DUPONT E I DE NEMOURS & CO
Form 4
September 04, 2013

FORM 4

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

OMB APPROVAL	
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STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person *
BROWN RICHARD H

(Last) (First) (Middle)

1007 MARKET STREET, D-9000

(Street)

WILMINGTON, DE 19898

(City) (State) (Zip)

2. Issuer Name **and** Ticker or Trading Symbol
DUPONT E I DE NEMOURS & CO [DD]

3. Date of Earliest Transaction (Month/Day/Year)
08/31/2013

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

__X__ Director _____ 10% Owner
_____ Officer (give title below) _____ Other (specify below)

6. Individual or Joint/Group Filing(Check Applicable Line)
_X_ Form filed by One Reporting Person
___ Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1.Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)		4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)			5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price			
Common Stock	08/31/2013		A		441.54	A	$ 56.62	47,061.2196 (1)	D	

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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SEC 1474 (9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(*e.g.*, puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)		5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)		6. Date Exercisable and Expiration Date (Month/Day/Year)		7. Title and Amount of Underlying Securities (Instr. 3 and 4)		8. Price of Derivative Security (Instr. 5)	9. Nu Deriv Secur Bene Owne Follo Repo Trans (Instr
				Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares		

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
BROWN RICHARD H 1007 MARKET STREET D-9000 WILMINGTON, DE 19898	X			

Signatures

Erik T. Hoover by Power of Attorney	09/04/2013
**Signature of Reporting Person	Date

Explanation of Responses:

* If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

(1) Includes direct ownership, unvested RSUs and vested deferred stock units.

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1,000

8,679

1,888

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

NYMEX Henry Hub prompt month contract prices are widely-used benchmarks in the pricing of natural gas. The following table provides the high and low prices for NYMEX Henry Hub prompt month contract prices and our differential to the average of those benchmark prices for the periods indicated.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
NYMEX Henry Hub High ($/MMBtu)	$3.27	$2.93	$3.65	$2.93
NYMEX Henry Hub Low ($/MMBtu)	$2.83	$1.71	$2.44	$1.64
NYMEX Henry Hub Price ($/MMBtu)	$3.18	$1.95	$3.25	$2.02
Less: Average Basis Impact ($/MMBtu)	(0.49)	(0.27)	(0.43)	(0.31)
Plus: Btu Uplift (MMBtu/Mcf)	0.14	0.09	0.14	0.08
Pre-Hedge Realized Price ($/Mcf)	$2.83	$1.77	$2.96	$1.79

Consolidated Results of Operations

Below are some highlights of our financial and operating results for the three and six months ended June 30, 2017 and 2016:

- Our natural gas, oil and NGL sales were $348.9 million and $122.3 million in the three months ended June 30, 2017 and 2016, respectively, and $705.7 million and $234.8 million in the six months ended June 30, 2017 and 2016, respectively.
- Our production volumes were 123.2 Bcfe and 68.9 Bcfe in the three months ended June 30, 2017 and 2016, respectively, and 237.7 Bcfe and 130.3 Bcfe in the six months ended June 30, 2017 and 2016, respectively.
- Our gathering, compression and water services revenues were $38.1 million and $23.7 million in the three months ended June 30, 2017 and 2016, respectively, and $68.4 million and $48.3 million in the six months ended June 30, 2017 and 2016, respectively.
- Our per unit cash production costs were $0.51 per Mcfe and $0.56 per Mcfe in the three months ended June 30, 2017 and 2016, respectively, and $0.55 per Mcfe and $0.60 per Mcfe in the six months ended June 30, 2017 and 2016, respectively.

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The following tables set forth selected operating and financial data for the three and six months ended June 30, 2017 and 2016:

	Three Months Ended June 30,			Six Months Ended June 30,		
	2017	2016	Change	2017	2016	Change
Natural gas sales (in thousands)	$345,085	$121,312	$223,773	$697,047	$232,866	$464,181
Oil and NGL sales (in thousands)	3,807	1,000	2,807	8,679	1,888	6,791
Natural gas, oil and NGL sales (in thousands)	$348,892	$122,312	$226,580	$705,726	$234,754	$470,972
Natural gas production (Bcf)	121.9	68.7	53.2	235.1	129.7	105.4
Oil and NGL production (MBbls)	207.9	40.7	167.2	430.9	96.8	334.1
Total production (Bcfe)	123.2	68.9	54.3	237.7	130.3	107.4
Average natural gas prices before effects of hedges per Mcf	$2.83	$1.77	$1.06	$2.96	$1.79	$1.17
Average realized natural gas prices after effects of hedges per Mcf [1]	2.68	2.75	(0.07)	2.83	2.81	0.02
Average oil and NGL prices per Bbl:	18.31	24.56	(6.25)	20.14	19.50	0.64
Average costs per Mcfe						
Lease operating	$0.14	$0.13	$0.01	$0.17	$0.15	$0.02
Gathering, compression and transportation	0.32	0.39	(0.07)	0.33	0.42	(0.09)
Production taxes and impact fees	0.05	0.04	0.01	0.05	0.03	0.02
General and administrative	0.32	0.42	(0.10)	0.31	0.42	(0.11)
Depreciation, depletion and amortization	1.18	1.23	(0.05)	1.19	1.26	(0.07)
Total gathering, compression and water services revenues (in thousands):	$38,065	$23,728	$14,337	$68,408	$48,280	$20,128
Gathering volumes (MDth/d)	2,535	1,592	943	2,371	1,441	930
Compression volumes (MDth/d)	1,338	1,025	313	1,361	770	591
Water distribution volumes (MMgal)	424	335	89	789	797	(8)

[1] The effect of hedges includes realized gains and losses on commodity derivative transactions.

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(in thousands, except per share data)	Three Months Ended June 30, 2017	2016	Change	Six Months Ended June 30, 2017	2016	Change
Operating revenues:						
Natural gas, oil and NGL sales	$348,892	$122,312	$226,580	$705,726	$234,754	$470,972
Gathering, compression and water services	38,065	23,728	14,337	68,408	48,280	20,128
Other revenue	11,350	9,958	1,392	17,979	12,906	5,073
Total operating revenues	398,307	155,998	242,309	792,113	295,940	496,173
Operating expenses:						
Lease operating	17,645	9,038	8,607	40,294	20,109	20,185
Gathering, compression and transportation	39,131	27,169	11,962	78,557	55,301	23,256
Production taxes and impact fees	6,679	2,659	4,020	12,832	4,310	8,522
Exploration	7,106	5,548	1,558	11,118	6,538	4,580
Midstream operation and maintenance	8,348	4,555	3,793	14,998	14,177	821
Incentive unit expense	4,800	14,840	(10,040)	7,683	38,982	(31,299)
Acquisition expense	2,408	84	2,324	2,615	556	2,059
Impairment of gas properties	—	—	—	92,355	—	92,355
Impairment of fixed assets	—	—	—	—	2,595	(2,595)
General and administrative	39,226	29,272	9,954	73,050	54,145	18,905
Depreciation, depletion and amortization	145,904	84,752	61,152	282,782	163,937	118,845
Amortization of intangible assets	406	403	3	808	811	(3)
Other expense	13,207	11,457	1,750	19,365	15,648	3,717
Total operating expenses	284,860	189,777	95,083	636,457	377,109	259,348
Operating income (loss)	113,447	(33,779)	147,226	155,656	(81,169)	236,825
Interest expense	(27,269)	(24,802)	(2,467)	(54,292)	(49,323)	(4,969)
Other income	273	2,549	(2,276)	453	2,762	(2,309)
Gain (loss) on derivative instruments	103,558	(201,555)	305,113	88,779	(131,376)	220,155
Loss on embedded derivatives	(15,417)	—	(15,417)	(15,417)	—	(15,417)
Amortization of deferred financing costs	(3,426)	(1,618)	(1,808)	(6,078)	(3,169)	(2,909)
Income (loss) before income taxes	171,166	(259,205)	430,371	169,101	(262,275)	431,376
Income tax (expense) benefit	(33,917)	120,496	(154,413)	(33,341)	126,871	(160,212)
Net income (loss)	137,249	(138,709)	275,958	135,760	(135,404)	271,164
Less: Net income attributable to noncontrolling interests	(53,724)	(17,977)	(35,747)	(78,533)	(38,870)	(39,663)
Net income (loss) attributable to Rice Energy Inc.	83,525	(156,686)	240,211	57,227	(174,274)	231,501
Less: Preferred dividends and accretion of redeemable noncontrolling interests	(20,656)	(7,944)	(12,712)	(28,988)	(11,402)	(17,586)
Net income (loss) attributable to Rice Energy Inc. common stockholders	$62,869	$(164,630)	$227,499	$28,239	$(185,676)	$213,915
Loss per share - basic	$0.31	$(1.07)	1.38	$0.14	$(1.28)	$1.42
Loss per share - diluted	$0.30	$(1.07)	1.37	$0.14	$(1.28)	$1.42

Three Months Ended June 30, 2017 Compared to Three Months Ended June 30, 2016

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Total operating revenues. The increase in total operating revenues was the result of a 77% increase in natural gas production from 68.7 Bcfe in the second quarter of 2016 compared to 121.9 Bcfe in the second quarter of 2017. During the three months ended June 30, 2017, we turned 30 gross (26 net) wells into sales, bringing our total producing well count to 431 gross (329 net). Also contributing to the increase in operating revenues was an increase in our period-over-period realized price. Our realized price for the three months ended June 30, 2017 was $2.83 per Mcf compared to $1.77 for the three months ended June 30, 2016, in each case before the effect of hedges. Operating revenues were also positively impacted by a 60% increase in gathering, compression and water services revenues period-over-period. In addition, post-acquisition revenue associated with the Vantage Acquisition was $106.0 million for the three months ended June 30, 2017.

