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

FORM 10-Q

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
FOR THE QUARTERLY PERIOD ENDED JUNE 30, 2023

or

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
FOR THE TRANSITION PERIOD FROM_____ TO_____

COMMISSION FILE NUMBER: 001-03551

EQT CORPORATION

(Exact name of registrant as specified in its charter)

Pennsylvania	**25-0464690**
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)
625 Liberty Avenue, Suite 1700 **Pittsburgh, Pennsylvania**	**15222**
(Address of principal executive offices)	(Zip Code)

(412) 553-5700
(Registrant's telephone number, including area code)

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

Title of each class	**Trading symbol(s)**	**Name of each exchange on which registered**
Common Stock, no par value	EQT	New York Stock Exchange

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

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

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

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

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

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

As of July 21, 2023, 361,657,681 shares of common stock, no par value, of the registrant were outstanding.

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

EQT CORPORATION AND SUBSIDIARIES
STATEMENTS OF CONDENSED CONSOLIDATED OPERATIONS (UNAUDITED)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
	(Thousands, except per share amounts)			
Operating revenues:				
Sales of natural gas, natural gas liquids and oil	$ 848,325	$ 3,365,211	$ 2,678,683	$ 5,851,835
Gain (loss) on derivatives	164,386	(845,095)	989,238	(3,922,732)
Net marketing services and other	6,040	7,392	11,901	19,295
Total operating revenues	1,018,751	2,527,508	3,679,822	1,948,398
Operating expenses:				
Transportation and processing	523,162	539,704	1,038,146	1,055,808
Production	55,038	82,556	102,978	153,568
Exploration	1,203	1,741	2,155	2,513
Selling, general and administrative	60,163	59,276	112,057	128,372
Depreciation and depletion	395,684	429,143	783,369	851,241
(Gain) loss on sale/exchange of long-lived assets	(225)	(981)	16,303	(2,190)
Impairment of contract asset	—	—	—	184,945
Impairment and expiration of leases	5,325	47,048	15,871	77,039
Other operating expenses	13,394	7,120	33,056	23,467
Total operating expenses	1,053,744	1,165,607	2,103,935	2,474,763
Operating (loss) income	(34,993)	1,361,901	1,575,887	(526,365)
(Income) loss from investments	(1,092)	(3,577)	(5,856)	17,208
Dividend and other income	(562)	(7,313)	(737)	(10,909)
Loss (gain) on debt extinguishment	5,462	104,348	(1,144)	111,271
Interest expense, net	39,883	65,985	86,429	133,887
(Loss) income before income taxes	(78,684)	1,202,458	1,497,195	(777,822)
Income tax (benefit) expense	(11,818)	308,234	344,828	(157,463)
Net (loss) income	(66,866)	894,224	1,152,367	(620,359)
Less: Net (loss) income attributable to noncontrolling interests	(240)	2,863	445	4,328
Net (loss) income attributable to EQT Corporation	$ (66,626)	$ 891,361	$ 1,151,922	$ (624,687)
(Loss) income per share of common stock attributable to EQT Corporation:				
Basic:				
Weighted average common stock outstanding	361,982	369,866	361,721	372,023
Net (loss) income attributable to EQT Corporation	$ (0.18)	$ 2.41	$ 3.18	$ (1.68)
Diluted (Note 7):				
Weighted average common stock outstanding	361,982	407,303	393,435	372,023
Net (loss) income attributable to EQT Corporation	$ (0.18)	$ 2.19	$ 2.94	$ (1.68)

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

EQT CORPORATION AND SUBSIDIARIES
STATEMENTS OF CONDENSED CONSOLIDATED COMPREHENSIVE (LOSS) INCOME (UNAUDITED)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
	(Thousands)			
Net (loss) income	$ (66,866)	$ 894,224	$ 1,152,367	$ (620,359)
Other comprehensive income, net of tax:				
Other postretirement benefits liability adjustment, net of tax expense: $14, $21, $29 and $41	49	64	213	127
Comprehensive (loss) income	(66,817)	894,288	1,152,580	(620,232)
Less: Comprehensive (loss) income attributable to noncontrolling interests	(240)	2,863	445	4,328
Comprehensive (loss) income attributable to EQT Corporation	$ (66,577)	$ 891,425	$ 1,152,135	$ (624,560)

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

EQT CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)

	June 30, 2023	December 31, 2022
	(Thousands)	
ASSETS		
Current assets:		
Cash and cash equivalents	$ 1,215,492	$ 1,458,644
Accounts receivable (less provision for doubtful accounts: $166 and $605)	475,211	1,608,089
Derivative instruments, at fair value	683,612	812,371
Prepaid expenses and other	51,254	135,337
Total current assets	2,425,569	4,014,441
Property, plant and equipment	28,299,959	27,393,919
Less: Accumulated depreciation and depletion	9,976,460	9,226,586
Net property, plant and equipment	18,323,499	18,167,333
Other assets	524,409	488,152
Total assets	$ 21,273,477	$ 22,669,926
LIABILITIES AND EQUITY		
Current liabilities:		
Current portion of debt	$ 413,917	$ 422,632
Accounts payable	1,049,895	1,574,610
Derivative instruments, at fair value	485,224	1,393,487
Other current liabilities	233,790	341,491
Total current liabilities	2,182,826	3,732,220
Senior notes	4,172,232	5,167,849
Note payable to EQM Midstream Partners, LP	85,404	88,484
Deferred income taxes	1,877,584	1,442,406
Other liabilities and credits	910,403	1,025,639
Total liabilities	9,228,449	11,456,598
Equity:		
Common stock, no par value, shares authorized: 640,000, shares issued: 361,654 and 365,363	9,790,855	9,891,890
Retained earnings	2,217,698	1,283,578
Accumulated other comprehensive loss	(2,781)	(2,994)
Total common shareholders' equity	12,005,772	11,172,474
Noncontrolling interest in consolidated subsidiaries	39,256	40,854
Total equity	12,045,028	11,213,328
Total liabilities and equity	$ 21,273,477	$ 22,669,926

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

EQT CORPORATION AND SUBSIDIARIES
STATEMENTS OF CONDENSED CONSOLIDATED CASH FLOWS (UNAUDITED)

	Six Months Ended June 30,	
	2023	2022
	(Thousands)	
Cash flows from operating activities:		
Net income (loss)	$ 1,152,367	$ (620,359)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Deferred income tax expense (benefit)	353,912	(164,677)
Depreciation and depletion	783,369	851,241
Impairment of long-lived assets and loss/gain on sale/exchange of long-lived assets	32,174	259,794
(Income) loss from investments	(5,856)	17,208
(Gain) loss on debt extinguishment	(1,144)	111,271
Share-based compensation expense	23,333	21,558
Distribution of earnings from equity method investments	16,616	13,640
Amortization, accretion and other	7,941	17,616
(Gain) loss on derivatives	(989,238)	3,922,732
Net cash settlements received (paid) on derivatives	369,247	(2,639,271)
Net premiums (paid) received on derivative instruments	(164,843)	14,073
Changes in other assets and liabilities:		
Accounts receivable	1,128,033	(626,620)
Accounts payable	(532,223)	360,208
Other current assets	84,082	(190,358)
Other items, net	(157,889)	(96,416)
Net cash provided by operating activities	2,099,881	1,251,640
Cash flows from investing activities:		
Capital expenditures	(981,795)	(684,972)
Proceeds from sale of investment shares	—	189,249
Other investing activities	(2,036)	(11,962)
Net cash used in investing activities	(983,831)	(507,685)
Cash flows from financing activities:		
Proceeds from credit facility borrowings	—	6,237,000
Repayment of credit facility borrowings	—	(6,137,000)
Debt issuance costs	(3,557)	(9,154)
Repayment and retirement of debt	(1,012,877)	(576,640)
Discounts received (premiums paid) on debt extinguishment	6,402	(15,128)
Dividends paid	(108,318)	(93,272)
Repurchase and retirement of common stock	(201,029)	(216,491)
Distribution to noncontrolling interest, net of contributions	(2,043)	(2,894)
Other financing activities	(37,780)	(594)
Net cash used in financing activities	(1,359,202)	(814,173)
Net change in cash and cash equivalents	(243,152)	(70,218)
Cash and cash equivalents at beginning of period	1,458,644	113,963
Cash and cash equivalents at end of period	$ 1,215,492	$ 43,745

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.
See Note 1 for supplemental cash flow information.

EQT CORPORATION AND SUBSIDIARIES
STATEMENTS OF CONDENSED CONSOLIDATED EQUITY (UNAUDITED)

	Common Stock						
	Shares	No Par Value	Treasury Stock	(Accumulated Deficit) Retained Earnings	Accumulated Other Comprehensive Loss (a)	Noncontrolling Interest in Consolidated Subsidiaries	Total Equity
				(Thousands, except per share amounts)			
Balance at April 1, 2022	369,074	$ 9,921,348	$ (2,848)	$ (1,725,279)	$ (4,548)	$ 17,360	$ 8,206,033
Comprehensive income, net of tax:							
Net income				891,361		2,863	894,224
Other postretirement benefits liability adjustment, net of tax expense: $21					64		64
Dividends ($0.125 per share)				(46,209)			(46,209)
Share-based compensation plans	645	27,268					27,268
Convertible Notes settlements	1	30					30
Distribution to noncontrolling interest						(2,553)	(2,553)
Other						11,233	11,233
Balance at June 30, 2022	369,720	$ 9,948,646	$ (2,848)	$ (880,127)	$ (4,484)	$ 28,903	$ 9,090,090
Balance at April 1, 2023	361,586	$ 9,776,392	$ —	$ 2,338,572	$ (2,830)	$ 41,454	$ 12,153,588
Comprehensive loss, net of tax:							
Net loss				(66,626)		(240)	(66,866)
Other postretirement benefits liability adjustment, net of tax expense: $14					49		49
Dividends ($0.15 per share)				(54,248)			(54,248)
Share-based compensation plans	64	14,451					14,451
Convertible Notes settlements	4	12					12
Distribution to noncontrolling interest						(1,958)	(1,958)
Balance at June 30, 2023	361,654	$ 9,790,855	$ —	$ 2,217,698	$ (2,781)	$ 39,256	$ 12,045,028

Common shares authorized: 640,000. Preferred shares authorized: 3,000. There were no preferred shares issued or outstanding.

(a) Amounts included in accumulated other comprehensive loss are related to other postretirement benefits liability adjustments, net of tax, which are attributable to net actuarial losses and net prior service costs.

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

EQT CORPORATION AND SUBSIDIARIES
STATEMENTS OF CONDENSED CONSOLIDATED EQUITY (UNAUDITED)

	Common Stock						
	Shares	No Par Value	Treasury Stock	(Accumulated Deficit) Retained Earnings	Accumulated Other Comprehensive Loss (a)	Noncontrolling Interest in Consolidated Subsidiaries	Total Equity
	(Thousands, except per share amounts)						
Balance at January 1, 2022	376,399	$ 10,071,820	$ (18,046)	$ (94,400)	$ (4,611)	$ 16,236	$ 9,970,999
Comprehensive loss, net of tax:							
Net (loss) income				(624,687)		4,328	(620,359)
Other postretirement benefits liability adjustment, net of tax expense: $41					127		127
Dividends ($0.25 per share)				(93,272)			(93,272)
Share-based compensation plans	1,852	9,048	15,198				24,246
Convertible Notes settlements	2	38					38
Repurchase and retirement of common stock	(8,533)	(132,260)		(67,768)			(200,028)
Distribution to noncontrolling interest						(2,894)	(2,894)
Other						11,233	11,233
Balance at June 30, 2022	369,720	$ 9,948,646	$ (2,848)	$ (880,127)	$ (4,484)	$ 28,903	$ 9,090,090
Balance at January 1, 2023	365,363	$ 9,891,890	$ —	$ 1,283,578	$ (2,994)	$ 40,854	$ 11,213,328
Comprehensive income, net of tax:							
Net income				1,151,922		445	1,152,367
Other postretirement benefits liability adjustment, net of tax expense: $29					213		213
Dividends ($0.30 per share)				(108,318)			(108,318)
Share-based compensation plans	2,191	(9,572)					(9,572)
Convertible Notes settlements	6	82					82
Repurchase and retirement of common stock	(5,906)	(91,545)		(109,484)			(201,029)
Distribution to noncontrolling interest						(5,793)	(5,793)
Contribution from noncontrolling interest						3,750	3,750
Balance at June 30, 2023	361,654	$ 9,790,855	$ —	$ 2,217,698	$ (2,781)	$ 39,256	$ 12,045,028

Common shares authorized: 640,000. Preferred shares authorized: 3,000. There were no preferred shares issued or outstanding.

(a) Amounts included in accumulated other comprehensive loss are related to other postretirement benefits liability adjustments, net of tax, which are attributable to net actuarial losses and net prior service costs.

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

EQT CORPORATION AND SUBSIDIARIES
Notes to the Condensed Consolidated Financial Statements (Unaudited)

1. Financial Statements

The accompanying unaudited Condensed Consolidated Financial Statements have been prepared in accordance with United States generally accepted accounting principles (GAAP) for interim financial information and with the requirements of Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all information and notes required by GAAP for complete financial statements. In the opinion of management, these statements include all adjustments (consisting of only normal recurring accruals, unless otherwise disclosed in this Quarterly Report on Form 10-Q) necessary for a fair presentation of the financial position of EQT Corporation and subsidiaries as of June 30, 2023 and December 31, 2022, the results of its operations and equity for the three and six month periods ended June 30, 2023 and 2022 and its cash flows for the six month periods ended June 30, 2023 and 2022. Certain previously reported amounts have been reclassified to conform to the current year presentation. In this Quarterly Report on Form 10-Q, references to "EQT" and "the Company" refer collectively to EQT Corporation and its consolidated subsidiaries.

The Condensed Consolidated Balance Sheet at December 31, 2022 has been derived from the audited financial statements at that date. For further information, refer to the Consolidated Financial Statements and accompanying notes in the Company's Annual Report on Form 10-K for the year ended December 31, 2022.

Supplemental Cash Flow Information. The following table summarizes net cash paid for interest and income taxes and non-cash activity included in the Statements of Condensed Consolidated Cash Flows.

	Six Months Ended June 30,	
	2023	2022
	(Thousands)	
Cash paid during the period for:		
Interest, net of amount capitalized	$ 95,316	$ 133,269
Income taxes, net	13,619	6,415
Non-cash activity during the period for:		
Increase in asset retirement costs and obligations	$ 3,631	$ 10,245
Capitalization of non-cash equity share-based compensation	2,997	2,550
Increase in right-of-use assets and lease liabilities, net	507	819
Issuance of common stock for Convertible Notes settlement	82	38

2. Revenue from Contracts with Customers

Under the Company's natural gas, natural gas liquids (NGLs) and oil sales contracts, the Company generally considers the delivery of each unit (MMBtu or Bbl) to be a separate performance obligation that is satisfied upon delivery. These contracts typically require payment within 25 days of the end of the calendar month in which the commodity is delivered. A significant number of these contracts contain variable consideration because the payment terms refer to market prices at future delivery dates. In these situations, the Company has not identified a standalone selling price because the terms of the variable payments relate specifically to the Company's efforts to satisfy the performance obligations. Other contracts, such as fixed price contracts or contracts with a fixed differential to New York Mercantile Exchange (NYMEX) or index prices, contain fixed consideration. The fixed consideration is allocated to each performance obligation on a relative standalone selling price basis, which requires judgment from management. For these contracts, the Company generally concludes that the fixed price or fixed differentials in the contracts are representative of the standalone selling price.

