipment, net	860,011	805,027
Goodwill and intangible assets, net	538,297	539,105
Deferred financing costs, net	10,493	12,591
Accounts payable	(9,376)	(4,172)
Accrued capital expenditures	(16,288)	(9,074)
Other current liabilities	(7,313)	(8,376)
Long-term debt	(206,000)	(190,000)
Other long-term liabilities	(6,283)	(5,189)

The following table presents summary information of the Partnership's financial performance included in the condensed consolidated statements of operations for the three and six months ended June 30, 2017 and 2016 and cash flows for the six months ended June 30, 2017 and 2016, inclusive of affiliate amounts.

	Three Months Ended June 30,		Six Months Ended June 30,	
(in thousands)	2017	2016	2017	2016
Operating revenues	$72,377	$46,547	$135,127	$101,090
Operating expenses	$25,365	$17,547	$47,519	$36,473
Net income	$44,059	$27,936	$81,674	