Lease operating. The increase in lease operating expense from $9.0 million for the three months ended June 30, 2016 to $17.6 million for the three months ended June 30, 2017, or 95%, was primarily attributable to an increase in our production base period-over-period. In addition, lease operating expense per unit of production increased period-over-period from $0.13 for the three months ended June 30, 2016 to $0.14 for the three months ended June 30, 2017. The increase on a per unit basis was primarily attributable to the addition of producing wells in the Fort Worth Basin acquired from Vantage in the fourth quarter of 2016.

Gathering, compression and transportation. Gathering, compression and transportation expense for the second quarter of 2017 of $39.1 million was comprised of $30.0 million of transportation contracts with third parties and $9.1 million of gathering and compression charges from third parties. The 44% increase was primarily attributable to a 79% increase in production volumes for the three months ended June 30, 2017 compared to the three months ended June 30, 2016, which favorably impacted the gathering, compression and transportation rate.

Production taxes and impact fees. Production taxes are directly related to natural gas, oil and NGLs sales. The increase from $2.7 million for the three months ended June 30, 2016 to $6.7 million for the three months ended June 30, 2017, or 151%, was primarily due to a severance tax on gas produced by our Fort Worth Basin assets.

Midstream operation and maintenance. The increase in midstream operation and maintenance expense from $4.6 million for the three months ended June 30, 2016 to $8.3 million for the three months ended June 30, 2017, or 83%, primarily relates to additional operation and maintenance expense associated with midstream and water assets acquired in connection with the Vantage Acquisition that were not present in the prior year. In addition, the increase in operation and maintenance expense was due to an increase in variable water costs associated with the need for supplemental water systems to support combination hydraulic fracturing during the three months ended June 30, 2017, as well as an increase in pipeline maintenance expenses.

Incentive unit expense. Incentive unit expense decreased 68% period-over-period. In the second quarter of 2016, the $14.8 million expense consisted of $5.8 million of non-cash compensation expense related to the Rice Energy Holdings LLC ("Rice Holdings") incentive units and $9.0 million of non-cash compensation expense related to the quarterly fair market value adjustment for the NGP Holdings incentive units. In the second quarter of 2017, the $4.8 million expense consisted of non-cash compensation expense related to the Rice Holdings incentive units. 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. See "Item 1. Financial Statements—Notes to Condensed Consolidated Financial Statements—12. Incentive Units" for additional information.

General and administrative. For the three months ended June 30, 2017, general and administrative expense increased approximately 34%, which was primarily attributable to the addition of personnel to support our growth activities and related salary and employee benefits. On a per unit basis, general and administrative expense decreased by 24%, from $0.42 per Mcfe during the three months ended June 30, 2016 to $0.32 per Mcfe during the three months ended June 30, 2017, primarily due to a 79% increase in production. Included in general and administrative expense is stock compensation expense of $6.2 million and $6.1 million for the three months ended June 30, 2017 and 2016, respectively.

Depreciation, depletion and amortization expense ("DD&A"). The increase from $84.8 million for the three months ended June 30, 2016 to $145.9 million for the three months ended June 30, 2017, or 72%, was a result of a greater number of producing wells in the second quarter of 2017 compared to the second quarter of 2016. As of June 30, 2017, we had 431 gross (329 net) producing wells, a 39% increase when compared to the number of producing wells as of June 30, 2016. On a per unit basis, DD&A expense decreased $0.05 per Mcfe, or 4%, from $1.23 for the three months ended June 30, 2016 to $1.18 per Mcfe for the three months ended June 30, 2017 due primarily to well cost reductions and drilling and completion efficiencies that we have achieved during the period.

Interest expense. The increase from $24.8 million for the three months ended June 30, 2016 to $27.3 million for the three months ended June 30, 2017, or 10%, was a result of higher levels of average borrowings outstanding during the second quarter of 2017 as compared to the second quarter of 2016 in order to fund our capital programs.

Gain (loss) on derivative instruments. The $103.6 million gain on derivative contracts in the second quarter of 2017 is comprised of cash payments of $18.7 million on the settlement of maturing contracts and a $122.2 million unrealized gain in the second quarter of 2017. The $201.6 million loss on derivative contracts in the second quarter of 2016 was comprised of $67.4 million of cash receipts on the settlement of maturing contracts and a $268.9 million unrealized loss.

Loss on embedded derivatives. The $15.4 million loss on embedded derivatives in the second quarter of 2017 was related to our reassessment of the probability of a Change in Control under the LLC Agreement and the GP Holdings A&R LPA following our entry into the Merger Agreement and determination that the occurrence of a Change in Control was probable. As a result, 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 increased as a result of the change in probability. As of June 30, 2017, the embedded derivative fair value of the Investor Put Right was approximately $15.4 million and is included as an embedded derivative liability in the accompanying condensed consolidated balance sheet. Please see “Item 1. Financial Statements—Notes to Condensed Consolidated Financial Statements—10. Mezzanine Equity” for further information.

Income tax (expense) benefit. The increase in income tax expense from an income tax benefit of $120.5 million for the three months ended June 30, 2016 to an income tax expense of $33.9 million for the three months ended June 30, 2017, or 128%, was primarily the result of an increase in net income before income taxes.

Six Months Ended June 30, 2017 Compared to Six Months Ended June 30, 2016

Total operating revenues. The $496.2 million, or 168% increase in total operating revenues period-over-period was mainly a result of an increase in natural gas production from 129.7 Bcfe for the six months ended June 30, 2016 to 235.1 Bcfe for the six months ended June 30, 2017. Also contributing to the increase in operating revenues was an increase in our period-over-period realized price. Our realized price for the six months ended June 30, 2017 was $2.96 per Mcf compared to $1.79 per Mcf for the six months ended June 30, 2016, in each case before the effect of hedges. Operating revenues were also positively impacted by a 42% increase in gathering, compression and water service revenues period-over-period. In addition, post-acquisition revenue associated with the Vantage Acquisition was $201.9 million for the six months ended June 30, 2017.

Lease operating. The $20.2 million, or 100% increase in lease operating expenses period-over-period was primarily attributable to an increase in our production base period-over-period. In addition, lease operating expense per unit of production increased period-over-period from $0.15 for the six months ended June 30, 2016 to $0.17 for the six months ended June 30, 2017. The increase on a per unit basis was primarily attributable to the addition of producing wells in the Fort Worth Basin acquired from Vantage in the fourth quarter of 2016.

Gathering, compression and transportation. Gathering, compression and transportation expense for the six months ended June 30, 2017 of $78.6 million is mainly comprised of $62.8 million of transportation contracts with third parties and $15.8 million of gathering charges from third parties. The $23.3 million, or 42% increase was primarily attributable to an 82% increase in production volumes for the six months ended June 30, 2017 compared to the six months ended June 30, 2016, which favorably impacted the gathering, compression and transportation rate.

Production taxes and impact fees. Production taxes are directly related to natural gas, oil and NGLs sales. The $8.5 million, or 198%, increase in production taxes for the six months ended June 30, 2017 compared to the six months ended June 30, 2016 is primarily due to a severance tax on gas produced by our Fort Worth Basin assets.

Incentive unit expense. Incentive unit expense decreased 80% period-over-period. In the six months ended June 30, 2016, the $39.0 million expense consisted of $11.7 million of non-cash compensation expense related to the Rice Holdings incentive units and $27.3 million of compensation expense related to the final fair market value adjustment for the NGP Holdings incentive units. In the six months ended June 30, 2017, the $7.7 million expense consisted of of non-cash compensation expense related to the Rice Holdings incentive units. 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. See “Item 1. Financial Statements—Notes to Condensed Consolidated Financial Statements—12. Incentive Units” for additional information.

Impairment of gas properties. For the six months ended June 30, 2017, we recorded a $92.4 million impairment related to certain proved gas properties located in the Fort Worth Basin. As a result of significant declines in forward

Waha basis differentials, which is the primary sales point for our Fort Worth Basin production, we performed an asset recoverability test and determined that the carrying value of our Fort Worth Basin proved properties exceeded its fair value. See “Item 1. Financial Statements—Notes to Condensed Consolidated Financial Statements—3. Impairment” for additional information.

General and administrative. For the six months ended June 30, 2017, general and administrative expense increased approximately 35%, which was primarily attributable to the addition of personnel to support our growth activities and related salary and employee benefits. On a per unit basis, general and administrative expense decreased by 26%, from $0.42 per Mcfe

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during the six months ended June 30, 2016 to $0.31 per Mcfe during the six months ended June 30, 2017, primarily due to a 82% increase in production. Included in general and administrative expense is stock compensation expense of $11.3 million and $10.8 million for the six months ended June 30, 2017 and 2016, respectively.