Based on management's judgment, the performance obligations for the sale of natural gas, NGLs and oil are satisfied at a point in time because the customer obtains control and legal title of the asset when the natural gas, NGLs or oil is delivered to the designated sales point.

The sales of natural gas, NGLs and oil presented in the Statements of Condensed Consolidated Operations represent the Company's share of revenues net of royalties and exclude revenue interests owned by others. When selling natural gas, NGLs and oil on behalf of royalty or working interest owners, the Company acts as an agent and, thus, reports the revenue on a net basis.

For contracts with customers where the Company's performance obligations had been satisfied and an unconditional right to consideration existed as of the balance sheet date, the Company recorded amounts due from contracts with customers of $376.9 million and $1,171.9 million in accounts receivable in the Condensed Consolidated Balance Sheets as of June 30, 2023 and December 31, 2022, respectively.

The table below provides disaggregated information on the Company's revenues. Certain other revenue contracts are outside the scope of Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers*. These contracts are reported in net marketing services and other in the Statements of Condensed Consolidated Operations. Derivative contracts are also outside the scope of ASU 2014-09.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
	(Thousands)			
Revenues from contracts with customers:				
Natural gas sales	$ 765,856	$ 3,175,155	$ 2,478,088	$ 5,464,520
NGLs sales	67,899	167,849	166,727	341,352
Oil sales	14,570	22,207	33,868	45,963
Total revenues from contracts with customers	$ 848,325	$ 3,365,211	$ 2,678,683	$ 5,851,835
Other sources of revenue:				
Gain (loss) on derivatives	164,386	(845,095)	989,238	(3,922,732)
Net marketing services and other	6,040	7,392	11,901	19,295
Total operating revenues	$ 1,018,751	$ 2,527,508	$ 3,679,822	$ 1,948,398

The following table summarizes the transaction price allocated to the Company's remaining performance obligations on all contracts with fixed consideration as of June 30, 2023. Amounts shown exclude contracts that qualified for the exception to the relative standalone selling price method as of June 30, 2023.

	2023 (a)	2024	Total
		(Thousands)	
Natural gas sales	$ 6,548	$ 469	$ 7,017

(a) July 1 through December 31.

3. Derivative Instruments

The Company's primary market risk exposure is the volatility of future prices for natural gas and NGLs, which can affect the Company's operating results. The Company uses derivative commodity instruments to hedge its cash flows from sales of produced natural gas and NGLs. The overall objective of the Company's hedging program is to protect cash flows from undue exposure to the risk of changing commodity prices.

The derivative commodity instruments used by the Company are primarily swap, collar and option agreements. These agreements may require payments to, or receipt of payments from, counterparties based on the differential between two prices for the commodity. The Company uses these agreements to hedge its NYMEX and basis exposure. The Company may also use other contractual agreements when executing its commodity hedging strategy. The Company typically enters into over the counter (OTC) derivative commodity instruments with financial institutions, and the creditworthiness of all counterparties is regularly monitored.

The Company does not designate any of its derivative instruments as cash flow hedges; therefore, all changes in fair value of the Company's derivative instruments are recognized in operating revenues in gain (loss) on derivatives in the Statements of Condensed Consolidated Operations. The Company recognizes all derivative instruments as either assets or liabilities at fair value on a gross basis. These derivative instruments are reported as either current assets or current liabilities due to their highly liquid nature. The Company can net settle its derivative instruments at any time.

Contracts that result in physical delivery of a commodity expected to be sold by the Company in the normal course of business are generally designated as normal sales and are exempt from derivative accounting. Contracts that result in the physical receipt or delivery of a commodity but are not designated or do not meet all of the criteria to qualify for the normal purchase and normal sale scope exception are subject to derivative accounting.

The Company's OTC derivative instruments generally require settlement in cash. The Company also enters into exchange traded derivative commodity instruments that are generally settled with offsetting positions. Settlements of derivative commodity instruments are reported as a component of cash flows from operating activities in the Statements of Condensed Consolidated Cash Flows.

With respect to the derivative commodity instruments held by the Company, the Company hedged portions of its expected sales of production and portions of its basis exposure covering approximately 1,711 billion cubic feet (Bcf) of natural gas and 1,545 thousand barrels (Mbbl) of NGLs as of June 30, 2023 and 1,424 Bcf of natural gas and 1,483 Mbbl of NGLs as of December 31, 2022. The open positions at both June 30, 2023 and December 31, 2022 had maturities extending through December 2027.

Certain of the Company's OTC derivative instrument contracts provide that, if the Company's credit rating assigned by Moody's Investors Service, Inc. (Moody's), S&P Global Ratings (S&P) or Fitch Ratings Service (Fitch) is below the agreed-upon credit rating threshold (typically, below investment grade) and if the associated derivative liability exceeds the agreed-upon dollar threshold for such credit rating, the counterparty to such contract can require the Company to deposit collateral. Similarly, if such counterparty's credit rating assigned by Moody's, S&P or Fitch is below the agreed-upon credit rating threshold and if the associated derivative liability exceeds the agreed-upon dollar threshold for such credit rating, the Company can require the counterparty to deposit collateral with the Company. Such collateral can be up to 100% of the derivative liability. Investment grade refers to the quality of a company's credit as assessed by one or more credit rating agencies. To be considered investment grade, a company must be rated "Baa3" or higher by Moody's, "BBB–" or higher by S&P and "BBB–" or higher by Fitch. Anything below these ratings is considered non-investment grade. As of June 30, 2023, the Company's senior notes were rated "Ba1" by Moody's, "BBB–" by S&P and "BBB–" by Fitch.

When the net fair value of any of the Company's OTC derivative instrument contracts represents a liability to the Company that is in excess of the agreed-upon dollar threshold for the Company's then-applicable credit rating, the counterparty has the right to require the Company to remit funds as a margin deposit in an amount equal to the portion of the derivative liability that is in excess of the dollar threshold amount. The Company records these deposits as a current asset in the Condensed Consolidated Balance Sheets. As of June 30, 2023 and December 31, 2022, the aggregate fair value of all OTC derivative instruments with credit rating risk-related contingent features that were in a net liability position was $30.3 million and $347.6 million, respectively, for which no deposits were required or recorded in the Condensed Consolidated Balance Sheets for either period.

When the net fair value of any of the Company's OTC derivative instrument contracts represents an asset to the Company that is in excess of the agreed-upon dollar threshold for the counterparty's then-applicable credit rating, the Company has the right to require the counterparty to remit funds as a margin deposit in an amount equal to the portion of the derivative asset that is in excess of the dollar threshold amount. The Company records these deposits as a current liability in the Condensed Consolidated Balance Sheets. As of both June 30, 2023 and December 31, 2022, there were no such deposits recorded in the Condensed Consolidated Balance Sheets.

When the Company enters into exchange traded natural gas contracts, exchanges may require the Company to remit funds to the corresponding broker as good-faith deposits to guard against the risks associated with changing market conditions. The Company is required to make such deposits based on an established initial margin requirement and the net liability position, if any, of the fair value of the associated contracts. The Company records these deposits as a current asset in the Condensed Consolidated Balance Sheets. When the fair value of such contracts is in a net asset position, the broker may remit funds to the Company. The Company records these deposits as a current liability in the Condensed Consolidated Balance Sheets. The initial margin requirements are established by the exchanges based on the price, volatility and the time to expiration of the contract. The margin requirements are subject to change at the exchanges' discretion. As of June 30, 2023 and December 31, 2022, the Company recorded $27.4 million and $100.6 million, respectively, of such deposits as current assets in the Condensed Consolidated Balance Sheets.

The Company has netting agreements with financial institutions and its brokers that permit net settlement of gross commodity derivative assets against gross commodity derivative liabilities. The table below summarizes the impact of netting agreements and margin deposits on gross derivative assets and liabilities.

	Gross derivative instruments recorded in the Condensed Consolidated Balance Sheets	Derivative instruments subject to master netting agreements	Margin requirements with counterparties	Net derivative instruments
		(Thousands)		
June 30, 2023				
Asset derivative instruments, at fair value	$ 683,612	$ (360,541)	$ —	$ 323,071
Liability derivative instruments, at fair value	485,224	(360,541)	(27,386)	97,297
December 31, 2022				
Asset derivative instruments, at fair value	$ 812,371	$ (756,495)	$ —	$ 55,876
Liability derivative instruments, at fair value	1,393,487	(756,495)	(100,623)	536,369

Henry Hub Cash Bonus. The Consolidated GGA (defined in Note 8) executed in connection with the Equitrans Share Exchange (defined in Note 8) provides for cash bonus payments (the Henry Hub Cash Bonus) payable by the Company during the period beginning on the first day of the quarter in which the Mountain Valley Pipeline is placed in service and ending on the earlier of 36 months thereafter or December 31, 2024. Such payments are conditioned upon the quarterly average of the NYMEX Henry Hub natural gas settlement price exceeding certain price thresholds.

As of December 31, 2022, the Company reduced the derivative liability related to the Henry Hub Cash Bonus to zero given the uncertainties surrounding the in-service date of the Mountain Valley Pipeline and the Company's then-held belief that achieving an in-service date of the Mountain Valley Pipeline prior to December 31, 2024 was not probable.

On June 3, 2023, President Biden signed legislation that raises the United States' debt limit, ratifies and approves all permits and authorizations necessary for the construction and initial operation of the Mountain Valley Pipeline and directs the applicable federal officials and agencies to maintain such authorizations. Further, the legislation requires the Secretary of the Army to issue all permits or verifications necessary to complete project construction and allow for the Mountain Valley Pipeline's operation and maintenance. Given the impact of this legislation, the Company reevaluated its probability-weighted assessment of the achievement of an in-service date of the Mountain Valley Pipeline prior to December 31, 2024 and concluded that, as of June 30, 2023, based on the facts and circumstances that existed as of that date, the derivative liability related to the Henry Hub Cash Bonus had a fair value of approximately $62.1 million.

The fair value of the derivative liability related to the Henry Hub Cash Bonus is based on significant inputs that are interpolated from observable market data and, as such, is a Level 2 fair value measurement. See Note 4 for a description of the fair value hierarchy.

4. Fair Value Measurements

The Company records its financial instruments, which are principally derivative instruments, at fair value in the Condensed Consolidated Balance Sheets. The Company estimates the fair value of its financial instruments using quoted market prices when available. If quoted market prices are not available, the fair value is based on models that use market-based parameters, including forward curves, discount rates, volatilities and nonperformance risk, as inputs. Nonperformance risk considers the effect of the Company's credit standing on the fair value of liabilities and the effect of the counterparty's credit standing on the fair value of assets. The Company estimates nonperformance risk by analyzing publicly available market information, including a comparison of the yield on debt instruments with credit ratings similar to the Company's or counterparty's credit rating and the yield on a risk-free instrument.

EQT CORPORATION AND SUBSIDIARIES
Notes to the Condensed Consolidated Financial Statements (Unaudited)

The Company has categorized its assets and liabilities recorded at fair value into a three-level fair value hierarchy based on the priority of the inputs to the valuation technique. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets and liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). Assets and liabilities that use Level 2 inputs primarily include the Company's swap, collar and option agreements.

Exchange traded commodity swaps have Level 1 inputs. The fair value of the commodity swaps with Level 2 inputs is based on standard industry income approach models that use significant observable inputs, including, but not limited to, NYMEX natural gas forward curves, LIBOR-based discount rates, basis forward curves and NGLs forward curves. The Company's collars and options are valued using standard industry income approach option models. The significant observable inputs used by the option pricing models include NYMEX forward curves, natural gas volatilities and LIBOR-based discount rates.

The table below summarizes assets and liabilities measured at fair value on a recurring basis.

		Fair value measurements at reporting date using:		
	Gross derivative instruments recorded in the Condensed Consolidated Balance Sheets	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
		(Thousands)		
June 30, 2023				
Asset derivative instruments, at fair value	$ 683,612	$ 75,675	$ 607,937	$ —
Liability derivative instruments, at fair value	485,224	79,149	406,075	—
December 31, 2022				
Asset derivative instruments, at fair value	$ 812,371	$ 103,028	$ 709,343	$ —
Liability derivative instruments, at fair value	1,393,487	154,601	1,238,886	—

The carrying values of cash equivalents, accounts receivable and accounts payable approximate fair value due to their short-term maturities. The carrying value of any borrowings under the Company's credit facility and the Term Loan Facility (defined in Note 6) approximates fair value as their interest rates are based on prevailing market rates. The Company considers these fair values to be Level 1 fair value measurements.

The Company has an investment in a fund (the Investment Fund) that invests in companies developing technology and operating solutions for exploration and production companies. The Company values the Investment Fund using, as a practical expedient, the net asset value provided in the financial statements received from fund managers.

The Company estimates the fair value of its senior notes using established fair value methodology. Because not all of the Company's senior notes are actively traded, their fair value is a Level 2 fair value measurement. As of June 30, 2023 and December 31, 2022, the Company's senior notes had a fair value of approximately $5.0 billion and $6.1 billion, respectively, and a carrying value of approximately $4.6 billion and $5.6 billion, respectively, inclusive of any current portion. The fair value of the Company's note payable to EQM Midstream Partners, LP (EQM) is estimated using an income approach model with a market-based discount rate and is a Level 3 fair value measurement. As of June 30, 2023 and December 31, 2022, the Company's note payable to EQM had a fair value of approximately $94 million and $96 million, respectively, and a carrying value of approximately $91 million and $94 million, respectively, inclusive of any current portion. See Note 6 for further discussion of the Company's debt.

The Company recognizes transfers between Levels as of the actual date of the event or change in circumstances that caused the transfer. There were no transfers between Levels 1, 2 and 3 during the periods presented.

See Note 3 for a discussion of the fair value measurement of the Henry Hub Cash Bonus. See Note 8 for a discussion of the fair value measurement of the contract asset. See Note 1 to the Consolidated Financial Statements in the Company's Annual Report on Form 10-K for the year ended December 31, 2022 for a discussion of the fair value measurement of the Company's oil and gas properties and other long-lived assets, including impairment and expiration of leases.

EQT CORPORATION AND SUBSIDIARIES
Notes to the Condensed Consolidated Financial Statements (Unaudited)

5. Income Taxes

For the six months ended June 30, 2023 and 2022, the Company calculated the provision for income taxes for interim periods by applying an estimate of the annual effective tax rate for the full fiscal year to "ordinary" income or loss (pre-tax income or loss excluding unusual or infrequently occurring items) for the period. There were no material changes to the Company's methodology for determining unrecognized tax benefits during the six months ended June 30, 2023.

For the six months ended June 30, 2023 and 2022, the Company recorded income tax expense (benefit) at an effective tax rate of 23.0% and 20.2%, respectively. The Company's effective tax rate for the six months ended June 30, 2023 was higher compared to the U.S. federal statutory rate due primarily to state taxes, including valuation allowances limiting certain state tax benefits. The Company's effective tax rate for the six months ended June 30, 2022 was lower compared to the U.S. federal statutory rate due primarily to nondeductible repurchase premiums on the Convertible Notes (defined in Note 6), partly offset by state taxes, including valuation allowances limiting certain state tax benefits.

On August 16, 2022, President Biden signed into law the Inflation Reduction Act of 2022 (the IRA), which is effective for tax years beginning after December 31, 2022. The IRA establishes a 15% corporate alternative minimum tax for certain corporations, which is not applicable to the Company for 2023 in accordance with the safe harbor provided in IRS Notice 2023-7. The IRA also includes a 1% excise tax on stock repurchases made by publicly traded U.S. corporations and includes new and renewed options for energy credits. These changes do not have a significant impact on the Company's financial statements and disclosures.