DD&A. The increase from $163.9 million for the six months ended June 30, 2016 to $282.8 million for the six months ended June 30, 2017, or 72%, was a result of a greater number of producing wells in the six months ended June 30, 2017 compared to the six months ended June 30, 2016. As of June 30, 2017, we had 431 gross (329 net) producing wells, a 39% increase when compared to the number of producing wells as of June 30, 2016. On a per unit basis, DD&A expense decreased 0.07 per Mcfe, or 6%, from $1.26 for the six months ended June 30, 2016 to 1.19 per Mcfe for the six months ended June 30, 2017 due primarily to well cost reductions and drilling and completion efficiencies that we have achieved during the period.

Interest expense. The increase from $49.3 million for the six months ended June 30, 2016 to $54.3 million for the six months ended June 30, 2017, or 10%, was a result of higher levels of average borrowings outstanding during the six months ended June 30, 2017 as compared to the six months ended June 30, 2016 in order to fund our capital programs.

Gain (loss) on derivative instruments. The $88.8 million gain on derivative contracts in the six months ended June 30, 2017 is comprised of cash payments of $32.3 million on the settlement of maturing contracts and a $121.1 million unrealized gain in the six months ended June 30, 2017. The $131.4 million loss on derivative contracts in the six months ended June 30, 2016 was comprised of $131.5 million of cash receipts on the settlement of maturing contracts and a $262.8 million unrealized loss.

Loss on embedded derivatives. The $15.4 million loss on embedded derivatives in the second quarter of 2017 was related to our reassessment of the probability of a Change in Control under the LLC Agreement and the GP Holdings A&R LPA following our entry into the Merger Agreement and determination that the occurrence of a Change in Control was probable. As a result, 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 increased as a result of the change in probability. As of June 30, 2017, the embedded derivative fair value of the Investor Put Right was approximately $15.4 million and is included as an embedded derivative liability in the accompanying condensed consolidated balance sheet. Please see “Item 1. Financial Statements—Notes to Condensed Consolidated Financial Statements—10. Mezzanine Equity” for further information.

Income tax (expense) benefit. The increase in income tax expense from an income tax benefit of $126.9 million for the six months ended June 30, 2016 to an income tax expense of $33.3 million for the six months ended June 30, 2017, or 126%, was primarily the result of an increase in net income before income taxes.

Business Segment Results of Operations

We operate in three business segments: Exploration and Production, Rice Midstream Holdings and Rice Midstream Partners. We evaluate our business segments based on their contribution to our consolidated results based on operating income. Please see “Item 1. Financial Statements—Notes to Condensed Consolidated Financial Statements—8. Financial Information by Business Segment” for a reconciliation of the operating results and assets of our business segments.

The following tables set forth selected operating and financial data for each business segment during the three and six months ended June 30, 2017 compared to the three and six months ended June 30, 2016:

Exploration and Production Segment

	Three Months Ended June 30,			Six Months Ended June 30,		
(in thousands, except volumes)	2017	2016	Change	2017	2016	Change
Operating revenues:						
Natural gas, oil and NGL sales	$348,892	$122,312	$226,580	$705,726	$234,754	$470,972
Other revenue	11,350	9,958	1,392	17,979	12,906	5,073
Total operating revenues	360,242	132,270	227,972	723,705	247,660	476,045
Operating expenses:						
Lease operating	17,740	9,038	8,702	40,389	20,108	20,281
Gathering, compression and transportation	85,915	51,307	34,608	167,810	99,510	68,300
Production taxes and impact fees	6,679	2,659	4,020	12,832	4,310	8,522
Exploration	7,106	5,548	1,558	11,118	6,538	4,580
Incentive unit expense	4,664	14,141	(9,477)	7,464	37,012	(29,548)
Acquisition costs	1,356	—	1,356	1,563	—	1,563
Impairment of gas properties	—	—	—	92,355	—	92,355
Impairment of fixed assets	—	—	—	—	2,595	(2,595)
General and administrative	25,653	18,413	7,240	48,868	34,854	14,014
Depreciation, depletion and amortization	141,478	79,515	61,963	273,317	154,471	118,846
Other expense	11,210	11,097	113	17,255	15,500	1,755
Total operating expenses	301,801	191,718	110,083	672,971	374,898	298,073
Operating income (loss)	$58,441	$(59,448)	$117,889	$50,734	$(127,238)	$177,972
Operating volumes:						
Natural gas production (Bcf):	121.9	68.7	53.2	235.1	129.7	105.4
Oil and NGL production (MBbls):	207.9	40.7	167.2	430.9	96.8	334.1
Total production (Bcfe)	123.2	68.9	54.3	237.7	130.3	107.4

Three Months Ended June 30, 2017 Compared to Three Months Ended June 30, 2016

Natural gas, oil and NGL sales. The 185% increase in natural gas sales was the result of an increase in production in the second quarter of 2017 compared to the second quarter of 2016, as discussed above. During the three months ended June 30, 2017, we turned 30 gross (26 net) wells into sales, bringing our total producing well count to 431 gross (329 net). In addition to the impact of increased production volumes on operating revenues, our realized price increased from $1.77 per Mcf in the second quarter of 2016 to $2.83 per Mcf in the second quarter of 2017, in each case before the effect of hedges. In addition, post-acquisition revenue and production volumes associated with the Vantage Acquisition was $90.3 million and 32.5 Bcfe for the three months ended June 30, 2017, respectively.

Lease operating. The 95% increase in lease operating expense was primarily attributable to an increase in our production base period-over-period. In addition, lease operating expense per unit of production increased period-over-period from $0.13 for the three months ended June 30, 2016 to $0.14 for the three months ended June 30, 2017. The increase on a per unit basis was primarily attributable to the addition of producing wells in the Fort Worth Basin acquired from Vantage in the fourth quarter of 2016.

Gathering, compression and transportation. Gathering, compression and transportation expense of $85.9 million for the second quarter of 2017 includes approximately $53.9 million of affiliate and third-party gathering fees and $32.1 million of transportation contracts with third parties. The 67% increase in gathering, compression and transportation expenses was mainly due to increased volumes associated with the Rice Midstream Partners segment and the Rice Midstream Holdings segment in the second quarter of 2017 compared to the second quarter of 2016.

Production taxes and impact fees. Production taxes are directly related to natural gas, oil and NGLs sales. The increase from $2.7 million for the three months ended June 30, 2016 to $6.7 million for the three months ended June 30, 2017, or 151%, was primarily due to a severance tax on gas produced by our Fort Worth Basin assets.

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General and administrative. General and administrative expense increased from $18.4 million for the three months ended June 30, 2016 to $25.7 million for the three months ended June 30, 2017, an increase of 39%. The increase period-over-period was primarily attributable to the addition of personnel to support our growth activities and related salary and employee benefits. Included in general and administrative expense is stock compensation expense of $4.9 million and $3.2 million for the three months ended June 30, 2017 and 2016, respectively.

DD&A. DD&A expense increased from $79.5 million for the three months ended June 30, 2016 to $141.5 million for the three months ended June 30, 2017, an increase of 78%. The increase in segment DD&A was a result of an increase in production and greater number of producing wells in the second quarter of 2017 compared to the second quarter of 2016. As of June 30, 2017, we had 431 gross (329 net) producing Appalachian wells, a 39% increase when compared to the number of producing wells as of June 30, 2016.

Six Months Ended June 30, 2017 Compared to Six Months Ended June 30, 2016

Natural gas, oil and NGL sales. The 201% increase in natural gas sales was the result of an increase in production in the six months ended June 30, 2017 compared to the six months ended June 30, 2016, as discussed above. During the six months ended June 30, 2017, we turned 61 gross (55 net) wells into sales, bringing our total producing well count to 431 gross (329 net). In addition to the impact of increased production volumes on operating revenues, our realized price increased from $1.79 per Mcf in the six months ended June 30, 2016 to $2.96 per Mcf in the six months ended June 30, 2016, in each case before the effect of hedges. In addition, post-acquisition revenue and production volumes associated with the Vantage Acquisition was $174.1 million and 60.4 Bcfe for the three months ended June 30, 2017, respectively.

Lease operating. The 100% increase in lease operating expenses period-over-period was primarily attributable to an increase in our production base period-over-period. In addition, lease operating expense per unit of production increased period-over-period from $0.15 for the six months ended June 30, 2016 to $0.17 for the six months ended June 30, 2017. The increase on a per unit basis was primarily attributable to the addition of producing wells in the Fort Worth Basin acquired from Vantage in the fourth quarter of 2016.

Gathering, compression and transportation. Gathering, compression and transportation expense of $167.8 million for the six months ended June 30, 2017 includes approximately $100.6 million of affiliate and third-party gathering fees and $67.2 million of transportation contracts with third parties. The 69% increase in gathering, compression and transportation expenses was mainly due to increased volumes associated with the Rice Midstream Partners segment and the Rice Midstream Holdings segment in the six months ended June 30, 2017 compared to the six months ended June 30, 2016.

Production taxes and impact fees. Production taxes are directly related to natural gas, oil and NGLs sales. The $8.5 million, or 198%, increase in production taxes for the six months ended June 30, 2017 compared to the six months ended June 30, 2016 is primarily due to a severance tax on gas produced by our Fort Worth Basin assets.

Impairment of gas properties. For the six months ended June 30, 2017, we recorded a $92.4 million impairment related to certain proved gas properties located in the Fort Worth Basin. As a result of significant declines in forward Waha basis differentials, which is the primary sales point for our Fort Worth Basin production, we performed an asset recoverability test and determined that the carrying value of our Fort Worth Basin proved properties exceeded its fair value. See “Item 1. Financial Statements—Notes to Condensed Consolidated Financial Statements—3. Impairment” for additional information.

General and administrative. General and administrative expense increased from $34.9 million for the six months ended June 30, 2016 to $48.9 million for the six months ended June 30, 2017, an increase of 40%. The increase period-over-period was primarily attributable to the addition of personnel to support our growth activities and related salary and employee benefits. Included in general and administrative expense is stock compensation expense of $8.9 million and $5.8 million for the six months ended June 30, 2017 and 2016, respectively.

DD&A. DD&A expense increased from $154.5 million for the six months ended June 30, 2016 to $273.3 million for the six months ended June 30, 2017, an increase of 77%. The increase in segment DD&A was a result of an increase in production and greater number of producing wells in the six months ended June 30, 2017 compared to the six months ended June 30, 2016. As of June 30, 2017, we had 431 gross (329 net) producing Appalachian wells, a 39% increase when compared to the number of producing wells as of June 30, 2016.

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Explanation of Responses:

Rice Midstream Holdings Segment

	Three Months Ended June 30,			Six Months Ended June 30,		
(in thousands, except volumes)	2017	2016	Change	2017	2016	Change
Operating revenues:						
Gathering revenues	$29,334	$9,240	$20,094	$52,874	$17,776	$35,098
Compression revenues	2,613	2,633	(20)	5,918	4,748	1,170
Total operating revenues	31,947	11,873	20,074	58,792	22,524	36,268
Operating expenses:						
Midstream operation and maintenance	1,013	462	551	1,774	1,471	303
Incentive unit expense	136	699	(563)	219	1,970	(1,751)
General and administrative	6,375	5,071	1,304	11,145	8,827	2,318
Acquisition costs	556	84	472	556	484	72
Depreciation, depletion and amortization	1,790	1,556	234	3,187	2,645	542
Other expense	1,977	—	1,977	1,977	—	1,977
Total operating expenses	11,847	7,872	3,975	18,858	15,397	3,461
Operating income	$20,100	$4,001	$16,099	$39,934	$7,127	$32,807
Operating volumes:						
Gathering volumes (MDth/d):	1,175	658	517	1,073	556	517
Compression volumes (MDth/d):	446	461	(15)	502	412	90

Three Months Ended June 30, 2017 Compared to Three Months Ended June 30, 2016

Total operating revenues. Operating revenues increased from $11.9 million for the three months ended June 30, 2016 to $31.9 million for the three months ended June 30, 2017, an increase of 169%. The increase in total operating revenues was mainly the result of an increase in affiliate gathering and compression volumes between the Exploration and Production segment and the Rice Midstream Holdings segment, as well as an increase in third-party gathering volumes.

Midstream operation and maintenance. Midstream operation and maintenance expense increased from $0.5 million for the three months ended June 30, 2016 to $1.0 million for the three months ended June 30, 2017, an increase of 119%. The increase in midstream operation and maintenance expense was primarily due to increased preventative maintenance expenses on compressor stations and the timing of other general maintenance during the three months ended June 30, 2017.

General and administrative. General and administrative expense increased from $5.1 million for the three months ended June 30, 2016 to $6.4 million for the three months ended June 30, 2017, an increase of 26%. The increase in general and administrative expense period-over-period was primarily attributable to costs associated with personnel to support the Rice Midstream Holdings segment's growth activities. Included in general and administrative expense is stock compensation expense of $1.2 million and $1.7 million for the second quarter of 2017 and 2016, respectively.

DD&A. DD&A expense increased from $1.6 million for the three months ended June 30, 2016 to $1.8 million for the three months ended June 30, 2017, an increase of 15%. The increase in DD&A was mainly the result of an increase in midstream assets placed in service subsequent to the second quarter of 2016 and the related depreciation on those assets.

Six Months Ended June 30, 2017 Compared to Six Months Ended June 30, 2016

Total operating revenues. Operating revenues increased from $22.5 million for the six months ended June 30, 2016 to $58.8 million for the six months ended June 30, 2017, an increase of 161%. The increase in total operating revenues was mainly the result of an increase in affiliate gathering and compression volumes between the Exploration and Production segment and the Rice Midstream Holdings segment, as well as an increase in third-party gathering volumes.

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Midstream operation and maintenance. Midstream operation and maintenance expense increased from $1.5 million for the six months ended June 30, 2016 to $1.8 million for the six months ended June 30, 2017, an increase of 21%. The increase was primarily due to increased preventative maintenance expenses during the six months ended June 30, 2017.

General and administrative. General and administrative expense increased from $8.8 million for the six months ended June 30, 2016 to $11.1 million for the six months ended June 30, 2017, an increase of 26%. The increase in general and administrative expense period-over-period was primarily attributable to costs associated with personnel to support the Rice Midstream Holdings segment’s growth activities. Included in general and administrative expense is stock compensation expense of $2.1 million and $2.9 million for the six months ended June 30, 2017 and 2016, respectively.

DD&A. DD&A expense increased from $2.6 million for the six months ended June 30, 2016 to $3.2 million for the six months ended June 30, 2017, an increase of 20%. The increase in DD&A was mainly the result of an increase in midstream assets placed in service subsequent to the second quarter of 2016 and the related depreciation on those assets.

Rice Midstream Partners Segment

	Three Months Ended June 30,			Six Months Ended June 30,		
(in thousands, except volumes)	2017	2016	Change	2017	2016	Change
Operating revenues:						
Gathering revenues	$40,314	$26,249	$14,065	$76,534	$51,934	$24,600
Compression revenues	6,270	3,787	2,483	12,052	4,902	7,150
Water services revenues	25,793	16,511	9,282	46,541	44,254	2,287
Total operating revenues	72,377	46,547	25,830	135,127	101,090	34,037
Operating expenses:						
Midstream operation and maintenance	9,701	4,141	5,560	17,880	12,752	5,128
General and administrative	7,198	5,787	1,411	13,037	10,463	2,574
Depreciation, depletion and amortization	7,543	6,855	688	15,164	12,225	2,939
Acquisition costs	496	—	496	496	73	423
Amortization of intangible assets	406	403	3	808	811	(3)
Other expense (income)	20	361	(341)	133	149	(16)
Total operating expenses	25,364	17,547	7,817	47,518	36,473	11,045
Operating income	$47,013	$29,000	$18,013	$87,609	$64,617	$22,992
Operating volumes:						
Gathering volumes (MDth/d):	1,360	934	426	1,298	885	413
Compression volumes (MDth/d):	892	564	328	859	358	501
Water services volumes (MMgal):	424	335	89	789	797	(8)

Three Months Ended June 30, 2017 Compared to Three Months Ended June 30, 2016

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Total operating revenues. Operating revenues increased from $46.5 million for the three months ended June 30, 2016 to $72.4 million for the three months ended June 30, 2017, an increase of 55%. The increase in operating revenues period-over-period primarily relates to increased gathering and compression revenues associated with a 46% and 58% increase in gathering and compression throughput, respectively. The increase in operating revenues also related to the impact of post-acquisition revenues associated with the Vantage Midstream Entities of $15.7 million for the three months ended June 30, 2017, which was comprised of gathering, compression and water distribution volumes of 377 MDth/d, 50 MDth/d and 63 MMgal, respectively. Additionally, the increase is attributable to a $9.3 million increase in water services revenue due to a 27% increase in fresh water distribution volumes of 335 MMgal for the three months ended June 30, 2016 to 424 MMgal for the three months ended June 30, 2017.

Operation and maintenance expense. Total operation and maintenance expense increased from $4.1 million for the three months ended June 30, 2016 to $9.7 million for the three months ended June 30, 2017, an increase of 134%. The increase period-over-period was primarily due to increases in line maintenance expenses, as well as increases in compressor rental charges associated with the addition of compressor stations acquired in connection with the Vantage Midstream Acquisition. Additionally, the increase relates to an increase in variable water costs associated with supplemental water systems supporting combination fracing in Ohio.

General and administrative expense. General and administrative expense increased from $5.8 million for the three months ended June 30, 2016 to $7.2 million for the three months ended June 30, 2017, an increase of 24%. The increase in general and administrative expense period-over-period was primarily attributable to costs associated with personnel to support our growing midstream operations in Pennsylvania.

DD&A. Depreciation expense increased from $6.9 million for the three months ended June 30, 2016 to $7.5 million for the three months ended June 30, 2017, an increase of 10%. The increase period-over-period was primarily due to additional assets placed into service subsequent to the second quarter of 2016 associated with our gathering, compression and water handling and treatment services. From June 30, 2016 through June 30, 2017, our gathering and water pipeline miles increased by 40% and 22%, respectively.

Six Months Ended June 30, 2017 Compared to Six Months Ended June 30, 2016

Total operating revenues. Operating revenues increased from $101.1 million for the six months ended June 30, 2016 to $135.1 million for the six months ended June 30, 2017, an increase of 34%. The increase in operating revenues period-over-period primarily relates to increased gathering and compression revenues associated with a 192% and 377% increase in gathering and compression throughput, respectively. The increase in operating revenues also related to the impact of post-acquisition revenues associated with the Vantage Midstream Entities of $27.8 million for the six months ended June 30, 2017, which was comprised of gathering, compression and water distribution volumes of 377 MDth/d, 50 MDth/d and 63 MMgal, respectively.