The Company intends to maintain a valuation allowance on certain of its state net operating loss deferred tax assets (DTAs) until there is sufficient evidence to support a reversal of all or a portion of such allowance. However, given the Company's anticipated future earnings, the Company believes that there is a reasonable possibility that, in the near term, sufficient positive evidence may become available that supports the release of a portion of the Company's valuation allowance, which would result in the recognition of certain DTAs and a decrease to income tax expense for the period in which the release is recorded. The exact timing and amount of the valuation allowance release would be subject to change based on the level of profitability that the Company can achieve.

EQT CORPORATION AND SUBSIDIARIES
Notes to the Condensed Consolidated Financial Statements (Unaudited)

6. Debt

The table below summarizes the Company's outstanding debt.

	June 30, 2023		December 31, 2022	
	Principal Value	Carrying Value (a)	Principal Value	Carrying Value (a)
	(Thousands)			
Senior notes:				
7.42% series B notes due 2023	$ —	$ —	$ 10,000	$ 10,000
6.125% notes due February 1, 2025 (b)	601,521	599,865	911,467	908,168
5.678% notes due October 1, 2025	—	—	500,000	496,578
1.75% convertible notes due May 1, 2026	414,749	407,879	414,832	406,796
3.125% notes due May 15, 2026	392,915	389,370	440,857	436,198
7.75% debentures due July 15, 2026	115,000	113,467	115,000	113,218
3.90% notes due October 1, 2027	1,169,503	1,164,866	1,233,008	1,227,582
5.700% notes due April 1, 2028	500,000	489,363	500,000	493,941
5.00% notes due January 15, 2029	318,494	314,790	327,101	322,956
7.000% notes due February 1, 2030 (b)	674,800	670,709	714,800	710,138
3.625% notes due May 15, 2031	435,165	429,802	465,165	459,070
Note payable to EQM	91,442	91,442	94,320	94,320
Total debt	4,713,589	4,671,553	5,726,550	5,678,965
Less: Current portion of debt (c)	420,787	413,917	430,668	422,632
Long-term debt	$ 4,292,802	$ 4,257,636	$ 5,295,882	$ 5,256,333

(a) For the note payable to EQM, the principal value represents the carrying value. For all other debt, the principal value less the unamortized debt issuance costs and debt discounts represents the carrying value.
(b) Interest rates for this tranche of the Company's senior notes fluctuate based on changes to the credit ratings assigned to the Company's senior notes by Moody's, S&P and Fitch. Interest rates on the Company's other outstanding senior notes do not fluctuate.
(c) As of June 30, 2023, the current portion of debt included the 1.75% convertible notes and a portion of the note payable to EQM. As of December 31, 2022, the current portion of debt included the 7.42% series B notes, the 1.75% convertible notes and a portion of the note payable to EQM.

Debt Repayments. The Company redeemed or repurchased the following debt during the six months ended June 30, 2023.

Debt Tranche	Principal	Premiums/(Discounts) (a)	Accrued but Unpaid Interest	Total Cost
		(Thousands)		
6.125% notes due February 1, 2025	$ 309,946	$ 1,832	$ 6,801	$ 318,579
5.678% notes due October 1, 2025	500,000	—	6,940	506,940
3.125% notes due May 15, 2026	47,942	(3,042)	296	45,196
3.90% notes due October 1, 2027	63,505	(3,534)	781	60,752
5.00% notes due January 15, 2029	8,607	(309)	137	8,435
7.000% notes due February 1, 2030	40,000	2,736	1,313	44,049
3.625% notes due May 15, 2031	30,000	(4,011)	167	26,156
Total	$ 1,000,000	$ (6,328)	$ 16,435	$ 1,010,107

(a) Includes third-party costs and fees paid to dealer managers and brokers.

Credit Facility. The Company has a $2.5 billion credit facility that matures in June 2027.

As of both June 30, 2023 and December 31, 2022, the Company had approximately $25 million of letters of credit outstanding under its credit facility.

During the three and six months ended June 30, 2023, there were no borrowings under the Company's credit facility. During the three and six months ended June 30, 2022, under the Company's credit facility, the maximum amount of outstanding borrowings was $1,300 million for both periods, the average daily balance was approximately $844 million and $576 million, respectively, and interest was incurred at a weighted average annual interest rate of 2.3% and 2.2%, respectively.

Term Loan Facility. The Company has an unsecured term loan facility (the Term Loan Facility) with aggregate lender commitments thereunder in the principal amount of $1.25 billion to partly finance the pending Tug Hill and XcL Midstream Acquisition (defined and discussed in Note 6 to the Consolidated Financial Statements included in the Company's Annual Report on Form 10-K for the year ended December 31, 2022). As of June 30, 2023 and December 31, 2022, all commitments under the Term Loan Facility remained undrawn. On April 25, 2023, the Company extended the commitments under the Term Loan Facility to December 29, 2023. Prior to such extension, any unfunded commitments under the Term Loan Facility were scheduled to expire on June 30, 2023.

5.700% Notes Consent Solicitation and Indenture Amendment. On May 10, 2023, following the receipt of the requisite consents of holders of a majority of the aggregate principal amount of the Company's 5.700% senior notes, which were obtained through a solicitation of consents that the Company commenced on May 3, 2023, the Company amended the indenture governing the Company's outstanding 5.700% senior notes to extend the Outside Date (defined below) for the special mandatory redemption provision from June 30, 2023 to December 29, 2023.

In October 2022, the Company issued its 5.700% senior notes to partly finance the pending Tug Hill and XcL Midstream Acquisition. Under the indenture governing the Company's 5.700% senior notes, the Company is required to redeem the outstanding 5.700% senior notes at a redemption price equal to 101% of the principal amount of the 5.700% senior notes plus accrued and unpaid interest, if any, to, but excluding, the date of such mandatory redemption if (i) the Tug Hill and XcL Midstream Acquisition is not consummated on or before June 30, 2023 (the Outside Date) or (ii) the Company notifies the trustee of the 5.700% senior notes that it will not pursue the consummation of the Tug Hill and XcL Midstream Acquisition.

Under the terms set forth in the consent solicitation statement, on May 11, 2023, the Company paid to holders of outstanding 5.700% senior notes who delivered valid consents a consent fee of $3.6 million in the aggregate. In addition, pursuant to the terms set forth in the consent solicitation statement, on July 5, 2023, the Company paid to such holders an additional consent fee of $1.8 million in the aggregate.

Convertible Notes. In April 2020, the Company issued $500 million aggregate principal amount of 1.75% convertible senior notes (the Convertible Notes) due May 1, 2026 unless earlier redeemed, repurchased or converted.

Holders of the Convertible Notes may convert their Convertible Notes at their option at any time prior to the close of business on January 30, 2026 under the following circumstances:

- during any quarter as long as the last reported price of EQT Corporation common stock for at least 20 trading days (consecutive or otherwise) during the period of 30 consecutive trading days ending on the last trading day of the immediately preceding quarter is greater than or equal to 130% of the conversion price on each such trading day (the Sale Price Condition);
- during the five-business-day period after any five-consecutive-trading-day period (the measurement period) in which the trading price per $1,000 principal amount of the Convertible Notes for each trading day of the measurement period is less than 98% of the product of the last reported price of EQT Corporation common stock and the conversion rate for the Convertible Notes on each such trading day;
- if the Company calls any or all of the Convertible Notes for redemption at any time prior to the close of business on the second scheduled trading day immediately preceding such redemption date; and
- upon the occurrence of certain corporate events set forth in the Convertible Notes indenture.

On or after February 1, 2026, holders of the Convertible Notes may convert their Convertible Notes at their option at any time until the close of business on the second scheduled trading date immediately preceding May 1, 2026.

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The Company was not permitted to redeem the Convertible Notes prior to May 5, 2023. On or after May 5, 2023 and prior to February 1, 2026, the Company may redeem for cash all or any portion of the Convertible Notes at its option at a redemption price equal to 100% of the principal amount of the Convertible Notes to be redeemed plus accrued and unpaid interest up to the redemption date as long as the last reported price per share of EQT Corporation common stock has been at least 130% of the conversion price in effect for at least 20 trading days (consecutive or otherwise) during any 30-consecutive-trading-day period ending on the trading day immediately preceding the date on which the Company delivers notice of redemption. A sinking fund is not provided for the Convertible Notes.

As a result of the cash dividends EQT Corporation paid on its common stock during the first half of 2023, the conversion rate for the Convertible Notes was adjusted as noted in the following table. Future dividend payments by EQT Corporation will result in further adjustments to the conversion rate.

Dividend Paid	Effective Date of Adjustment to Conversion Rate	Conversion Shares of EQT Corporation Common Stock per $1,000 Principal Amount
Q1 2023	February 17, 2023	68.0740
Q2 2023	May 9, 2023	68.3917

The conversion rate is also subject to adjustment under certain other circumstances. In addition, following certain corporate events that occur prior to May 1, 2026 or if the Company delivers notice of redemption, the Company will, in certain circumstances, increase the conversion rate for a holder who elects to convert its Convertible Notes in connection with such corporate event or notice of redemption.

The Sale Price Condition for conversion of the Convertible Notes was satisfied as of June 30, 2023, and, accordingly, the Convertible Notes indenture permits holders of the Convertible Notes to convert any of their Convertible Notes at their option at any time during the third quarter of 2023, subject to the terms and conditions set forth in the Convertible Notes indenture. In addition, the Sales Price Condition for conversion of the Convertible Notes was satisfied as of December 31, 2022, and, accordingly, the Convertible Notes indenture permitted holders of the Convertible Notes to convert any of their Convertible Notes at their option at any time during the first quarter of 2023, subject to the terms and conditions set forth in the Convertible Notes indenture. Therefore, as of June 30, 2023 and December 31, 2022, the net carrying value of the Convertible Notes was included in current portion of debt in the Condensed Consolidated Balance Sheets.

The following table summarizes settlements of Convertible Notes conversion right exercises for the six months ended June 30, 2023. The Company elected to settle all such conversions by issuing to the converting holders shares of EQT Corporation common stock.

Settlement Month	Principal Converted	Shares Issued	Average Conversion Price
	(Thousands)		
January 2023	$ 7	473	$ 33.70
February 2023	8	541	30.77
March 2023	6	408	31.46
April 2023	58	3,948	32.01
June 2023	4	272	39.06

Upon conversion of the remaining outstanding Convertible Notes, the Company may satisfy its conversion obligation by paying and/or delivering at the Company's election, in the manner and subject to the terms and conditions provided in the Convertible Notes indenture, cash, shares of EQT Corporation common stock or a combination thereof. The Company intends to use a combined settlement approach to satisfy its obligation by paying or delivering to holders of the Convertible Notes cash equal to the principal amount of the obligation and EQT Corporation common stock for amounts that exceed the principal amount of the obligation.

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In connection with the Convertible Notes offering, the Company entered into privately negotiated capped call transactions (the Capped Call Transactions), the purpose of which is to reduce the potential dilution to EQT Corporation common stock upon conversion of the Convertible Notes and/or offset any cash payments the Company is required to make in excess of the principal amount of such obligation, with such reduction and offset subject to a cap. The Capped Call Transactions have an initial strike price of $15.00 per share of EQT Corporation common stock and an initial capped price of $18.75 per share of EQT Corporation common stock, each of which are subject to certain customary adjustments, including adjustments as a result of EQT Corporation paying a dividend on its common stock.

Based on the closing stock price of EQT Corporation common stock of $41.13 on June 30, 2023 and excluding the impact of the Capped Call Transactions, the if-converted value of the Convertible Notes exceeded the principal amount by $752 million.

The table below summarizes the net carrying value and fair value of the Convertible Notes.

	June 30, 2023	December 31, 2022
	(Thousands)	
Principal	$ 414,749	$ 414,832
Less: Unamortized debt issuance costs	6,870	8,036
Net carrying value of Convertible Notes	$ 407,879	$ 406,796
Fair value of Convertible Notes (a)	$ 939,925	$ 967,728

(a) The fair value is a Level 2 fair value measurement. See Note 4.

The table below summarizes the components of interest expense related to the Convertible Notes. The effective interest rate for the Convertible Notes is 2.4%.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
	(Thousands)			
Contractual interest expense	$ 1,815	$ 2,183	$ 3,629	$ 4,370
Amortization of issuance costs	583	687	1,164	1,371
Total Convertible Notes interest expense	$ 2,398	$ 2,870	$ 4,793	$ 5,741

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7. (Loss) Income Per Share

The following table shows the computation for basic and diluted (loss) income per share.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
	(Thousands, except per share amounts)			
Net (loss) income attributable to EQT Corporation – Basic (loss) income available to shareholders	$ (66,626)	$ 891,361	$ 1,151,922	$ (624,687)
Add back: Interest expense on Convertible Notes, net of tax (a)	—	2,279	3,691	—
Diluted (loss) income available to shareholders	$ (66,626)	$ 893,640	$ 1,155,613	$ (624,687)
Weighted average common stock outstanding – Basic	361,982	369,866	361,721	372,023
Options, restricted stock, performance awards and stock appreciation rights (a)	—	4,132	3,455	—
Convertible Notes (a)	—	33,305	28,259	—
Weighted average common stock outstanding – Diluted	361,982	407,303	393,435	372,023
(Loss) income per share of common stock attributable to EQT Corporation:				
Basic	$ (0.18)	$ 2.41	$ 3.18	$ (1.68)
Diluted	$ (0.18)	$ 2.19	$ 2.94	$ (1.68)

(a) In periods when the Company reports a net loss, all options, restricted stock, performance awards and stock appreciation rights are excluded from the calculation of diluted weighted average shares outstanding because of their anti-dilutive effect on loss per share. As a result, for the three months ended June 30, 2023 and six months ended June 30, 2022, all such securities of 4.7 million and 6.9 million, respectively, were excluded from potentially dilutive securities because of their anti-dilutive effect on loss per share.

In addition, the Company uses the if-converted method to calculate the impact of the Convertible Notes on diluted (loss) income per share. For the three months ended June 30, 2023 and six months ended June 30, 2022, such if-converted securities of approximately 28.3 million and 33.4 million, respectively, as well as the respective related add back of interest expense on the Convertible Notes, net of tax, were excluded from potentially dilutive securities because of their anti-dilutive effect on loss per share.

8. Impairment of Contract Asset

During the first quarter of 2020, the Company sold to Equitrans Midstream Corporation (Equitrans Midstream) approximately 50% of the Company's then-owned equity interest in Equitrans Midstream in exchange for a combination of cash and rate relief under certain of the Company's gathering contracts with an affiliate of Equitrans Midstream (the Equitrans Share Exchange). The rate relief was effected through the execution of a consolidated gas gathering and compression agreement entered into between the Company and an affiliate of Equitrans Midstream (the Consolidated GGA). On the closing date of the Equitrans Share Exchange, the Company recorded in the Condensed Consolidated Balance Sheet a contract asset of $410 million representing the estimated fair value of the rate relief inclusive of the Cash Payment Option (defined below).

Because the Mountain Valley Pipeline was not in service by January 1, 2022, the Consolidated GGA provided the Company the option to forgo a portion of the gathering fee relief that would otherwise be applicable following the Mountain Valley Pipeline in-service date in exchange for a cash payment of approximately $196 million (the Cash Payment Option). During the third quarter of 2022, the Company elected to exercise the Cash Payment Option, and, in the fourth quarter of 2022, the Company received the cash proceeds from the Cash Payment Option.