Operation and maintenance expense. Total operation and maintenance expense increased from $12.8 million for the six months ended June 30, 2016 to $17.9 million for the six months ended June 30, 2017, an increase of 40%. The increase period-over-period was primarily due to increases in line maintenance expenses as well as increases in compressor rental charges associated with the addition of compressor stations acquired in connection with the Vantage Midstream Entities. Additionally, the increase relates to an increase in variable water costs associated with the supplemental water systems supporting combination fracs in Ohio.

General and administrative expense. General and administrative expense increased from $10.5 million for the six months ended June 30, 2016 to $13.0 million for the six months ended June 30, 2017, an increase of 25%. The increase in general and administrative expense period-over-period was primarily attributable to costs associated with personnel to support our growing midstream operations in Pennsylvania.

DD&A. Depreciation expense increased from $12.2 million for the six months ended June 30, 2016 to $15.2 million for the six months ended June 30, 2017, an increase of 24%. The increase period-over-period was primarily due to additional assets placed into service subsequent to the second quarter of 2016 associated with our gathering, compression and water handling and treatment services. From June 30, 2016 through June 30, 2017, our gathering and water pipeline miles increased by 40% and 22%, respectively.

Explanation of Responses:

Capital Resources and Liquidity

Our primary sources of liquidity have been the proceeds from equity and debt financings and borrowings under our credit facilities. Our primary use of capital has been the acquisition and development of natural gas properties and associated midstream infrastructure. As we pursue reserve and production growth, we monitor which capital resources, including equity and debt financings, are available to us to meet our future financial obligations, planned capital expenditure activities and liquidity requirements. We also expect to fund a portion of these requirements with cash flow from operations as we continue to bring additional upstream and midstream production online.

The members of Rice Energy Operating, including us, incur U.S. federal, state and local income taxes on their share of taxable income of Rice Energy Operating, if any. Under the Third A&R LLC Agreement, Rice Energy Operating is required to make cash tax distributions to its members, subsequent to the end of a given calendar year, based upon income allocated to each member and subject to the availability of distributable cash (as defined in the Third A&R LLC Agreement).

Cash Flow Provided by Operating Activities

Net cash provided by operating activities was $326.5 million for the six months ended June 30, 2017, compared to $202.9 million for the six months ended June 30, 2016. The increase in operating cash flow was primarily due to an increase in production and commodity prices, partially offset by an increase in cash operating expenses.

Cash Flow Used in Investing Activities

During the six months ended June 30, 2017, cash flows used in investing activities was $666.0 million, which primarily consisted of capital expenditures for property and equipment of $644.3 million, as compared to $492.3 million for the six months ended June 30, 2016, of which $484.5 million was associated with capital expenditures for property and equipment.

Capital expenditures for the Exploration and Production segment totaled $494.0 million and $386.3 million for the six months ended June 30, 2017 and 2016, respectively. The increase was primarily attributable to the development of our natural gas properties.

Capital expenditures for the Rice Midstream Holdings segment totaled $123.8 million and $54.3 million for the six months ended June 30, 2017 and 2016, respectively. The increase was attributable to an increase in capital expenditures for Midstream Holding’s infrastructure, including capital expenditures for Strike Force Midstream’s midstream infrastructure.

Capital expenditures for the Rice Midstream Partners segment totaled $58.0 million and $75.0 million for the six months ended June 30, 2017 and 2016, respectively. The decrease was primarily attributable to a decrease in the capital expenditures related to the Rice Midstream Partners segment’s water services assets, offset by increases in capital expenditures for compression assets.

Cash Flow Provided by Financing Activities

Net cash provided by financing activities of $31.1 million during the six months ended June 30, 2017 was primarily the result of borrowings on our revolving credit facilities, partially offset by distributions to the Partnership’s public unitholders and payments of preferred dividends to redeemable noncontrolling interest holders. Net cash provided by financing activities of $703.0 million during the six months ended June 30, 2016 was primarily the result of the proceeds from the Midstream Holdings Investment (See “Item 1. Financial Statements—Notes to Condensed Consolidated Financial Statements—10. Mezzanine Equity” for additional information), proceeds from the April 2016 equity offering, proceeds from the Partnership’s June 2016 equity offering and proceeds from the Partnership’s ATM program, offset by net repayments on our revolving credit facilities and distributions to the Partnership’s public unitholders.

Debt Agreements

Senior Notes

On April 25, 2014, we issued $900.0 million in aggregate principal amount of 6.25% senior notes due 2022 (the “2022 Notes”) in a private placement to eligible purchasers under Rule 144A and Regulation S of the Securities Act, which resulted in net proceeds to us of $882.7 million after deducting estimated expenses and underwriting discounts and commissions of approximately $17.3 million.

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 (as defined in the indenture governing the 2022 Notes), unless we have given notice to redeem the 2022 Notes, the holders of the 2022 Notes will have the right to require us to repurchase all or a portion of the 2022

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Notes at a price equal to 101% of the aggregate principal amount of the 2022 Notes, plus any accrued and unpaid interest to the date of purchase. We 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 to the redemption date.

On March 26, 2015, we issued $400.0 million in aggregate principal amount of 7.25% senior notes due 2023 (the “2023 Notes”) in a private placement to eligible purchasers under Rule 144A and Regulation S of the Securities Act, which resulted in net proceeds to us of $389.3 million after deducting estimated expenses and underwriting discounts and commissions of approximately $10.7 million. We used the net proceeds for general corporate purposes, including capital expenditures. The original issuance discount of $3.1 million related to the 2023 Notes is recorded as a reduction of the principal amount.

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, we 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 to the redemption date, 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, we 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 interest to the redemption date. Upon the occurrence of a change of control (as defined in the indenture governing the 2023 Notes), unless we have given notice to redeem the 2023 Notes, the holders of the 2023 Notes will have the right to require us 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 to the date of purchase. On or after May 1, 2018, we 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 to the redemption date.

On October 19, 2016, we entered into supplemental indentures that provide for, among other things, the addition of Rice Energy Operating as a co-obligor under each indenture. The indentures governing the 2022 Notes and the 2023 Notes (collectively, the “Notes”) restrict our ability and the ability of certain of our subsidiaries to: (i) incur or guarantee additional debt or issue certain types of preferred stock; (ii) pay dividends on capital stock or redeem, repurchase or retire our capital stock or subordinated debt; (iii) make certain investments; (iv) incur liens; (v) enter into transactions with affiliates; (vi) merge or consolidate with another company; (vii) transfer and sell assets; and (viii) create unrestricted subsidiaries. These covenants are subject to a number of important exceptions and qualifications. If at any time when the Notes are rated investment grade by both Moody’s Investors Service, Inc. and Standard & Poor’s Ratings Services and no default (as defined in the indentures governing the Notes) has occurred and is continuing, many of such covenants will terminate and we and our subsidiaries will cease to be subject to such covenants.

Senior Secured Revolving Credit Facility

In April 2013, we 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, we, as borrower, and 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 us.

In connection with the closing of the Vantage Acquisition, in October 2016, we entered into a Fourth Amended and Restated Credit Agreement (the “A&R Credit Agreement”), among us, 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 our rights and obligations as borrower under the Senior Secured Revolving Credit Facility to Rice Energy Operating and the addition of us as a guarantor of those obligations.

On June 15, 2017, Rice Energy Operating, as borrower, and we, as parent guarantor, entered into the Third Amendment to the A&R Credit Agreement. The lenders under the A&R Credit Agreement completed their semi-annual redetermination of the borrowing base. Following the redetermination, our 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. We 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. We were in compliance with such covenants and ratios effective as of June 30, 2017.

Midstream Holdings Revolving Credit Facility

On December 22, 2014, 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 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

On December 22, 2014, Rice Midstream OpCo 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 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 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.

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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.

Commodity Hedging Activities

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

To mitigate the potential negative impact on our cash flow caused by changes in oil and natural gas prices, we have entered into financial commodity derivative contracts in the form of swaps, zero cost collars, calls, puts and basis swaps to ensure that we receive minimum prices for a portion of our future oil and natural gas production when management believes that favorable future prices can be secured. We typically hedge the NYMEX Henry Hub price for natural gas. Pursuant to our A&R Credit Agreement, we are now permitted to hedge the greater of (i) the percentage of proved reserve volumes (Column A) or (ii) the percentage of internally forecasted production (Column B).

Months next succeeding the time as of which compliance is measured	Column A		Column B	
Months 1 through 18	85	%	90	%
Months 19 through 36	85	%	75	%
Months 37 through 60	85	%	60	%
Months 61 through 72	85	%	40	%

Our hedging activities are intended to support natural gas prices at targeted levels and to manage our exposure to natural gas price fluctuations. The counterparty is required to make a payment to us for the difference between the floor price specified in the contract and the settlement price, which is based on market prices on the settlement date, if the settlement price is below the floor price. We are required to make a payment to the counterparty for the difference between the ceiling price and the settlement price if the ceiling price is below the settlement price. These contracts may include price swaps whereby we will receive a fixed price for our production and pay a variable market price to the contract counterparty and zero cost collars that set a floor and ceiling price for the hedged production. For a description of our commodity derivative contracts, please see “Item 1. Financial Statements—Notes to Condensed Consolidated Financial Statements—6. Derivative Instruments and 7. Fair Value of Financial Instruments” included elsewhere in this Quarterly Report. We do not designate our current portfolio of commodity derivative contracts as hedges for accounting purposes, and, as a result, changes in fair value of these derivative instruments are recognized in earnings. Please read “Item 3. Quantitative and Qualitative Disclosures About Market Risk” for additional discussion of our and Rice Energy Operating’s commodity derivative contracts.