During 2022, the Company identified indicators that the carrying value of the contract asset may not be fully recoverable, including increased uncertainty of the estimated timing of completion of the Mountain Valley Pipeline due to court rulings and public statements from Equitrans Midstream with respect to its completion. As a result of the Company's impairment evaluation, the Company recognized impairment of the contract asset during the first quarter of 2022 of $184.9 million in the Statement of Condensed Consolidated Operations. During the fourth quarter of 2022, the Company recognized additional impairment of the contract asset of $29.3 million in the Statement of Condensed Consolidated Operations. As of December 31, 2022, the previously recognized impairments plus the election of the Cash Payment Option reduced the carrying value of the contract asset to zero.

The fair value of the contract asset was based on significant inputs that are not observable in the market and, as such, is a Level 3 fair value measurement. See Note 4 for a description of the fair value hierarchy. Key assumptions used in the fair value calculation included the following: (i) a probability-weighted estimate of the in-service date of the Mountain Valley Pipeline; (ii) an estimate of the potential exercise and timing of the Cash Payment Option; (iii) an estimated production volume forecast and (iv) a market-based weighted average cost of capital.

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

The following discussion and analysis of financial condition and results of operations should be read in conjunction with the Condensed Consolidated Financial Statements and the notes thereto included in this report. Unless the context otherwise indicates, all references in this report to "EQT," the "Company," "we," "us," or "our" are to EQT Corporation and its subsidiaries, collectively.

CAUTIONARY STATEMENTS

This Quarterly Report on Form 10-Q contains certain forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended (the Exchange Act), and Section 27A of the Securities Act of 1933, as amended (the Securities Act). Statements that do not relate strictly to historical or current facts are forward-looking and are usually identified by the use of words such as "anticipate," "estimate," "could," "would," "will," "may," "forecast," "approximate," "expect," "project," "intend," "plan," "believe" and other words of similar meaning, or the negative thereof, in connection with any discussion of future operating or financial matters. Without limiting the generality of the foregoing, forward-looking statements contained in this Quarterly Report on Form 10-Q include the expectations of our plans, strategies, objectives and growth and anticipated financial and operational performance, including guidance regarding our strategy to develop our reserves; drilling plans and programs, including availability of capital to complete these plans and programs; total resource potential and drilling inventory duration; projected production and sales volume and growth rates; natural gas prices; changes in basis and the impact of commodity prices on our business; potential future impairments of our assets; projected well costs and capital expenditures; infrastructure programs; the cost, capacity, and timing of obtaining regulatory approvals; our ability to successfully implement and execute our operational, organizational, technological and environmental, social and governance (ESG) initiatives, and achieve the anticipated results of such initiatives; projected gathering and compression rates; potential or pending acquisition transactions, including the pending Tug Hill and XcL Midstream Acquisition (defined and discussed in Note 6 to the Consolidated Financial Statements included in our Annual Report on Form 10-K for the year ended December 31, 2022), or other strategic transactions, the timing thereof and our ability to achieve the intended operational, financial and strategic benefits from any such transactions; the amount and timing of any repayments, redemptions or repurchases of our common stock, outstanding debt securities or other debt instruments; our ability to retire our debt and the timing of such retirements, if any; the projected amount and timing of dividends; projected cash flows and free cash flow and the timing thereof; liquidity and financing requirements, including funding sources and availability; our ability to maintain or improve our credit ratings, leverage levels and financial profile; our hedging strategy and projected margin posting obligations; the effects of litigation, government regulation and tax position; and the expected impact of changes to tax laws.

The forward-looking statements included in this Quarterly Report on Form 10-Q involve risks and uncertainties that could cause actual results to differ materially from projected results. Accordingly, investors should not place undue reliance on forward-looking statements as a prediction of actual results. We have based these forward-looking statements on current expectations and assumptions about future events, taking into account all information currently known by us. While we consider these expectations and assumptions to be reasonable, they are inherently subject to significant business, economic, competitive, regulatory and other risks and uncertainties, many of which are difficult to predict and beyond our control. These risks and uncertainties include, but are not limited to, volatility of commodity prices; the costs and results of drilling and operations; uncertainties about estimates of reserves, identification of drilling locations and the ability to add proved reserves in the future; the assumptions underlying production forecasts; the quality of technical data; our ability to appropriately allocate capital and other resources among our strategic opportunities; access to and cost of capital, including as a result of rising interest rates and other economic uncertainties; our hedging and other financial contracts; inherent hazards and risks normally incidental to drilling for, producing, transporting and storing natural gas, natural gas liquids (NGLs) and oil; cyber security risks and acts of sabotage; availability and cost of drilling rigs, completion services, equipment, supplies, personnel, oilfield services and sand and water required to execute our exploration and development plans, including as a result of inflationary pressures; risks associated with operating primarily in the Appalachian Basin and obtaining a substantial amount of our midstream services from Equitrans Midstream Corporation (Equitrans Midstream); the ability to obtain environmental and other permits and the timing thereof; government regulation or action, including regulations pertaining to methane and other greenhouse gas emissions; negative public perception of the fossil fuels industry; increased consumer demand for alternatives to natural gas; environmental and weather risks, including the possible impacts of climate change; and disruptions to our business due to acquisitions and other significant transactions, including the pending Tug Hill and XcL Midstream Acquisition. These and other risks and uncertainties are described under Item 1A., "Risk Factors" and elsewhere in our Annual Report on Form 10-K for the year ended December 31, 2022, and may be updated by Part II, Item 1A., "Risk Factors" in subsequent Quarterly Reports on Form 10-Q and other documents we subsequently file from time to time with the Securities and Exchange Commission.

Any forward-looking statement speaks only as of the date on which such statement is made, and, except as required by law, we do not intend to correct or update any forward-looking statement, whether as a result of new information, future events or otherwise.

Consolidated Results of Operations

Net loss attributable to EQT Corporation for the three months ended June 30, 2023 was $66.6 million, $0.18 per diluted share, compared to net income attributable to EQT Corporation for the same period in 2022 of $891.4 million, $2.19 per diluted share. The change was attributable primarily to decreased sales of natural gas, NGLs and oil, partly offset by a gain on derivatives in 2023 compared to a loss on derivatives in 2022 and income tax benefit in 2023 compared to income tax expense in 2022.

Net income attributable to EQT Corporation for the six months ended June 30, 2023 was $1,151.9 million, $2.94 per diluted share, compared to net loss attributable to EQT Corporation for the same period in 2022 of $624.7 million, $1.68 per diluted share. The change was attributable primarily to a gain on derivatives in 2023 compared to a loss on derivatives in 2022 and impairment of the contract asset in 2022, partly offset by decreased sales of natural gas, NGLs and oil and income tax expense in 2023 compared to income tax benefit in 2022.

See "Sales Volume and Revenues" and "Operating Expenses" for discussions of items affecting operating income and "Other Income Statement Items" for a discussion of other income statement items. See "Investing Activities" under "Capital Resources and Liquidity" for a discussion of capital expenditures.

Trends and Uncertainties

Our sales volume and operating expenses on a per Mcfe basis for 2022 and the first half of 2023 were negatively impacted by fewer wells turned-in-line during 2022 compared to our 2022 planned development schedule due to third-party supply chain constraints. In addition, as a result of third-party supply chain constraints in 2022, we shifted the planned development of approximately 30 wells from 2022 to 2023 (the Rescheduled Wells). All of the Rescheduled Wells have been completed and turned-to-sales as of July 20, 2023; however, future supply chain constraints or declines in natural gas prices may result in adjustments to our 2023 planned development schedule. Our sales volume and operating expenses on a per Mcfe basis for the second quarter of 2023 were also negatively impacted by lower-than-expected liquids volumes from unscheduled downtime at an in-basin ethane cracker plant to conduct equipment repairs and maintenance and a delay in the development schedule of certain wells that are not operated by us but in which we have a working interest in the volumes produced from such wells. We cannot control or otherwise influence the development schedule of non-operated wells in which we have a working interest. Adjustments to our 2023 planned development schedule or delays in the development schedule of non-operated wells in which we have a working interest could impact our future sales volume, operating revenues and expenses, per unit metrics and capital expenditures.

The annual inflation rate in the United States was particularly high during 2022, and, although the inflation rate has decreased through the first half of 2023, it still remains elevated compared to historical levels. Inflationary pressures have multiple impacts on our business, including increasing our operating expenses and our cost of capital. While the prices for certain of the raw materials and services we use in our operations have generally decreased from the peak prices experienced during 2022, we will not fully realize the benefit of such reduced prices until we enter into new contracts for such materials and services, and inflationary pressures may cause prices to fluctuate. Additionally, certain of our commitments for demand charges under our existing long-term contracts and processing capacity are subject to consumer price index adjustments. Although we believe our scale and supply chain contracting strategy of using multi-year sand and frac crew contracts allows us to maximize capital and operating efficiencies, future increases in the inflation rate will negatively impact our long-term contracts with consumer price index adjustments.

Additionally, while the prices for natural gas, NGLs and oil have historically been volatile, price volatility was especially pronounced during 2022, with natural gas prices peaking in August 2022 and steadily declining thereafter. While natural gas prices through the first half of 2023 have declined from the high prices experienced during the majority of 2022, we expect commodity price volatility to continue or increase throughout the remainder of 2023 due to macroeconomic uncertainty and geopolitical tensions, including continued developments pertaining to Russia's invasion of Ukraine, which began in February 2022 and has put upward pressure on natural gas and oil prices. Our revenue, profitability, rate of growth, liquidity and financial position will continue to be impacted in the future by the market prices for natural gas and, to a lesser extent, NGLs and oil.

Average Realized Price Reconciliation

The following table presents detailed natural gas and liquids operational information to assist in the understanding of our consolidated operations, including the calculation of our average realized price ($/Mcfe), which is based on adjusted operating revenues, a non-GAAP supplemental financial measure. Adjusted operating revenues is presented because it is an important measure we use to evaluate period-to-period comparisons of earnings trends. Adjusted operating revenues should not be considered as an alternative to total operating revenues. See "Non-GAAP Financial Measures Reconciliation" for a reconciliation of adjusted operating revenues with total operating revenues, the most directly comparable financial measure calculated in accordance with GAAP.

EQT CORPORATION AND SUBSIDIARIES
Management's Discussion and Analysis of Financial Condition and Results of Operations

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
	(Thousands, unless otherwise noted)			
NATURAL GAS				
Sales volume (MMcf)	449,658	476,723	883,055	942,859
NYMEX price ($/MMBtu)	$ 2.10	$ 7.16	$ 2.76	$ 6.05
Btu uplift	0.10	0.38	0.14	0.31
Natural gas price ($/Mcf)	$ 2.20	$ 7.54	$ 2.90	$ 6.36
Basis ($/Mcf) (a)	$ (0.50)	$ (0.88)	$ (0.10)	$ (0.56)
Cash settled basis swaps ($/Mcf)	(0.20)	0.01	(0.18)	(0.10)
Average differential, including cash settled basis swaps ($/Mcf)	$ (0.70)	$ (0.87)	$ (0.28)	$ (0.66)
Average adjusted price ($/Mcf)	$ 1.50	$ 6.67	$ 2.62	$ 5.70
Cash settled derivatives ($/Mcf)	0.53	(3.66)	0.42	(2.71)
Average natural gas price, including cash settled derivatives ($/Mcf)	$ 2.03	$ 3.01	$ 3.04	$ 2.99
Natural gas sales, including cash settled derivatives	$ 912,966	$ 1,433,018	$ 2,688,101	$ 2,816,214
LIQUIDS				
NGLs, excluding ethane:				
Sales volume (MMcfe) (b)	11,679	14,568	25,176	29,202
Sales volume (Mbbl)	1,946	2,428	4,196	4,867
NGLs price ($/Bbl)	$ 31.28	$ 58.48	$ 35.29	$ 61.27
Cash settled derivatives ($/Bbl)	(1.21)	(4.67)	(1.83)	(4.76)
Average NGLs price, including cash settled derivatives ($/Bbl)	$ 30.07	$ 53.81	$ 33.46	$ 56.51
NGLs sales, including cash settled derivatives	$ 58,533	$ 130,641	$ 140,389	$ 275,022
Ethane:				
Sales volume (MMcfe) (b)	7,743	8,768	17,670	18,607
Sales volume (Mbbl)	1,291	1,461	2,945	3,101
Ethane price ($/Bbl)	$ 5.43	$ 17.70	$ 6.34	$ 13.92
Ethane sales	$ 7,008	$ 25,865	$ 18,660	$ 43,154
Oil:				
Sales volume (MMcfe) (b)	1,759	1,458	3,743	3,124
Sales volume (Mbbl)	293	243	624	521
Oil price ($/Bbl)	$ 49.71	$ 91.38	$ 54.30	$ 88.27
Oil sales	$ 14,570	$ 22,206	$ 33,868	$ 45,962
Total liquids sales volume (MMcfe) (b)	21,181	24,794	46,589	50,933
Total liquids sales volume (Mbbl)	3,530	4,132	7,765	8,489
Total liquids sales	$ 80,111	$ 178,712	$ 192,917	$ 364,138
TOTAL				
Total natural gas and liquids sales, including cash settled derivatives (c)	$ 993,077	$ 1,611,730	$ 2,881,018	$ 3,180,352
Total sales volume (MMcfe)	470,839	501,517	929,644	993,792
Average realized price ($/Mcfe)	$ 2.11	$ 3.21	$ 3.10	$ 3.20

(a) Basis represents the difference between the ultimate sales price for natural gas, including the effects of delivered price benefit or deficit associated with our firm transportation agreements, and the New York Mercantile Exchange (NYMEX) natural gas price.
(b) NGLs, ethane and oil were converted to Mcfe at a rate of six Mcfe per barrel.
(c) Total natural gas and liquids sales, including cash settled derivatives, is also referred to in this report as adjusted operating revenues, a non-GAAP supplemental financial measure.

Non-GAAP Financial Measures Reconciliation

The table below reconciles adjusted operating revenues, a non-GAAP supplemental financial measure, with total operating revenues, its most directly comparable financial measure calculated in accordance with GAAP. Adjusted operating revenues (also referred to in this report as total natural gas and liquids sales, including cash settled derivatives) is presented because it is an important measure we use to evaluate period-to-period comparisons of earnings trends. Adjusted operating revenues excludes the revenue impacts of changes in the fair value of derivative instruments prior to settlement and net marketing services and other. We use adjusted operating revenues to evaluate earnings trends because, as a result of the measure's exclusion of the often-volatile changes in the fair value of derivative instruments prior to settlement, the measure reflects only the impact of settled derivative contracts. Net marketing services and other consists of the costs of, and recoveries on, pipeline capacity releases, revenues for gathering services provided to third parties and other revenues. Because we consider net marketing services and other to be unrelated to our natural gas and liquids production activities, adjusted operating revenues excludes net marketing services and other. We believe that adjusted operating revenues provides useful information to investors for evaluating period-to-period comparisons of earnings trends.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
	(Thousands, unless otherwise noted)			
Total operating revenues	$ 1,018,751	$ 2,527,508	$ 3,679,822	$ 1,948,398
(Deduct) add:				
(Gain) loss on derivatives	(164,386)	845,095	(989,238)	3,922,732
Net cash settlements received (paid) on derivatives	212,247	(1,753,732)	369,247	(2,639,271)
Premiums (paid) received for derivatives that settled during the period	(67,495)	251	(166,912)	(32,212)
Net marketing services and other	(6,040)	(7,392)	(11,901)	(19,295)
Adjusted operating revenues, a non-GAAP financial measure	$ 993,077	$ 1,611,730	$ 2,881,018	$ 3,180,352
Total sales volume (MMcfe)	470,839	501,517	929,644	993,792
Average realized price ($/Mcfe)	$ 2.11	$ 3.21	$ 3.10	$ 3.20

Sales Volume and Revenues

Three Months Ended June 30, 2023 Compared to Three Months Ended June 30, 2022

	Three Months Ended June 30,			
	2023	2022	Change	% Change
	(Thousands, unless otherwise noted)			
Sales volume by shale (MMcfe):				
Marcellus	449,434	465,715	(16,281)	(3.5)
Ohio Utica	19,495	33,469	(13,974)	(41.8)
Other	1,910	2,333	(423)	(18.1)
Total sales volume	470,839	501,517	(30,678)	(6.1)
Average daily sales volume (MMcfe/d)	5,174	5,511	(337)	(6.1)
Operating revenues:				
Sales of natural gas, NGLs and oil	$ 848,325	$ 3,365,211	$ (2,516,886)	(74.8)
Gain (loss) on derivatives	164,386	(845,095)	1,009,481	(119.5)
Net marketing services and other	6,040	7,392	(1,352)	(18.3)
Total operating revenues	$ 1,018,751	$ 2,527,508	$ (1,508,757)	(59.7)

Sales of natural gas, NGLs and oil. Sales of natural gas, NGLs and oil decreased for the three months ended June 30, 2023 compared to the same period in 2022 due to decreased sales volume and lower average realized price.

Sales volume decreased for the three months ended June 30, 2023 primarily as a result of sales volume decreases from natural decline of producing wells, fewer wells turned-in-line throughout 2022 as a result of third-party supply chain constraints and a delay in the development schedule of certain non-operated wells in which we have a working interest, partly offset by increased volumes from our operated wells as a result efficiencies realized within our drilling and completions operations. The assets that we intend to acquire in the pending Tug Hill and XcL Midstream Acquisition, which is subject to regulatory approvals, are currently producing approximately 800 MMcfe per day of sales volume, 20% of which is liquids sales volume.

Average realized price decreased for the three months ended June 30, 2023 compared to the same period in 2022 due to lower NYMEX and liquids prices, partly offset by favorable cash settled derivatives and favorable differential. For the three months ended June 30, 2023, we received $212.2 million of net cash settlements on derivatives, composed of $304.8 million of net cash settlements received on our NYMEX natural gas hedge positions and $92.6 million of net cash settlements paid on our basis and liquids hedge positions. For the same period in 2022, we paid $1,753.7 million of net cash settlements on derivatives, composed of $1,747.2 million of net cash settlements paid on our NYMEX natural gas hedge positions and $6.5 million of net cash settlements paid on our basis and liquids hedge positions. Net cash settlements received (paid) on derivatives are included in average realized price but may not be included in operating revenues. For the three months ended June 30, 2023 and 2022, we paid $67.5 million and received $0.3 million, respectively, of premiums for derivatives that settled during the period.

Gain (loss) on derivatives. For the three months ended June 30, 2023, we recognized a gain on derivatives of $164.4 million related primarily to increases in the fair market value of our basis swaps, which were in a liability position as of March 31, 2023, partly offset by a loss on the derivative liability related to the Henry Hub Cash Bonus (defined and discussed in Note 4 to the Condensed Consolidated Financial Statements). For the same period in 2022, we recognized a loss on derivatives of $845.1 million related primarily to decreases in the fair market value of our NYMEX swaps and options due to increases in NYMEX forward prices.

Six Months Ended June 30, 2023 Compared to Six Months Ended June 30, 2022

	Six Months Ended June 30,			
	2023	2022	Change	% Change
	(Thousands, unless otherwise noted)			
Sales volume by shale (MMcfe):				
Marcellus	883,780	921,142	(37,362)	(4.1)
Ohio Utica	42,680	67,675	(24,995)	(36.9)
Other	3,184	4,975	(1,791)	(36.0)
Total sales volume	929,644	993,792	(64,148)	(6.5)
Average daily sales volume (MMcfe/d)	5,136	5,491	(355)	(6.5)
Operating revenues:				
Sales of natural gas, NGLs and oil	$ 2,678,683	$ 5,851,835	$ (3,173,152)	(54.2)
Gain (loss) on derivatives	989,238	(3,922,732)	4,911,970	(125.2)
Net marketing services and other	11,901	19,295	(7,394)	(38.3)
Total operating revenues	$ 3,679,822	$ 1,948,398	$ 1,731,424	88.9

Sales of natural gas, NGLs and oil. Sales of natural gas, NGLs and oil decreased for the six months ended June 30, 2023 compared to the same period in 2022 due to decreased sales volume and lower average realized price.

Sales volume decreased for the six months ended June 30, 2023 primarily as a result of sales volume decreases from natural decline of producing wells, fewer wells turned-in-line throughout 2022 as a result of third-party supply chain constraints and a delay in the development schedule of certain non-operated wells in which we have a working interest, partly offset by increased volumes from our operated wells as a result efficiencies realized within our drilling and completions operations. The assets that we intend to acquire in the pending Tug Hill and XcL Midstream Acquisition, which is subject to regulatory approvals, are currently producing approximately 800 MMcfe per day of sales volume, 20% of which is liquids sales volume.

Average realized price decreased for the six months ended June 30, 2023 compared to the same period in 2022 due to lower NYMEX and liquids prices, partly offset by favorable cash settled derivatives and favorable differential. For the six months ended June 30, 2023 and 2022, we received $369.2 million, composed of $539.0 million of net cash settlements received on our NYMEX natural gas hedge positions and $169.8 million of net cash settlements paid on our basis and liquids hedge positions. For the same period in 2022, we paid $2,639.3 million of net cash settlements on derivatives, composed of $2,522.3 million of net cash settlements paid on our NYMEX natural gas hedge positions and $117.0 million of net cash settlements paid on our basis and liquids hedge positions. Net cash settlements received (paid) on derivatives are included in average realized price but may not be included in operating revenues. For the six months ended June 30, 2023 and 2022, we paid premiums for derivatives that settled during the period of $166.9 million and $32.2 million, respectively.

Gain (loss) on derivatives. For the six months ended June 30, 2023, we recognized a gain on derivatives of $989.2 million related primarily to increases in the fair market value of our NYMEX swaps and options due to decreases in NYMEX forward prices, partly offset by a loss on the derivative liability related to the Henry Hub Cash Bonus. For the same period in 2022, we recognized a loss on derivatives of $3,922.7 million related primarily to decreases in the fair market value of our NYMEX swaps and options due to increases in NYMEX forward prices, partly offset by a gain on the derivative liability related to the Henry Hub Cash Bonus.

Operating Expenses

Three Months Ended June 30, 2023 Compared to Three Months Ended June 30, 2022

	Three Months Ended June 30,			
	2023	2022	Change	% Change
	(Thousands, unless otherwise noted)			
Operating expenses:				
Gathering	$ 318,491	$ 339,100	$ (20,609)	(6.1)
Transmission	153,152	149,383	3,769	2.5
Processing	51,519	51,221	298	0.6
Lease operating expenses (LOE)	35,552	42,814	(7,262)	(17.0)
Production taxes	19,486	39,742	(20,256)	(51.0)
Exploration	1,203	1,741	(538)	(30.9)
Selling, general and administrative	60,163	59,276	887	1.5
Production depletion	$ 390,504	$ 423,935	$ (33,431)	(7.9)
Other depreciation and depletion	5,180	5,208	(28)	(0.5)
Total depreciation and depletion	$ 395,684	$ 429,143	$ (33,459)	(7.8)
Per Unit ($/Mcfe):				
Gathering	$ 0.68	$ 0.68	$ —	—
Transmission	0.33	0.30	0.03	10.0
Processing	0.11	0.10	0.01	10.0
LOE	0.08	0.09	(0.01)	(11.1)
Production taxes	0.04	0.08	(0.04)	(50.0)
Selling, general and administrative	0.13	0.12	0.01	8.3
Production depletion	0.83	0.85	(0.02)	(2.4)

Operating expenses on a per Mcfe basis for the three months ended June 30, 2023 compared to the same period in 2022 were negatively impacted by decreased sales volume.

Gathering. Gathering expense decreased on an absolute basis for the three months ended June 30, 2023 compared to the same period in 2022 due primarily to decreased sales volume and lower gathering rates on certain contracts indexed to price.

Transmission. Transmission expense increased on an absolute and per Mcfe basis for the three months ended June 30, 2023 compared to the same period in 2022 due primarily to additional capacity acquired subsequent to June 2022, partly offset by credits received from the Texas Eastern Transmission Pipeline.

LOE. LOE decreased on an absolute and per Mcfe basis for the three months ended June 30, 2023 compared to the same period in 2022 due primarily to lower salt water disposal costs and increased recycling. Saltwater disposal costs and recycle rates were favorably impacted by increased usage of our internally developed produced water gathering and storage system, which was placed in service during the fourth quarter of 2022.

Production taxes. Production taxes decreased on an absolute and per Mcfe basis for the three months ended June 30, 2023 compared to the same period in 2022 due to lower West Virginia severance taxes and Pennsylvania impact fees, which resulted primarily from lower prices.

Depreciation and depletion. Production depletion expense decreased on an absolute and per Mcfe basis for the three months ended June 30, 2023 compared to the same period in 2022 due to a lower annual depletion rate and decreased sales volume.

Impairment and expiration of leases. During the three months ended June 30, 2023 and 2022, we recognized impairment and expiration of leases of $5.3 million and $47.0 million, respectively, related to leases that we no longer expect to extend or develop prior to their expiration based on our development plan.

Other operating expenses. Other operating expenses increased for the three months ended June 30, 2023 compared to the same period in 2022 due primarily to transaction costs associated with the pending Tug Hill and XcL Midstream Acquisition in 2023, partly offset by decreased environmental and legal reserves, including from settlements.

Six Months Ended June 30, 2023 Compared to Six Months Ended June 30, 2022

	Six Months Ended June 30,			
	2023	2022	Change	% Change
	(Thousands, unless otherwise noted)			
Operating expenses:				
Gathering	$ 625,755	$ 659,629	$ (33,874)	(5.1)
Transmission	307,079	296,489	10,590	3.6
Processing	105,312	99,690	5,622	5.6
LOE	64,016	82,643	(18,627)	(22.5)
Production taxes	38,962	70,925	(31,963)	(45.1)
Exploration	2,155	2,513	(358)	(14.2)
Selling, general and administrative	112,057	128,372	(16,315)	(12.7)
Production depletion	$ 772,886	$ 840,860	$ (67,974)	(8.1)
Other depreciation and depletion	10,483	10,381	102	1.0
Total depreciation and depletion	$ 783,369	$ 851,241	$ (67,872)	(8.0)
Per Unit ($/Mcfe):				
Gathering	$ 0.67	$ 0.66	$ 0.01	1.5
Transmission	0.33	0.30	0.03	10.0
Processing	0.11	0.10	0.01	10.0
LOE	0.07	0.08	(0.01)	(12.5)
Production taxes	0.04	0.07	(0.03)	(42.9)
Selling, general and administrative	0.12	0.13	(0.01)	(7.7)
Production depletion	0.83	0.85	(0.02)	(2.4)

Operating expenses on a per Mcfe basis for the six months ended June 30, 2023 compared to the same period in 2022 were negatively impacted by decreased sales volume.

Gathering. Gathering expense decreased on an absolute basis for the six months ended June 30, 2023 compared to the same period in 2022 due primarily to decreased sales volume and lower gathering rates on certain contracts indexed to price.

Transmission. Transmission expense increased on an absolute and per Mcfe basis for the six months ended June 30, 2023 compared to the same period in 2022 due primarily to additional capacity acquired subsequent to June 2022, partly offset by credits received from the Texas Eastern Transmission Pipeline.

Processing. Processing expense increased on an absolute and per Mcfe basis for the six months ended June 30, 2023 compared to the same period in 2022 due primarily to inflation of contracted processing rates.

LOE. LOE decreased on an absolute and per Mcfe basis for the six months ended June 30, 2023 compared to the same period in 2022 due primarily to lower salt water disposal costs and increased recycling. Saltwater disposal costs and recycle rates were favorably impacted by increased usage of our internally developed produced water gathering and storage system, which was placed in service during the fourth quarter of 2022.

Production taxes. Production taxes decreased on an absolute and per Mcfe basis for the six months ended June 30, 2023 compared to the same period in 2022 due to lower West Virginia severance taxes and Pennsylvania impact fees, which resulted primarily from lower prices.

Selling, general and administrative. Selling, general and administrative expense decreased on an absolute and per Mcfe basis for the six months ended June 30, 2023 compared to the same period in 2022 due primarily to lower long-term incentive compensation costs as a result of changes in the fair value of awards. Long-term incentive compensation may fluctuate with changes in our stock price and performance conditions.

Depreciation and depletion. Production depletion expense decreased on an absolute and per Mcfe basis for the six months ended June 30, 2023 compared to the same period in 2022 due to a lower annual depletion rate and decreased sales volume.

Loss (gain) on sale/exchange of long-lived assets. During the six months ended June 30, 2023, we recognized a loss on sale/exchange of long-lived assets of $16.3 million related to acreage trade agreements where the carrying value of the acres traded exceeded the fair value of the acres received.

Impairment of contract asset. During the six months ended June 30, 2022, we recognized impairment of our contract asset of $184.9 million. See Note 8 to the Condensed Consolidated Financial Statements.

Impairment and expiration of leases. During the six months ended June 30, 2023 and 2022, we recognized impairment and expiration of leases of $15.9 million and $77.0 million, respectively, related to leases that we no longer expect to extend or develop prior to their expiration based on our development plan.

Other operating expenses. Other operating expenses increased for the six months ended June 30, 2023 compared to the same period in 2022 due primarily to transaction costs associated with the pending Tug Hill and XcL Midstream Acquisition in 2023, partly offset by decreased legal reserves, including from settlements.

Other Income Statement Items

(Income) loss from investments. For the three months ended June 30, 2023, we recognized income from investments due primarily to equity earnings on our equity method investments. For the three months ended June 30, 2022, we recognized income from investments due primarily to equity earnings on our equity method investments, partly offset by a loss on our sale of our investment in Equitrans Midstream.

For the six months ended June 30, 2023, we recognized income from investments due to a gain on our investment in the Investment Fund (defined in Note 4 to the Condensed Consolidated Financial Statements) and equity earnings on our equity method investments. For the six months ended June 30, 2022, we recognized a loss from investments due primarily to a loss on our sale of our investment in Equitrans Midstream, partly offset by a gain on our investment in the Investment Fund and equity earnings on our equity method investments.

Dividend and other income. Dividend and other income decreased for the three months ended June 30, 2023 compared to the same period in 2022 due primarily to lower dividends received on our investment in the Investment Fund. Dividend and other income decreased for the six months ended June 30, 2023 compared to the same period in 2022 due primarily to lower dividends received on our investment in the Investment Fund as well as dividends received on our investment in Equitrans Midstream in 2022.

Loss (gain) on debt extinguishment. During the three months ended June 30, 2023, we recognized a loss on debt extinguishment of $5.5 million due to debt repayment and repurchases at a premium to par value. During the six months ended June 30, 2023, we recognized a gain on debt extinguishment of $1.1 million due to debt repayment and repurchases at a discount to par value during the first quarter of 2023, partly offset by the loss recognized during the three months ended June 30, 2023. During the three and six months ended June 30, 2022, we recognized a loss on debt extinguishment of $104.3 million and $111.3 million, respectively, due primarily to the repayment and repurchases of our Convertible Notes (defined and discussed in Note 6 to the Condensed Consolidated Financial Statements). See Note 6 to the Condensed Consolidated Financial Statements.