Critical Accounting Policies and Estimates

The discussion and analysis of our financial condition and results of operations are based upon our condensed consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States. The application of our critical accounting policies may require management to make judgments and estimates about the amounts reflected in the condensed consolidated financial statements. Management uses historical experience and all available information to make these estimates and judgments. Different amounts could be reported using different assumptions and estimates. Our critical accounting policies are described in “Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations—Critical Accounting Policies and Estimates” in our 2016 Annual Report in addition to the discussion included herein. Any new accounting policies or updates to existing accounting policies as a result of new accounting pronouncements have been included in the notes to our condensed consolidated financial statements contained in this Quarterly Report.

On a quarterly basis, in accordance with ASC 360, we perform a qualitative assessment of whether events or changes in circumstances exist that could be indicators that the carrying amount of proved properties may not be recoverable. During the first quarter of 2017, we identified significant declines in forward Waha basis differentials, which is the primary sales point for our Fort Worth Basin production. The expected prolonged declines indicated a potential impairment trigger, and, as a result, we performed an asset recoverability test of our Fort Worth Basin properties. Based upon the results of the recoverability assessment, we concluded that the carrying value of the Fort Worth Basin properties exceeded the 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 in the first quarter of 2017.

Off-Balance Sheet Arrangements

As of June 30, 2017, we did not have any off-balance sheet arrangements as defined by the SEC. In the ordinary course of business, we enter into various commitment agreements and other contractual obligations, some of which are not recognized in our consolidated financial statements in accordance with GAAP. See “Item 1. Financial Statements—Notes to Condensed Consolidated Financial Statements—9. Commitments and Contingencies” for a description of our commitments and contingencies.

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Item 3. Quantitative and Qualitative Disclosures about Market Risk

The primary objective of the following information is to provide forward-looking quantitative and qualitative information about our potential exposure to market risk. The term “market risk” refers to the risk of loss arising from adverse changes in oil and natural gas prices and interest rates. The disclosures are not meant to be precise indicators of expected future losses, but rather indicators of reasonably possible losses. This forward-looking information provides indicators of how we view and manage our ongoing market risk exposures. All of our market risk sensitive instruments were entered into for hedging purposes, rather than for speculative trading.

Commodity price risk and hedges

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

To mitigate some of the potential negative impact on our cash flow caused by changes in commodity prices, we enter into financial commodity swap contracts to receive fixed prices for a portion of our natural gas production to mitigate the potential negative impact on our cash flow.

Our financial hedging activities are intended to support natural gas prices at targeted levels and to manage our exposure to natural gas price fluctuations. The counterparty is required to make a payment to us for the difference between the fixed price and the settlement price if the settlement price is below the fixed price. We are required to make a payment to the counterparty for the difference between the fixed price and the settlement price if the fixed price is below the settlement price. These contracts may include financial price swaps whereby we will receive a fixed price for our production and pay a variable market price to the contract counterparty, cashless price collars that set a floor and ceiling price for the hedged production, or basis differential swaps. If the applicable monthly price indices are outside of the ranges set by the floor and ceiling prices in the various collars, we and the counterparty to the collars would be required to settle the difference.

As of June 30, 2017, we have entered into derivative instruments with various financial institutions, fixing the price we receive for a portion of our natural gas through December 31, 2021. Our commodity hedge position as of June 30, 2017 is summarized in Notes 6 and 7 to our condensed consolidated financial statements included elsewhere in the Quarterly Report. Our financial hedging activities are intended to support natural gas prices at targeted levels and to manage our exposure to price fluctuations.

By removing price volatility from a portion of our expected natural gas production through December 31, 2021, we have mitigated, but not eliminated, the potential effects of changing prices on our operating cash flow for those periods. While mitigating negative effects of falling commodity prices, these derivative contracts also limit the benefits we would receive from increases in commodity prices above the hedge prices.

Interest rate risks

Our primary interest rate risk exposure results from our credit facilities.

As of June 30, 2017, we had no borrowings and approximately $211.0 million in letters of credit outstanding under our Senior Secured Revolving Credit Facility. As of June 30, 2017, we had availability under the borrowing base of our Senior Secured Revolving Credit Facility of approximately $1.4 billion and the borrowing base was $1.6 billion. We have a choice of borrowing in Eurodollars or at the base rate. Under the A&R Credit Agreement, Eurodollar loans 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 our borrowing base utilized. 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 our borrowing base utilized.

As of June 30, 2017, Midstream Holdings had $112.5 million in borrowings outstanding and no letters of credit under the Midstream Holdings Revolving Credit Facility. 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.

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The average annual weighted average interest rate incurred on the Midstream Holdings Revolving Credit Facility during the six months ended June 30, 2017 was approximately 3.2%. A 1.0% increase in the applicable average interest rates for the six months ended June 30, 2017 would have resulted in an estimated $0.4 million increase in interest expense.

As of June 30, 2017, Rice Midstream OpCo had $206.0 million of borrowings outstanding and no letters of credit under the RMP Revolving Credit Facility. Rice Midstream OpCo has a choice of borrowing in Eurodollars or at the base rate. Following the effectiveness of the Second Amendment, Eurodollar loans will 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. 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. Following the effectiveness of the Second Amendment, Rice Midstream OpCo also pays a commitment fee based on the undrawn commitment amount ranging from 37.5 to 50 basis points.

The average annual weighted average interest rate incurred on the RMP Revolving Credit Facility during the six months ended June 30, 2017 was approximately 2.9%. A 1.0% increase in the applicable average interest rates for the six months ended June 30, 2017 would have resulted in an estimated $1.0 million increase in interest expense.

As of June 30, 2017, we did not have any derivatives in place to mitigate the effects of interest rate risk. We may implement an interest rate hedging strategy in the future.

Counterparty and customer credit risk

Our principal exposures to credit risk are through joint interest receivables ($141.9 million in receivables as of June 30, 2017) and the sale of our natural gas production ($173.7 million in receivables as of June 30, 2017), which we market to multiple natural gas marketing companies. Joint interest receivables arise from billing entities who own partial interest in the wells we operate. These entities participate in our wells primarily based on their ownership in leases on which we wish to drill. We have minimal ability to choose who participates in our wells. We are also subject to credit risk with three natural gas marketing companies that hold a significant portion of our natural gas receivables. We do not require our customers to post collateral. The inability or failure of our significant customers to meet their obligations to us or their insolvency or liquidation may adversely affect our financial results.

By using derivative instruments to hedge exposures to changes in commodity prices, we expose ourselves to the credit risk of our counterparties. Credit risk is the potential failure of the counterparty to perform under the terms of the derivative contract. When the fair value of a derivative contract is positive, the counterparty is expected to owe us, which creates credit risk. To minimize the credit risk in derivative instruments, it is our policy to enter into derivative contracts only with counterparties that are creditworthy financial institutions deemed by management as competent and competitive market makers. The creditworthiness of our counterparties is subject to review annually, or on an as-needed basis. We have derivative instruments in place with 16 different counterparties. As of June 30, 2017, our contracts with Barclays Bank PLC, BMO Capital Markets and Citibank N.A. accounted for 34%, 27% and 26.6% of the net fair market value of our derivative assets, respectively. We believe these counterparties are acceptable credit risks. We are not required to post letters of credit as collateral to Barclays Bank PLC, BMO Capital Markets and Citibank N.A. under current contracts, nor are they required to provide credit support or collateral to us. As of June 30, 2017 and December 31, 2016, we did not have any past due receivables from counterparties.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

As required by Rule 13a-15(b) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), we have evaluated, under the supervision and with the participation of Rice Energy’s management, including Rice Energy’s principal executive officer and principal financial officer, the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of June 30, 2017. Our disclosure controls and procedures are designed to ensure that information required to be disclosed in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC’s rules and forms and to ensure that the information we are required to disclose in the reports we file and submit under the Exchange Act is accumulated and communicated to Rice Energy’s management, including Rice Energy’s principal executive officer and principal financial officer, as appropriate, to allow timely decisions regarding required disclosure. Based upon that evaluation, Rice Energy’s principal executive officer and principal financial officer concluded that our disclosure controls and procedures were effective as of June 30, 2017.