Interest expense, net. Interest expense, net decreased for the three and six months ended June 30, 2023 compared to the same periods in 2022 due primarily to higher interest income earned as well as reduced interest expense due to a reduction of our letters of credit balances.

Income tax (benefit) expense. See Note 5 to the Condensed Consolidated Financial Statements.

Capital Resources and Liquidity

Although we cannot provide any assurance, we believe cash flows from operating activities and availability under our credit facility should be sufficient to meet our cash requirements inclusive of, but not limited to, normal operating needs, debt service obligations, planned capital expenditures and commitments for at least the next twelve months and, based on current expectations, for the long term.

Planned Capital Expenditures and Sales Volume. In 2023, we expect to spend approximately $1.7 billion to $1.9 billion in total capital expenditures, excluding amounts attributable to noncontrolling interest and amounts attributable to the assets expected to be acquired in the pending Tug Hill and XcL Midstream Acquisition. We expect to fund our capital expenditures with cash generated from operations and, if required, borrowings under our credit facility. Because we are the operator of a high percentage of our developed acreage, the amount and timing of certain of our capital expenditures is largely discretionary. We could choose to defer a portion of our planned 2023 capital expenditures depending on a variety of factors, including prevailing and anticipated prices for natural gas, NGLs and oil; the availability of necessary equipment, infrastructure and capital; the receipt and timing of required regulatory permits and approvals; and drilling, completion and acquisition costs. In 2023, we expect our sales volume to be 1,900 Bcfe to 2,000 Bcfe, excluding amounts attributable to the assets expected to be acquired in the pending Tug Hill and XcL Midstream Acquisition.

Operating Activities. Net cash provided by operating activities was $2,100 million for the six months ended June 30, 2023 compared to $1,252 million for the same period in 2022. The increase was due primarily to net cash settlements received on derivatives in 2023 compared to net cash settlements paid on derivatives in 2022, favorable changes in working capital driven by declining accounts receivable and lower margin postings as well as lower cash operating expenses, partly offset by lower cash operating revenues.

Our cash flows from operating activities are affected by movements in the market price for commodities. We are unable to predict such movements outside of the current market view as reflected in forward strip pricing. Refer to Item 1A., "Risk Factors – Natural gas, NGLs and oil price volatility, or a prolonged period of low natural gas, NGLs and oil prices, may have an adverse effect on our revenue, profitability, future rate of growth, liquidity and financial position" in our Annual Report on Form 10-K for the year ended December 31, 2022.

Investing Activities. Net cash used in investing activities was $984 million for the six months ended June 30, 2023 compared to $508 million for the same period in 2022. The increase was attributable primarily to increased capital expenditures.

The following table summarizes our capital expenditures.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
	(Millions)			
Reserve development	$ 399	$ 297	$ 792	$ 526
Land and lease (a)	24	39	60	88
Capitalized overhead	15	13	29	25
Capitalized interest	9	6	19	12
Other production infrastructure	18	19	32	32
Other	8	2	10	3
Total capital expenditures	473	376	942	686
Add (deduct): Non-cash items (b)	14	17	40	(1)
Total cash capital expenditures	$ 487	$ 393	$ 982	$ 685

(a) Capital expenditures attributable to noncontrolling interest were $3.1 million and $2.5 million for the three months ended June 30, 2023 and 2022, respectively, and $8.5 million and $4.4 million for the six months ended June 30, 2023 and 2022, respectively.
(b) Represents the net impact of non-cash capital expenditures, including the effect of timing of receivables from working interest partners, accrued capital expenditures and capitalized share-based compensation costs. The impact of accrued capital expenditures includes the current period estimate, net of the reversal of the prior period accrual.

Financing Activities. Net cash used in financing activities was $1,359 million for the six months ended June 30, 2023 compared to $814 million for the same period in 2022. For the six months ended June 30, 2023, the primary uses of financing cash flows were repayment and retirement of debt, repurchase and retirement of EQT Corporation common stock and payment of dividends. For the six months ended June 30, 2022, the primary uses of financing cash flows were repayment and retirement of debt, repurchase and retirement of EQT Corporation common stock and payment of dividends, and the primary source of financing cash flows was net proceeds from credit facility borrowings.

See Note 6 to the Condensed Consolidated Financial Statements for further discussion of our debt and borrowings under our credit facility.

On July 19, 2023, our Board of Directors declared a quarterly cash dividend of $0.15 per share of EQT Corporation common stock, payable on September 1, 2023, to shareholders of record at the close of business on August 9, 2023.

Depending on our actual and anticipated sources and uses of liquidity, prevailing market conditions and other factors, we may from time to time seek to redeem or repurchase our outstanding debt or equity securities through tender offers or other cash purchases in the open market or privately negotiated transactions. The amounts involved in any such transactions may be material. See Note 6 to the Condensed Consolidated Financial Statements for discussion of redemptions and repurchases of debt.

Security Ratings and Financing Triggers

The table below reflects the credit ratings and rating outlooks assigned to our debt instruments as of July 21, 2023. Our credit ratings and rating outlooks are subject to revision or withdrawal at any time by the assigning rating agency, and each rating should be evaluated independent from any other rating. We cannot ensure that a rating will remain in effect for any given period of time or that a rating will not be lowered or withdrawn by a rating agency if, in the rating agency's judgment, circumstances so warrant. See Note 3 to the Condensed Consolidated Financial Statements for a description of what is deemed investment grade.

Rating agency	Senior notes	Outlook
Moody's Investors Service (Moody's)	Ba1	Positive
Standard & Poor's Ratings Service (S&P)	BBB–	Stable
Fitch Ratings Service (Fitch)	BBB–	Stable

Changes in credit ratings may affect our access to the capital markets, the cost of short-term debt through interest rates and fees under our credit facility, the interest rate on our Term Loan Facility (defined in Note 6 to the Condensed Consolidated Financial Statements) and senior notes with adjustable rates, the rates available on new long-term debt, our pool of investors and funding sources, the borrowing costs and margin deposit requirements on our over the counter (OTC) derivative instruments and credit assurance requirements, including collateral, in support of our midstream service contracts, joint venture arrangements or construction contracts. Margin deposits on our OTC derivative instruments are also subject to factors other than credit rating, such as natural gas prices and credit thresholds set forth in the agreements between us and our hedging counterparties.

As of July 21, 2023, we had sufficient unused borrowing capacity, net of letters of credit, under our credit facility to satisfy any requests for margin deposit or other collateral that our counterparties are permitted to request of us pursuant to our OTC derivative instruments, midstream services contracts and other contracts. As of July 21, 2023, such assurances could be up to approximately $0.6 billion, inclusive of letters of credit, OTC derivative instrument margin deposits and other collateral posted of approximately $0.2 billion in the aggregate. See Notes 3 and 6 to the Condensed Consolidated Financial Statements for further information.

Our debt agreements and other financial obligations contain various provisions that, if not complied with, could result in default or event of default under our credit facility and Term Loan Facility, mandatory partial or full repayment of amounts outstanding, reduced loan capacity or other similar actions. The most significant covenants and events of default under the debt agreements relate to maintenance of a debt-to-total capitalization ratio, limitations on transactions with affiliates, insolvency events, nonpayment of scheduled principal or interest payments, acceleration of other financial obligations and change of control provisions. Our credit facility and Term Loan Facility contain financial covenants that require us to have a total debt to total capitalization ratio no greater than 65%. As of June 30, 2023, we were in compliance with all debt provisions and covenants under our debt agreements.

See Note 6 to the Condensed Consolidated Financial Statements for a discussion of borrowings under our credit facility. As of June 30, 2023, we had not yet borrowed, and thus, had no borrowings, under the Term Loan Facility.

Commodity Risk Management

The substantial majority of our commodity risk management program is related to hedging sales of our produced natural gas. The overall objective of our hedging program is to protect cash flows from undue exposure to the risk of changing commodity prices. The derivative commodity instruments that we use are primarily swap, collar and option agreements. The following table summarizes the approximate volume and prices of our NYMEX hedge positions as of July 21, 2023. The difference between the fixed price and NYMEX price is included in average differential presented in our price reconciliation in "Average Realized Price Reconciliation." The fixed price natural gas sales agreements can be physically or financially settled.

	Q3 2023 (a)	Q4 2023	Q1 2024	Q2 2024	Q3 2024	Q4 2024
Hedged Volume (MMDth)	299	313	210	175	177	77
Hedged Volume (MMDth/d)	3.3	3.4	2.3	1.9	1.9	0.8
Swaps – Long						
Volume (MMDth)	43	14	—	—	—	—
Avg. Price ($/Dth)	$ 4.72	$ 4.77	$ —	$ —	$ —	$ —
Swaps – Short						
Volume (MMDth)	43	62	98	127	128	44
Avg. Price ($/Dth)	$ 2.54	$ 2.79	$ 3.60	$ 3.26	$ 3.26	$ 3.26
Calls – Long						
Volume (MMDth)	40	40	13	13	13	13
Avg. Strike ($/Dth)	$ 2.72	$ 2.72	$ 3.20	$ 3.20	$ 3.20	$ 3.20
Calls – Short						
Volume (MMDth)	303	197	125	61	62	46
Avg. Strike ($/Dth)	$ 4.85	$ 4.69	$ 6.21	$ 4.22	$ 4.22	$ 4.27
Puts – Long						
Volume (MMDth)	298	265	112	48	49	33
Avg. Strike ($/Dth)	$ 3.41	$ 3.53	$ 4.31	$ 3.93	$ 3.93	$ 4.04
Fixed Price Sales						
Volume (MMDth)	1	—	—	—	—	—
Avg. Price ($/Dth)	$ 2.38	$ —	$ —	$ —	$ —	$ —
Option Premiums						
Cash Settlement of Deferred Premiums (millions)	$ (70)	$ (92)	$ (13)	$ (4)	$ (4)	$ —

(a) July 1 through September 30.

We have also entered into derivative instruments to hedge basis. We may use other contractual agreements to implement our commodity hedging strategy from time to time.

See Item 3., "Quantitative and Qualitative Disclosures About Market Risk" and Note 3 to the Condensed Consolidated Financial Statements for further discussion of our hedging program.

Commitments and Contingencies

In the ordinary course of business, various legal and regulatory claims and proceedings are pending or threatened against us. While the amounts claimed may be substantial, we are unable to predict with certainty the ultimate outcome of such claims and proceedings. We evaluate our legal proceedings, including litigation and regulatory and governmental investigations and inquiries, on a regular basis and accrue a liability for such matters when we believe that a loss is probable and the amount of the loss can be reasonably estimated. Any such accruals are adjusted thereafter as appropriate to reflect changed circumstances. In the event we determine that (i) a loss is probable but the amount of the loss cannot be reasonably estimated, or (ii) a loss is less likely than probable but is reasonably possible, then we are required to disclose the matter in our Annual Report on Form 10-K or this Quarterly Report on Form 10-Q, as applicable, although we are not required to accrue such loss.

When able, we determine an estimate of reasonably possible losses or ranges of reasonably possible losses, whether in excess of any related accrued liability or where there is no accrued liability, for legal proceedings. In instances where such estimates can be made, any such estimates are based on our analysis of currently available information and are subject to significant judgment and a variety of assumptions and uncertainties and may change as new information is obtained. See Note 13 to the Consolidated Financial Statements in our Annual Report on Form 10-K for the year ended December 31, 2022 for a discussion of our commitments and contingencies, including certain pending legal and regulatory proceedings and other contingent matters. As of June 30, 2023, there have been no material changes to such matters as disclosed therein. See also Part II, "Other Information," Item 1., "Legal Proceedings," for a description of certain other pending environmental matters for which we accrued contingent liabilities.

Additionally, in the normal course of business, we are subject to various other pending and threatened legal proceedings in which claims for monetary damages or other relief are asserted. We do not anticipate, at the present time, that the ultimate aggregate liability, if any, arising out of such other legal proceedings will have a material adverse effect on our financial position, results of operations or liquidity.

Critical Accounting Policies and Estimates

Our critical accounting policies, including a discussion regarding the estimation uncertainty and the impact that our critical accounting estimates have had, or are reasonably likely to have, on our financial condition or results of operations, are described in Item 7., "Management's Discussion and Analysis of Financial Condition and Results of Operations" in our Annual Report on Form 10-K for the year ended December 31, 2022. The application of our critical accounting policies may require us to make judgments and estimates about the amounts reflected in the Condensed Consolidated Financial Statements. We use historical experience and all available information to make these estimates and judgments. Different amounts could be reported using different assumptions and estimates.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Commodity Price Risk and Derivative Instruments. Our primary market risk exposure is the volatility of future prices for natural gas and NGLs. Due to the volatility of commodity prices, we are unable to predict future potential movements in the market prices for natural gas and NGLs at our ultimate sales points and, thus, cannot predict the ultimate impact of prices on our operations. Prolonged low, or significant, extended declines in, natural gas and NGLs prices could adversely affect, among other things, our development plans, which would decrease the pace of development and the level of our proved reserves. Increases in natural gas and NGLs prices may be accompanied by, or result in, increased well drilling costs, increased production taxes, increased LOE, increased volatility in seasonal gas price spreads for our storage assets and increased end-user conservation or conversion to alternative fuels. In addition, to the extent we have hedged our production at prices below the current market price, we will not benefit fully from an increase in the price of natural gas, and, depending on our then-current credit ratings and the terms of our hedging contracts, we may be required to post additional margin with our hedging counterparties.

The overall objective of our hedging program is to protect our cash flows from undue exposure to the risk of changing commodity prices. Our use of derivatives is further described in Note 3 to the Condensed Consolidated Financial Statements and "Commodity Risk Management" under "Capital Resources and Liquidity" in Item 2., "Management's Discussion and Analysis of Financial Condition and Results of Operations." Our OTC derivative commodity instruments are placed primarily with financial institutions and the creditworthiness of those institutions is regularly monitored. We primarily enter into derivative instruments to hedge forecasted sales of production. We also enter into derivative instruments to hedge basis. Our use of derivative instruments is implemented under a set of policies approved by our management-level Hedge and Financial Risk Committee and is reviewed by our Board of Directors.

For derivative commodity instruments used to hedge our forecasted sales of production, which are at, for the most part, NYMEX natural gas prices, we set policy limits relative to the expected production and sales levels that are exposed to price risk. We have an insignificant amount of financial natural gas derivative commodity instruments for trading purposes.

The derivative commodity instruments we use are primarily swap, collar and option agreements. These agreements may require payments to, or receipt of payments from, counterparties based on the differential between two prices for the commodity. We use these agreements to hedge our NYMEX and basis exposure. We may also use other contractual agreements when executing our commodity hedging strategy.

We monitor price and production levels on a continuous basis and make adjustments to quantities hedged as warranted.

A hypothetical decrease of 10% in the NYMEX natural gas price on June 30, 2023 and December 31, 2022 would increase the fair value of our natural gas derivative commodity instruments by approximately $352 million and $727 million, respectively. A hypothetical increase of 10% in the NYMEX natural gas price on June 30, 2023 and December 31, 2022 would decrease the fair value of our natural gas derivative commodity instruments by approximately $273 million and $333 million, respectively. For purposes of this analysis, we applied the 10% change in the NYMEX natural gas price on June 30, 2023 and December 31, 2022 to our natural gas derivative commodity instruments as of June 30, 2023 and December 31, 2022 to calculate the hypothetical change in fair value. The change in fair value was determined using a method similar to our normal process for determining derivative commodity instrument fair value described in Note 4 to the Condensed Consolidated Financial Statements.

The above analysis of our derivative commodity instruments does not include the offsetting impact that the same hypothetical price movement may have on our physical sales of natural gas. The portfolio of derivative commodity instruments held to hedge our forecasted produced natural gas approximates a portion of our expected physical sales of natural gas; therefore, an adverse impact to the fair value of the portfolio of derivative commodity instruments held to hedge our forecasted production associated with the hypothetical changes in commodity prices referenced above should be offset by a favorable impact on our physical sales of natural gas, assuming that the derivative commodity instruments are not closed in advance of their expected term and the derivative commodity instruments continue to function effectively as hedges of the underlying risk.

If the underlying physical transactions or positions are liquidated prior to the maturity of the derivative commodity instruments, a loss on the financial instruments may occur or the derivative commodity instruments might be worthless as determined by the prevailing market value on their termination or maturity date, whichever comes first.

Interest Rate Risk. Changes in market interest rates affect the amount of interest we earn on cash, cash equivalents and short-term investments and the interest rate we pay on borrowings under our credit facility and Term Loan Facility. None of the interest we pay on our senior notes fluctuates based on changes to market interest rates. There were no borrowings for the six months ended June 30, 2023 under our credit facility or Term Loan Facility.

Interest rates on our 6.125% senior notes due 2025 and 7.00% senior notes due 2030 fluctuate based on changes to the credit ratings assigned to our senior notes by Moody's, S&P and Fitch. Interest rates on our other outstanding senior notes do not fluctuate based on changes to the credit ratings assigned to our senior notes by Moody's, S&P and Fitch. For a discussion of credit rating downgrade risk, see Item 1A., "Risk Factors – Our exploration and production operations have substantial capital requirements, and we may not be able to obtain needed capital or financing on satisfactory terms" in our Annual Report on Form 10-K for the year ended December 31, 2022. Changes in interest rates affect the fair value of our fixed rate debt. See Note 6 to the Condensed Consolidated Financial Statements for further discussion of our debt and Note 4 to the Condensed Consolidated Financial Statements for a discussion of fair value measurements, including the fair value measurement of our debt.

Other Market Risks. We are exposed to credit loss in the event of nonperformance by counterparties to our derivative contracts. This credit exposure is limited to derivative contracts with a positive fair value, which may change as market prices change. Our OTC derivative instruments are primarily with financial institutions and, thus, are subject to events that would impact those companies individually as well as the financial industry as a whole. We use various processes and analyses to monitor and evaluate our credit risk exposures, including monitoring current market conditions and counterparty credit fundamentals. Credit exposure is controlled through credit approvals and limits based on counterparty credit fundamentals. To manage the level of credit risk, we enter into transactions primarily with financial counterparties that are of investment grade, enter into netting agreements whenever possible and may obtain collateral or other security.

Approximately 60%, or $608 million, of our OTC derivative contracts outstanding at June 30, 2023 had a positive fair value. Approximately 36%, or $710 million, of our OTC derivative contracts outstanding at December 31, 2022 had a positive fair value.

As of June 30, 2023, we were not in default under any derivative contracts and had no knowledge of default by any counterparty to our derivative contracts. During the three months ended June 30, 2023, we made no adjustments to the fair value of our derivative contracts due to credit related concerns outside of the normal non-performance risk adjustment included in our established fair value procedure. We monitor market conditions that may impact the fair value of our derivative contracts.

We are exposed to the risk of nonperformance by credit customers on physical sales of natural gas, NGLs and oil. Revenues and related accounts receivable from our operations are generated primarily from the sale of our produced natural gas, NGLs and oil to marketers, utilities and industrial customers located in the Appalachian Basin and in markets that are accessible through our transportation portfolio, which includes markets in the Gulf Coast, Midwest and Northeast United States and Canada. We also contract with certain processors to market a portion of our NGLs on our behalf.

No one lender of the large group of financial institutions in the syndicate for our credit facility holds more than 10% of the financial commitments under such facility. The large syndicate group and relatively low percentage of participation by each lender are expected to limit our exposure to disruption or consolidation in the banking industry.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our principal executive officer and our principal financial officer, has evaluated the effectiveness of our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Exchange Act), as of the end of the period covered by this report. Based on that evaluation, our principal executive officer and our principal financial officer concluded that our disclosure controls and procedures were effective as of the end of the period covered by this report.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting (as such term is defined in Rule 13a-15(f) under the Exchange Act) that occurred during the second quarter of 2023 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

In the ordinary course of business, various legal and regulatory claims and proceedings are pending or threatened against us. While the amounts claimed may be substantial, we are unable to predict with certainty the ultimate outcome of such claims and proceedings. We accrue legal and other direct costs related to loss contingencies when actually incurred. We have established reserves in amounts that we believe to be appropriate for pending matters and, after consultation with counsel and giving appropriate consideration to available insurance, we believe that the ultimate outcome of any pending matter involving us will not materially affect our financial position, results of operations or liquidity.

Except as noted below, there are no material updates to the matters previously disclosed in Part I, Item 3., "Legal Proceedings" of our Annual Report on Form 10-K for the year ended December 31, 2022, or in Part II, Item 1., "Legal Proceedings" of our Quarterly Report on Form 10-Q for the period ended March 31, 2023.

Environmental Proceedings

GPU Consent Order Inaccuracies, PADEP. On December 16, 2020, EQT Production Company, a wholly-owned indirect subsidiary of EQT Corporation, entered into a Consent Order and Agreement (the GPU COA) with the Pennsylvania Department of Environmental Protection (the PADEP), pursuant to which EQT Production Company agreed to install secondary containment around Gas Production Units (GPUs) located at wells that were drilled between October 8, 2016 and February 4, 2019. In January 2022, we discovered that the list of GPUs disclosed in the GPU COA was incomplete, and we promptly notified the PADEP of the inaccuracies. On April 26, 2023, we executed a Second Amendment to the GPU COA to update the list of GPUs to correct the inaccuracies, and we agreed to pay $351,000 to the Commonwealth of Pennsylvania related to this matter. We remitted payment in full of the agreed amount to the Commonwealth of Pennsylvania in May 2023, and this matter is now resolved. The payment and the resolution of this matter did not have a material impact on our financial position, results of operations or liquidity.

Produced Water Release, Washington County, Pennsylvania. In December 2021, we discovered a produced water leak associated with a GPU disposal line at one of our well pad sites located in Washington County, Pennsylvania. We self-reported the release to the PADEP spill hotline on December 4, 2021, and initiated cleanup of the released produced water. The initial release was determined to be in excess of one barrel and we entered the remediation project into the PADEP's Land Recycling and Environmental Remediation Act 2 Program (Act 2) for voluntary cleanup. In January 2022, we determined the release was larger than initially discovered and we disclosed this information to the PADEP on January 14, 2022. We submitted our Site Characterization Report to the PADEP on January 16, 2023, and we intend to initiate remediation of the impacted area according to the PADEP's Act 2 guidelines. We subsequently negotiated a settlement with the PADEP including this matter, as well as the Plugging Consent Order Non-Compliance matter described below. On May 23, 2023, we entered into a Consent Assessment of Civil Penalty with the PADEP, pursuant to which we agreed to pay $4,700,000 to the Commonwealth of Pennsylvania related to this matter. We remitted payment in full of the agreed amount to the Commonwealth of Pennsylvania in May 2023, and this matter is now resolved. The payment and the resolution of this matter did not have a material impact on our financial position, results of operations or liquidity.

Plugging Consent Order Non-Compliance, PADEP. In November 2016, we voluntarily entered into a Consent Order and Agreement with the PADEP to plug a certain number of our abandoned wells on an annual basis, and to remit Well Site Restoration Reports and Well Plugging Certificates to the PADEP in connection with such efforts. In August 2022, the PADEP sent us a notification alleging that, although we had met or exceeded the requirements to plug the requisite abandoned wells within the agreed upon schedule, we had not met all of the administrative requirements for remitting Well Site Restoration Reports and Well Plugging Certificates. We resolved the administrative items in January 2023, and negotiated a settlement with the PADEP including this matter, as well as the Produced Water Release matter described above. On May 23, 2023, we entered into a Consent Order and Agreement with the PADEP, pursuant to which we agreed to pay $4,000,000 related to this matter. We remitted payment of $1,500,000 of the agreed amount to the Commonwealth of Pennsylvania in May 2023. The remaining $2,500,000 of the agreed amount will be paid by us to fund one or more approved community environmental projects at a later date, per the terms of the Consent Order and Agreement. This matter is now resolved. The payments and the resolution of this matter did not have a material impact on our financial position, results of operations or liquidity.

Item 1A. Risk Factors

There are no material changes to the risk factors previously disclosed in Item 1A., "Risk Factors" of our Annual Report on Form 10-K for the year ended December 31, 2022.

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

Conversion of Certain Convertible Notes. During the second quarter of 2023, we settled conversion notices submitted by holders of Convertible Notes (defined and discussed in Note 6 to the Condensed Consolidated Financial Statements) requesting the conversion of the aggregate principal of certain Convertible Notes (the Converted Notes) by issuing to such converting holders shares of EQT Corporation common stock as stated in the below table. Such shares were issued in transactions exempt from registration under the Securities Act by virtue of Section 3(a)(9) thereof, because no commission or other remuneration was paid in connection with conversion of the Converted Notes.

Settlement Date	Principal Converted (Thousands)	Shares Issued	Fair Market Value (Thousands)
April 4, 2023	$ 57	3,880	$ 124
April 27, 2023	1	68	2
June 12, 2023	2	136	5
June 15, 2023	1	68	3
June 30, 2023	1	68	3

Repurchases of Equity Securities. We did not repurchase any equity securities registered under Section 12 of the Exchange Act during the second quarter of 2023.

On December 13, 2021, we announced that our Board of Directors approved a share repurchase program (the Share Repurchase Program) authorizing us to repurchase shares of our outstanding common stock for an aggregate purchase price of up to $1 billion, excluding fees, commissions and expenses. On September 6, 2022, we announced that our Board of Directors approved a $1 billion increase to the Share Repurchase Program, pursuant to which approval we are authorized to repurchase shares of our outstanding common stock for an aggregate purchase price of up to $2 billion, excluding fees, commissions and expenses. Repurchases under the Share Repurchase Program may be made from time to time in amounts and at prices we deem appropriate and will be subject to a variety of factors, including the market price of our common stock, general market and economic conditions, applicable legal requirements and other considerations. The Share Repurchase Program was originally scheduled to expire on December 31, 2023; however, on April 26, 2023, we announced that our Board of Directors approved a one-year extension of the Share Repurchase Program. As a result of such extension, the Share Repurchase Program will expire on December 31, 2024, but it may be suspended, modified or discontinued at any time without prior notice. As of June 30, 2023, we had purchased shares for an aggregate purchase price of $622.1 million, excluding fees, commissions and expenses, under the Share Repurchase Program since its inception, and the approximate dollar value of shares that may yet be purchased under the Share Repurchase Program is $1.4 billion.

Item 5. Other Information

During the three months ended June 30, 2023, none of our directors or "officers" (as such term is defined in Rule 16a-1(f) under the Exchange Act) adopted or terminated a "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement" (as each term is defined in Item 408(a) of Regulation S-K).

Item 6. Exhibits

Exhibit No.	Description	Method of Filing
3.01(a)	Restated Articles of Incorporation of EQT Corporation (as amended through November 13, 2017).	Incorporated herein by reference to Exhibit 3.1 to Form 8-K (#001-3551) filed on November 14, 2017.
3.01(b)	Articles of Amendment to the Restated Articles of Incorporation of EQT Corporation (effective May 1, 2020).	Incorporated herein by reference to Exhibit 3.1 to Form 8-K (#001-3551) filed on May 4, 2020.
3.01(c)	Articles of Amendment to the Restated Articles of Incorporation of EQT Corporation (effective July 23, 2020).	Incorporated herein by reference to Exhibit 3.1 to Form 8-K (#001-3551) filed on July 23, 2020.
3.02	Amended and Restated Bylaws of EQT Corporation (as amended through May 1, 2020).	Incorporated herein by reference to Exhibit 3.4 to Form 8-K (#001-3551) filed on May 4, 2020.
4.01	Sixteenth Supplemental Indenture, dated May 10, 2023, between EQT Corporation and The Bank of New York Mellon, as trustee, relating to EQT Corporation's 5.700% Senior Notes due 2028.	Incorporated herein by reference to Exhibit 4.1 to Form 8-K (#001-3551) filed on May 11, 2023.
10.01	Second Amendment to Credit Agreement, dated April 25, 2023, among EQT Corporation, PNC Bank, National Association, as administrative agent, and the other lenders party thereto.	Incorporated herein by reference to Exhibit 10.1 to Form 8-K (#001-3551) filed on April 26, 2023.
10.02*	Letter Agreement (Trust North Well Pad), dated June 1, 2023, among EQT Corporation, EQT Production Company, Rice Drilling B LLC, EQT Energy, LLC, EQM Gathering Opco, LLC and Equitrans Water Services (PA), LLC, amending that certain Gas Gathering and Compression Agreement, dated February 26, 2020, as amended.	Filed herewith as Exhibit 10.02.
31.01	Rule 13(a)-14(a) Certification of Principal Executive Officer.	Filed herewith as Exhibit 31.01.
31.02	Rule 13(a)-14(a) Certification of Principal Financial Officer.	Filed herewith as Exhibit 31.02.
32	Section 1350 Certification of Principal Executive Officer and Principal Financial Officer.	Furnished herewith as Exhibit 32.
101	Interactive Data File.	Filed herewith as Exhibit 101.
104	Cover Page Interactive Data File.	Formatted as Inline XBRL and contained in Exhibit 101.

*Certain provisions, schedules and/or similar attachments to this exhibit have been omitted pursuant to Item 601(a)(5) and/or Item 601(b)(10)(iv), as applicable, of Regulation S-K. EQT Corporation agrees to furnish an unredacted, supplemental copy (including any omitted schedule or attachment) to the Securities Exchange Commission upon request. Redactions and omissions are designated with brackets containing asterisks.

SIGNATURE

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.

EQT CORPORATION
(Registrant)

By: /s/ Jeremy T. Knop
Jeremy T. Knop
Chief Financial Officer

Date: July 26, 2023

equitrans Midstream

2200 Energy Drive
Canonsburg, PA 15317
equitransmidstream.com

SPECIFIC TERMS IN THIS LETTER AGREEMENT HAVE BEEN REDACTED BECAUSE SUCH TERMS ARE BOTH NOT MATERIAL AND ARE OF A TYPE THAT EQT CORPORATION TREATS AS CONFIDENTIAL. THESE REDACTED TERMS HAVE BEEN MARKED IN THIS EXHIBIT AT THE APPROPRIATE PLACE WITH THREE ASTERISKS [***].

June 1, 2023

EQT Production Company
625 Liberty Avenue, Suite 1700
Pittsburgh, Pa 15222-3111
Attn: J.E.B. Bolen

RE: Trust North Well Pad

Dear Mr. Bolen:

Reference is made to (A) that certain Gas Gathering and Compression Agreement dated as of February 26, 2020 by and among EQT Corporation, EQT Production Company ("***EPC***"), Rice Drilling B LLC ("***RDB***"), and EQT Energy, LLC (collectively, "***Producer***"), and EQM Gathering Opco, LLC ("***Gatherer***"), as the same was amended by that certain First Amendment to Gas Gathering and Compression Agreement dated August 26, 2020, that Second Amendment to Gas Gathering and Compression Agreement dated December 6, 2021 and that Third Amendment to Gas Gathering Compression Agreement dated December 21, 2021 and that Fourth Amendment to Gas Gathering Compression Agreement dated January 23, 2023 between Producer and Gatherer (as amended, the "***Gathering Agreement***"), and (B) that certain Water Services Agreement, dated effective as of October 22, 2021, by and between EPC, RDB and Equitrans Water Services (PA), LLC ("***Equitrans Water***" and together with Gatherer, the "***Equitrans Parties***") as the same was amended by that First Amendment dated January 27, 2022 and that Second Amendment dated March 31, 2022 (as amended, the "***Base WSA***"). All capitalized terms used but not otherwise defined in this letter agreement ("***Letter Agreement***") shall have the meanings (if any) ascribed to them in the Gathering Agreement and/or the Base WSA, as applicable.