Changes in Internal Control over Financial Reporting

We are in the process of integrating Vantage’s and our internal control over financial reporting. As a result of these integration activities, certain controls will be evaluated and may be changed. Except as noted above, during the six months ended June 30, 2017, there has been no change in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II - OTHER INFORMATION
Item 1. Legal Proceedings
We are party to various legal and/or regulatory proceedings from time to time arising in the ordinary course of business. While the ultimate outcome and impact to us cannot be predicted with certainty, we believe 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 our financial condition, results of operations or cash flows. When we determine that a loss is probable of occurring and is reasonably estimable, we accrue an undiscounted liability for such contingencies based on our best estimate using information available at the time. We disclose contingencies where an adverse outcome may be material, or in the judgment of management, the matter should otherwise be disclosed.
Environmental Proceedings
We have received certain notices from the Railroad Commission of Texas (“RRC”) regarding violations of our compliance with Certificate of Compliance and Transportation Authority Form P-4. We have resolved the majority of these violations and continue to work with the RRC to resolve the remaining issues in order to restore compliance with the relevant RRC rules and regulations. The fines and penalties associated with these violations may exceed $100,000. While we cannot predict the ultimate outcome of any remaining outstanding violations, we do not expect that these or any other currently known violations, individually or in the aggregate, will have a material adverse impact on our financial results.
Item 1A. Risk Factors
Our business faces many risks. Any of the risks discussed elsewhere in this Quarterly Report and our other SEC filings could have a material impact on our business, financial position or results of operations. Additional risks and uncertainties not presently known to us or that we currently believe to be immaterial may also impair our business operations.
For a discussion of our potential risks and uncertainties, see the risk factors below and the information in “Item 1A. Risk Factors” in our 2016 Annual Report.

Risks Relating to the EQT Merger

Because the exchange ratio is fixed and the market prices of EQT common stock and our common stock may fluctuate, our stockholders cannot be sure of the value of the EQT common stock they will receive on the closing date. At the effective time, each share of our common stock (other than excluded shares) will be converted into the right to receive 0.37 shares of EQT common stock and $5.30 in cash, without interest and subject to applicable withholding taxes. If applicable, the exchange ratio will be adjusted appropriately to fully reflect the effect of any stock dividend, subdivision, stock split, reclassification, reorganization or other similar change with respect to the shares of either EQT common stock or our common stock prior to the completion of the merger. The exchange ratio will not, however, be adjusted for changes in the market price of either EQT common stock or our common stock between the date of signing the merger agreement and the effective time. Accordingly, at the time of the EQT special meeting and at the time of our special meeting, our stockholders will know, or be able to determine, the value of EQT common stock to be issued in connection with the merger. For that reason, the market price of EQT common stock on the date of the EQT special meeting and our special meeting may not be indicative of the value of EQT common stock that our stockholders will receive upon completion of the merger.
The market prices of EQT common stock and our common stock are subject to general price fluctuations in the market for publicly traded equity securities and have experienced volatility in the past. Neither EQT nor us is permitted to terminate the merger agreement or re-solicit the vote of EQT shareholders or our stockholders, as applicable, solely because of changes in the market prices of either company’s common stock. Stock price changes may result from a variety of factors, including general market and economic conditions and changes in the respective businesses, operations and prospects, and regulatory considerations of EQT and us. Market assessments of the benefits of the proposed merger and the likelihood that the transactions will be completed, as well as general and industry-specific market and economic conditions, may also affect market prices of EQT common stock and our common stock. Many of these factors are beyond EQT’s and our control. Our stockholders should obtain current market quotations for shares

of EQT common stock and for shares of our common stock.

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The market value of EQT common stock could be negatively affected by risks and conditions that apply to EQT, which may be different from the risks and conditions applicable to us, and EQT shareholders will have different rights than our stockholders.

Following the merger, EQT shareholders and our former stockholders will own interests in a combined company operating an expanded business with more assets and a different mix of liabilities. Holders of shares of our common stock will have rights as EQT shareholders that differ from the rights they had as our stockholders before the merger. The business of EQT and its subsidiaries and other companies it may acquire in the future are different from ours. There is a risk that various factors, conditions and developments that would not affect the price of our common stock could negatively affect the price of EQT common stock. Our current stockholders may not wish to continue to invest in the combined company, or may wish to reduce their investment in the combined company, including in order to comply with institutional investing guidelines, to increase diversification, to track any rebalancing of stock indices in which EQT common stock is included, to respond to the risk profile of the combined company or to realize a gain. In addition, if, following the merger, large amounts of EQT common stock are sold, the price of EQT common stock could decline.

The transactions contemplated by the merger agreement are subject to conditions, including certain conditions that may not be satisfied, or completed on a timely basis, if at all. Failure to complete the transactions contemplated by the merger agreement, including the merger, could have material and adverse effects on us.

Completion of the merger is subject to a number of conditions, including the approval by EQT shareholders of the share issuance proposal and approval by our stockholders of the merger agreement proposal, which make the completion and timing of the completion of the transactions uncertain. Also, either EQT or we may terminate the merger agreement if the merger has not been consummated by February 19, 2018 or, at either party's discretion-if the only conditions to closing that have not been satisfied or waived by that date are those related to the termination or expiration of any waiting period under the HSR Act or the issuance of an order, decree, ruling, injunction or other action that is in effect and is restraining, enjoining or otherwise prohibiting the consummation of the merger-May 19, 2018, except that this right to terminate the merger agreement will not be available to any party whose material breach of a representation, warranty, covenant or other agreement of such party under the merger agreement resulted in the failure of the transactions to be consummated on or before that date.

If the transactions contemplated by the merger agreement are not completed, our ongoing business may be adversely affected and, without realizing any of the benefits of having completed the transactions, we will be subject to a number of risks, including the following:

- we will be required to pay its costs relating to the transactions, such as legal, accounting, financial advisory and printing fees, whether or not the transactions are completed;
- time and resources committed by our management to matters relating to the transactions could otherwise have been devoted to pursuing other beneficial opportunities;
- the market price of our common stock could decline to the extent that the current market price reflects a market assumption that the transactions will be completed; and
- if the merger agreement is terminated and our board seeks another business combination, our stockholders cannot be certain that we will be able to find a party willing to enter into a transaction agreement on terms equivalent to or more attractive than the terms agreed to in the merger agreement.

The merger agreement contains provisions that limit our ability to pursue alternatives to the transactions, could discourage a potential competing acquiror of us from making a favorable alternative transaction proposal and, in specified circumstances, could require us to pay EQT a termination fee of $255 million.

The merger agreement contains certain provisions that restrict our ability to initiate, solicit or knowingly encourage or knowingly facilitate any inquiries, proposals, or offers regarding, or the making of a competing proposal, engage in any discussions or negotiations with respect to a competing proposal or furnish any non-public information to any person in connection with a competing proposal. Further, even if our board changes, withholds, modifies, withdraws or qualifies its recommendation with respect to the merger agreement proposal, unless the merger agreement has been terminated in accordance with its terms, we will still be required to submit the merger agreement proposal to a vote at our special meeting. In addition, the other party generally has an opportunity to offer to modify the terms of the transactions contemplated by the merger agreement in response to any third-party alternative transaction proposal before a party's board of directors may change, withhold, modify, withdraw or qualify its recommendation with respect to the merger agreement proposal or the share issuance proposal, as applicable. In some circumstances, upon termination of the merger agreement, we will be required to pay a termination fee of $255 million to the other party.

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These provisions could discourage a potential third-party acquirer or merger partner that might have an interest in acquiring all or a significant portion of us or pursuing an alternative transaction with us either from considering or proposing such a transaction, even if it were prepared to pay consideration with a higher per share price than the per share price proposed to be received in the merger or might result in a potential third-party acquiror or merger partner proposing to pay a lower price to our stockholders than it might otherwise have proposed to pay because of the added expense of the $255 million termination fee that may become payable in certain circumstances.

We will be subject to business uncertainties while the merger is pending, which could adversely affect its business.

In connection with the pendency of the transactions, it is possible that certain persons with whom we have a business relationship may delay or defer certain business decisions or might decide to seek to terminate, change or renegotiate their relationships with us as a result of the transactions, which could negatively affect our revenues, earnings and cash flows, as well as the market price of our common stock, regardless of whether the merger is completed.

Under the terms of the merger agreement, we are subject to certain restrictions on the conduct of its business prior to the effective time, which may adversely affect its ability to execute certain of its business strategies, including the ability in certain cases to enter into contracts, acquire or dispose of assets, incur indebtedness or incur capital expenditures, as applicable. Such limitations could negatively affect our business and operations prior to the completion of the transactions.

The merger is subject to the receipt of approvals, consents or clearances from regulatory authorities that may impose conditions that could have an adverse effect on us or, if not obtained, could prevent completion of the transactions.

Completion of the merger is conditioned upon the receipt of certain governmental approvals. Although each party has agreed to use its respective reasonable best efforts to obtain the requisite governmental approvals, there can be no assurance that these approvals will be obtained and that the other conditions to completing the merger will be satisfied. In addition, the governmental authorities from which the regulatory approvals are required may impose conditions on the completion of the merger or require changes to the terms of the merger or other agreements to be entered into in connection with the merger agreement. Such conditions or changes and the process of obtaining regulatory approvals could have the effect of delaying or impeding consummation of the transaction or of imposing additional costs or limitations on us following completion of the merger, any of which might have an adverse effect on us following completion of the merger.

Completion of the merger may trigger change in control or other provisions in certain agreements to which we are a party.

The completion of the transactions may trigger change in control or other provisions in certain agreements to which we are a party. If we and EQT are unable to negotiate waivers of those provisions, the counterparties may exercise their rights and remedies under the agreements, potentially terminating the agreements or seeking monetary damages. Even if we and EQT are able to negotiate waivers, the counterparties may require a fee for such waivers or seek to renegotiate the agreements on terms less favorable to us.

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

Unregistered sales of securities. There were no sales of unregistered equity securities during the period covered by this report.

Issuer purchases of equity securities. The following table contains information about our acquisition of equity securities during the three months ended June 30, 2017:

Period	Total Number of Shares Withheld (1)	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number (or Approximate Dollar Value) of Shares that May Be Purchased Under the Plans or Programs
April 1 - April 30, 2017	2,690	$ 23.70	—	—
May 1 - May 31, 2017	16,765	$ 21.79	—	—
June 1 - June 30, 2017	16,966	$ 20.25	—	—
Total	36,421	$ 21.21	—	—

(1) All shares withheld during the three months ended June 30, 2017 were used to offset tax withholding obligations that occur upon the vesting of restricted stock units and delivery of common stock under the terms of our long-term incentive plan.

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Item 6. Exhibits

Exhibit Number	Exhibit
2.1***	Purchase and Sale Agreement, dated as of September 26, 2016, by and among Vantage Energy Investment LLC, Vantage Energy Investment II LLC, Rice Energy Inc., Vantage Energy, LLC, and Vantage Energy II, LLC (incorporated by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K (File No. 001-36273) filed with the Commission on September 30, 2016).
2.2***	Purchase and Sale Agreement, dated as of September 26, 2016, by and between Rice Energy Inc. and Rice Midstream Partners LP (incorporated by reference to Exhibit 10.2 of the Company's Current Report on Form 8-K (File No. 001-36273) filed with the Commission on September 30, 2016).
2.3***	Agreement and Plan of Merger, dated as of June 19, 2017, by and among EQT and Rice Energy 2016 Irrevocable Trust, Rice Energy Holdings LLC, Daniel J. Rice III, Daniel J. Rice IV, Derek A. Rice, and Toby Z. Rice (incorporated by reference to Exhibit 2.1 of the Company's Current Report on Form 8-K (File No. 001-36273) filed with the Commission on June 19, 2017).
3.1	Amended and Restated Certificate of Incorporation of Rice Energy Inc. (incorporated by reference to Exhibit 3.1 of the Company's Current Report on Form 8-K (File No. 001-36273) filed with the Commission on February 4, 2014).
3.2	Amended and Restated Bylaws of Rice Energy Inc. (incorporated by reference to Exhibit 3.1 of the Company's Current Report on Form 8-K (File No. 001-36273) filed with the Commission on February 23, 2017).
3.3	Certificate of Designation of Class A Preferred Stock of Rice Energy Inc. (incorporated by reference to Exhibit 3.1 of the Company's Current Report on Form 8-K (File No. 001-36273) filed with the Commission on October 25, 2016).
10.1	Third Amendment to Fourth Amended and Restated Credit Agreement, dated as of June 15, 2017, by and among Rice Energy Inc., Rice Energy Operating LLC, Wells Fargo Bank, N.A., as administrative agent and each of the lenders party thereto (incorporated by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K (File No. 001-36273) filed with the Commission on June 20, 2017).
10.2†*	Amendment to Employment Agreement, dated as of June 19, 2017, by and between Rice Energy Inc. and Daniel J. Rice IV.
10.3†*	Amendment to Employment Agreement, dated as of June 19, 2017, by and between Rice Energy Inc. and Derek A. Rice.
10.4†*	Amendment to Employment Agreement, dated as of June 19, 2017, by and between Rice Energy Inc. and Grayson T. Lisenby.
10.5†*	Amendment to Employment Agreement, dated as of June 19, 2017, by and between Rice Energy Inc. and James W. Rogers.
10.6†*	Amendment to Employment Agreement, dated as of June 19, 2017, by and between Rice Energy Inc. and Robert R. Wingo.
10.7†*	Amendment to Employment Agreement, dated as of June 19, 2017, by and between Rice Energy Inc. and Toby Z. Rice.
10.8†*	Amendment to Employment Agreement, dated as of June 19, 2017, by and between Rice Energy Inc. and William E. Jordan.
31.1*	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1**	Certification of Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2**	Certification of Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS*	XBRL Instance Document.
101.SCH*	XBRL Schema Document.
101.CAL*	XBRL Calculation Linkbase Document.

101.DEF*	XBRL Definition Linkbase Document.
101.LAB*	XBRL Labels Linkbase Document.
101.PRE*	XBRL Presentation Linkbase Document.

* Filed herewith.

** Filed herewith. Pursuant to SEC Release No. 33-8212, this certification will be treated as “accompanying” this Quarterly Report on Form 10-Q and not “filed” as part of such report for purposes of Section 18 of the Exchange Act, or otherwise subject to the liability of Section 18 of the Exchange Act, and this certification will not be deemed to be incorporated by reference into any filing under the Securities Exchange Act of 1933, as amended, except to the extent that the registrant specifically incorporates it by reference.

*** The schedules to this agreement have been omitted from this filing pursuant to Item 601(b)(2) of Regulation S-K. The Company will furnish copies of such schedules to the Securities and Exchange Commission upon request.

† Compensatory plan or arrangement

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SIGNATURES

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

RICE ENERGY INC.

Date:	August 3, 2017	By:	/s/ Daniel J. Rice IV
			Daniel J. Rice IV
			Director, Chief Executive Officer
			(Principal Executive Officer)
Date:	August 3, 2017	By:	/s/ Grayson T. Lisenby
			Grayson T. Lisenby
			Senior Vice President and Chief Financial Officer
			(Principal Financial Officer)

EXHIBIT INDEX

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10.4†*	Amendment to Employment Agreement, dated as of June 19, 2017, by and between Rice Energy Inc. and Grayson T. Lisenby.
10.5†*	Amendment to Employment Agreement, dated as of June 19, 2017, by and between Rice Energy Inc. and James W. Rogers.
10.6†*	Amendment to Employment Agreement, dated as of June 19, 2017, by and between Rice Energy Inc. and Robert R. Wingo.
10.7†*	Amendment to Employment Agreement, dated as of June 19, 2017, by and between Rice Energy Inc. and Toby Z. Rice.
10.8†*	Amendment to Employment Agreement, dated as of June 19, 2017, by and between Rice Energy Inc. and William E. Jordan.
31.1*	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1**	Certification of Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2**	Certification of Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS*	XBRL Instance Document.
101.SCH*	XBRL Schema Document.
101.CAL*	XBRL Calculation Linkbase Document.

101.DEF*	XBRL Definition Linkbase Document.
101.LAB*	XBRL Labels Linkbase Document.
101.PRE*	XBRL Presentation Linkbase Document.

* Filed herewith.

** Filed herewith. Pursuant to SEC Release No. 33-8212, this certification will be treated as "accompanying" this Quarterly Report on Form 10-Q and not "filed" as part of such report for purposes of Section 18 of the Exchange Act, or otherwise subject to the liability of Section 18 of the Exchange Act, and this certification will not be deemed to be incorporated by reference into any filing under the Securities Exchange Act of 1933, as amended, except to the extent that the registrant specifically incorporates it by reference.

*** The schedules to this agreement have been omitted from this filing pursuant to Item 601(b)(2) of Regulation S-K. The Company will furnish copies of such schedules to the Securities and Exchange Commission upon request.

† Compensatory plan or arrangement

GLOSSARY OF OIL AND NATURAL GAS TERMS

The following are abbreviations and definitions of certain terms used in this document, which are commonly used in the oil and natural gas industry:
"Barrel" or "Bbl." 42 U.S. gallons measured at 60 degrees Fahrenheit.
"Btu." One British thermal unit, the quantity of heat required to raise the temperature of a one-pound mass of water by one degree of Fahrenheit.
"Basin." A large natural depression on the earth's surface in which sediments generally brought by water accumulate.
"Completion." The process of treating a drilled well followed by the installation of permanent equipment for the production of natural gas or oil, or in the case of a dry hole, the reporting of abandonment to the appropriate agency.
"DD&A." Depreciation, depletion, amortization and accretion.
"Dry hole." A well found to be incapable of producing hydrocarbons in sufficient quantities such that proceeds from the sale of such production exceed production expenses and taxes.
"Formation." A layer of rock which has distinct characteristics that differs from nearby rock.
"MBbls." One thousand barrels.
"Mcf." One thousand cubic feet of natural gas.
"Mcfe." One thousand cubic feet of natural gas equivalent, determined by using the ratio of six Mcf of natural gas to one Bbl of crude oil, condensate of natural gas liquids.
"MDth/d." One thousand dekatherms per day.
"MMBbls." One million barrels.
"MMBtu." One million Btu.
"MMGal." One million gallons.
"MMcf." One million cubic feet of natural gas.
"MMcfe." One million cubic feet of natural gas equivalent, determined by using the ratio of six Mcf of natural gas to one Bbl of crude oil, condensate of natural gas liquids.
"NGLs." Natural gas liquids. Hydrocarbons found in natural gas which may be extracted as liquefied petroleum gas and natural gasoline.
"NYMEX." The New York Mercantile Exchange.
"Net acres." The percentage of total acres an owner has out of a particular number of acres, or a specified tract. An owner who has 50% interest in 100 acres owns 50 net acres.
"Prospect." A specific geographic area which, based on supporting geological, geophysical or other data and also preliminary economic analysis using reasonably anticipated prices and costs, is deemed to have potential for the discovery of commercial hydrocarbons.
"Working interest." The right granted to the lessee of a property to explore for and to produce and own natural gas or other minerals. The working interest owners bear the exploration, development, and operating costs on either a cash, penalty, or carried basis.

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