WHEREAS, the Well Pad of Producer anticipated to be located in Greene County, Pennsylvania within the Daybreak System AMI as depicted on Exhibit A attached hereto and known as the Trust North Well Pad ("***Trust Well Pad***") has an Anticipated Production Date of March 22, 2025 for purposes of the Gathering Agreement and an Anticipated Completion Date of April 12, 2024 for purposes of the Base WSA and ITC 1;

WHEREAS, the Trust Well Pad is an Initial Delivery Point under the Base WSA and ITC 1 and an Additional Confirmation Notice related to the Trust Well Pad has been delivered by Producer to Equitrans Water in accordance with Section 3.4 of the Base WSA;

WHEREAS, the Connection Notice Information for the Additional Receipt Point at the Trust Well Pad contemplates that such Additional Receipt Point meets the Additional Connection Criteria and, pursuant and subject to the terms of the Gathering Agreement, Gatherer is obligated to connect such Additional Receipt Point to the Gathering System; and

WHEREAS, Producer is willing to: (a) construct and install a 12 inch diameter steel gathering pipeline segment approximately 1,200 feet in length extending from the location of the Receipt Point on the Trust Well Pad to the end of the well pad access road near the proposed launcher area as depicted on Exhibit A attached hereto; (b) construct and install an 18 inch diameter High Density Polyethylene (HDPE) water pipeline segment approximately 1,200 feet in length extending from the location of the Receipt Point on the Trust Well Pad to the end of the well pad access road near the proposed launcher area as depicted on Exhibit A attached hereto; (c) construct and install fiber optic cable approximately 1,200 feet in length extending from the location of the Receipt Point on the Trust Well Pad to the end of the well pad access road near the proposed launcher area as depicted on Exhibit A attached hereto; and (d) open cut the well pad access road and (following the installation of the gathering pipeline segment, water pipeline segment and fiber optic cable) back fill the open cut trench with flowable fill approximately 2,400 feet in length (the facilities described in clauses (a) through (d) collectively, the "***Trust Facilities***"), subject to the terms and conditions hereof.

NOW, THEREFORE, Gatherer, Equitrans Water and Producer (collectively, "***Parties***" and each a "***Party***"), by execution of this Letter Agreement and in consideration of the mutual covenants contained herein, do hereby agree as follows:

1. ***Trust Facilities; Installation Work; Materials***.

(a) Subject to the terms and conditions of this Letter Agreement, Producer covenants and agrees to perform, or cause to be performed, the design, construction, installation, inspection and testing of the Trust Facilities ("***Installation Work***") in accordance with the standards, specifications and documentation requirements of the Equitrans Parties, in each case as set forth on Exhibit B attached hereto and incorporated herein ("***Work Standards***"), *provided*, that in any event the performance standard set forth in Section 3.1 of the Gathering Agreement and the Base WSA shall apply to Producer's performance of the Installation Work, *mutatis mutandis*. Producer agrees to use commercially reasonable efforts to complete the Installation Work on or before October 31, 2023.

(b) The Equitrans Parties covenant and agree to provide Producer with the pipeline materials and all other required materials (excluding flowable fill material) needed to perform the Installation Work ("***Materials***"); *provided*, that Producer shall be responsible for (i) arranging for the transportation of the Materials (with reasonable cooperation from the Equitrans Parties) from various locations, including the Durabond warehouse facility in Duquesne, Pennsylvania, the Western yard facility in Amity, Pennsylvania and the warehouse facility in

Waynesburg, Pennsylvania, to the location of the Trust Facilities, and (ii) paying the costs and expenses for such transportation ("***Transportation Costs***"), subject to the terms hereof; *provided, further*, that title to all Materials shall remain with the Equitrans Parties at all times, it being the intent of this Letter Agreement that the Equitrans Parties own the Trust Facilities, and all personal property constituting the Trust Facilities, in all respects.

(c) Following the Equitrans Parties' receipt of notice of the completion of the Installation Work, the Equitrans Parties shall promptly thereafter, with reasonable prior written notice to Producer and during normal business hours, inspect the Installation Work and the Trust Facilities for the purpose of confirming that the same satisfies the standards and specifications provided by the Equitrans Parties and otherwise satisfies the performance standard set forth in Section 3.1 of the Gathering Agreement and Base WSA, as applicable; *provided* that Producer shall have the right to have a representative present during such inspection and the Equitrans Parties will comply with Producer's HSE policies and requirements regarding access provided in writing in advance. Reasonably promptly following the Equitrans Parties' inspection of the Installation Work and the Trust Facilities, the Equitrans Parties shall deliver notice in writing to Producer either (i) approving the Installation Work and the Trust Facilities, or (ii) identifying in reasonable detail any failures of the Installation Work and the Trust Facilities to comply with the Work Standards.

(d) From and after the completion of the Installation Work and the written approval by the Equitrans Parties of the Installation Work, (i) the Equitrans Parties shall be responsible for connection of the Trust Facilities to the Gathering System and Greene County System, as applicable, (ii) the Trust Facilities connected to the Gathering System shall be deemed part of the Gathering System for all purposes under the Gathering Agreement, (iii) the Trust Facilities connected to the Greene County System shall be deemed part of the Greene County System for all purposes under the Base WSA and ITC 01, (iv) Gatherer shall have all rights and responsibilities with respect to the Trust Facilities connected to the Gathering System as are applicable to the Gathering System under the Gathering Agreement (including the indemnification provisions set forth in Article 15 of the Gathering Agreement), and (v) Equitrans Water shall have all rights and responsibilities with respect to the Trust Facilities connected to the Greene County System as are applicable to the Water System under the Base WSA and ITC 01 (including the indemnification provisions set forth in Article 13 of the Base WSA); provided, however, the Equitrans Parties' approval of the Installation Work and the Trust Facilities shall not limit or diminish Producer's liability for failure to perform, or cause to be performed, the Installation Work in accordance with Section 1(a) hereof, to the extent that such failure was not identified, and could not reasonably be expected to be identified, by the Equitrans Parties when inspecting the same in accordance with Section 1(c) hereof. Except to the extent expressly set forth herein, this Letter Agreement shall not amend or otherwise modify the obligations of the Parties with respect to the connection of any Wells on the Trust Well Pad or otherwise to the Gathering System under Section 3.3 of the Gathering Agreement and the delivery of Water to the Trust Well Pad under Section 3.4 of the Base WSA and the other terms and conditions thereof.

2. ***Real Property Rights; Receipt Point Facilities; Incremental Assignment***.

(a) The Equitrans Parties have acquired, at their sole cost and expense, all of the easements and rights-of-way necessary for the Equitrans Parties to own and operate the Trust Facilities ("***Real Property Rights***").

(b) Producer represents that it shall provide to Equitrans Parties all of its records, files and other data to the extent necessary or convenient to the ownership and operation of the Trust Facilities (excepting all those records subject to confidentiality restrictions, privileged information, and any proprietary information).

(c) To the extent available without interfering with Producer's facilities or operations, which shall be determined in the reasonable discretion of Producer, Producer agrees to provide sufficient space for locating Receipt Point facilities on the Trust Well Pad.

(d) To the extent that the Trust Facilities comprise any personal property other than the Materials, on or before the completion of the Installation Work, Producer shall convey all of its right, title and interest in and to the personal property comprising the Trust Facilities, pursuant to an Assignment in substantially the form of Exhibit C.

3. ***Reimbursement; Costs.***

(a) The Equitrans Parties shall reimburse Producer for all Costs incurred or committed to by Producer and/or its Affiliates, not to exceed $[***] ("***Cap***").

(b) "***Costs***" means all actual third party documented costs and expenses of any kind incurred by Producer and/or its Affiliates in connection with the Installation Work, including Transportation Costs. As soon as practical after the completion of the Installation Work, Producer shall deliver to the Equitrans Parties a statement showing in reasonable detail the Costs. The Equitrans Parties agree to pay, or cause to be paid, the Costs, not to exceed the Cap, within [***] days of the date of the statement.

4. ***Miscellaneous***. The terms and provisions of this Letter Agreement shall be binding on, and shall inure to the benefit of, the Parties and their respective successors and permitted assigns. This Letter Agreement may be executed in any number of counterparts, and each such counterpart hereof shall be deemed to be an original instrument, but all of such counterparts shall constitute for all purposes one agreement. Any signature hereto delivered by a Party by facsimile or other electronic transmission (including scanned documents delivered by email) shall be deemed an original signature hereto, and execution and delivery by such means shall be binding upon the Parties.

5. ***Effect of Letter Agreement***. The Parties acknowledge and agree that this Letter Agreement constitutes a written instrument executed by the Parties and fulfills the requirements of an amendment contemplated by Section 18.7 of the Gathering Agreement and Section 16.7 of the Base WSA. The Parties hereby ratify and confirm the Gathering Agreement and the Base WSA, as amended hereby. Except as expressly provided herein, the provisions of the Gathering Agreement and the Base WSA shall remain in full force and effect in accordance with their respective terms following the execution of this Letter Agreement. In the event of any conflict or inconsistencies between this Letter Agreement and the Gathering Agreement and the Base WSA, as applicable, the terms and conditions of this Letter Agreement shall prevail.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the Parties have executed this Letter Agreement as of the date first written above.

EQUITRANS PARTIES:

EQM GATHERING OPCO, LLC,
a Delaware limited liability company

By: /s/ John Quinn
Name: John Quinn
Title: VP Business Development & Comm Svcs

EQUITRANS WATER SERVICES (PA), LLC,
a Delaware limited liability company

By: /s/ John Quinn
Name: John Quinn
Title: VP Business Development & Comm Svcs

PRODUCER:

EQT CORPORATION,
a Pennsylvania corporation

By: /s/ David Khani
Name: David Khani
Title: Chief Financial Officer

EQT PRODUCTION COMPANY,
a Pennsylvania corporation

By: /s/ J.E.B. Bolen
Name: J.E.B. Bolen
Title: Vice President of Operations Planning

RICE DRILLING B LLC,
a Delaware limited liability company

By: /s/ J.E.B. Bolen
Name: J.E.B. Bolen
Title: Vice President of Operations Planning

EQT ENERGY, LLC,
a Delaware limited liability company

By: /s/ Keith Shoemaker
Name: Keith Shoemaker
Title: Senior Vice President, Commercial

EXHIBIT A

[***]

EXHIBIT B

[***]

EXHIBIT C

NOTICE OF CONFIDENTIALITY RIGHTS: IF YOU ARE A NATURAL PERSON, YOU MAY REMOVE OR STRIKE ANY OR ALL OF THE FOLLOWING INFORMATION FROM ANY INSTRUMENT THAT TRANSFERS AN INTEREST IN REAL PROPERTY BEFORE IT IS FILED FOR RECORD IN THE PUBLIC RECORDS: YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVER'S LICENSE NUMBER.

ASSIGNMENT AND BILL OF SALE

This **ASSIGNMENT AND BILL OF SALE** (this "***Assignment***") is dated effective as of [●], 2023 (the "***Effective Time***"), by and between [EQT Entity], a [●], whose address is 625 Liberty Avenue, Suite 1700, Pittsburgh, PA 15222, hereinafter referred to as "***Assignor***"; and [ETRN Entity], a [●], whose address is 2200 Energy Drive, Canonsburg, PA 15317, hereinafter referred to as "***Assignee***". Assignor and Assignee are sometimes also referred to singularly as a "***Party***" and are sometimes collectively referred to as the "***Parties***".

RECITALS

WHEREAS, Assignor and certain of its affiliates and Assignee entered into that certain Letter Agreement re: Trust North Well Pad, dated [●], 2023 ("***Letter Agreement***"), pursuant to which Assignor has agreed, subject to the terms of the Letter Agreement to: (a) construct and install a 12 inch diameter steel gathering pipeline segment approximately 1,200 feet in length extending from the location of the Receipt Point on the Trust Well Pad to the end of the well pad access road near the proposed launcher area as depicted on Exhibit A attached hereto; (b) construct and install an 18 inch diameter HDPE water pipeline segment approximately 1,200 feet in length extending from the location of the Receipt Point on the Trust Well Pad to the end of the well pad access road near the proposed launcher area as depicted on Exhibit A attached hereto; (c) construct and install fiber optic cable approximately 1,200 feet in length extending from the location of the Receipt Point on the Trust Well Pad to the end of the well pad access road near the proposed launcher area as depicted on Exhibit A attached hereto; and (d) open cut the well pad access road and (following the installation of the gathering pipeline segment, water pipeline segment and fiber optic cable) back fill the open cut trench with flowable fill approximately 2,400 feet in length (the facilities described in clauses (a) through (d) collectively, the "***Trust Facilities***").

WHEREAS, Assignor desires to assign to Assignee, and Assignee desires to receive from Assignor, all of Assignor's interest in the Assets described below in accordance with this Assignment.

NOW, THEREFORE, for and in consideration of the mutual promises contained herein, the benefits to be derived by each party hereunder, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Assignor and Assignee agree as follows:

ARTICLE I
ASSIGNMENT

1.1 Assignment. For and in consideration of Ten Dollars ($10.00) and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Assignor does hereby **GRANT, BARGAIN, SELL, CONVEY, ASSIGN, TRANSFER, SET OVER, AND**

DELIVER unto Assignee, all of Assignor's right, title, and interest in and to the personal property constituting the Trust Facilities, including such personal property set forth on Exhibit A (the "***Assets***").

TO HAVE AND TO HOLD the Assets unto Assignee, and its successors and assigns, forever, subject, however, to all the terms and conditions of this Assignment.

ARTICLE II
DISCLAIMERS

2.1 ***Disclaimers.*** **NEITHER ASSIGNOR NOR ANY OF ITS AFFILIATES NOR ANY OF ITS OR THEIR REPRESENTATIVES IS MAKING ANY REPRESENTATION OR WARRANTY OF ANY KIND OR NATURE WHATSOEVER, ORAL OR WRITTEN, STATUTORY, EXPRESS OR IMPLIED, RELATING TO THE ASSETS, INCLUDING BUT NOT LIMITED TO ANY REPRESENTATION OR WARRANTY RELATING TO THE TITLE, MAINTENANCE, REPAIR, CONDITION, DESIGN, PERFORMANCE, VALUE, MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR USE OR PURPOSE OF THE ASSETS, AND ASSIGNOR HEREBY DISCLAIMS ANY SUCH REPRESENTATIONS OR WARRANTIES**.

2.2 ***Letter Agreement***. This Assignment is made specifically subject to the terms and conditions of the Letter Agreement, which is incorporated herein by reference as though set forth in full herein, and should there be any conflict between the terms and provisions of this Assignment and the Letter Agreement, the terms and provisions of the Letter Agreement shall prevail. Capitalized terms used herein without definition shall have the meanings ascribed to them in the Letter Agreement. Except for the Letter Agreement, this Assignment instrument represents the entire agreement between the parties with respect to its subject matter and replaces and supersedes all previous or contemporaneous agreements between them, whether oral, written or formed by a course of dealing. No amendment to this Assignment will be effective unless it is in writing and executed by each party's duly authorized representative.

2.3 ***Description***. It is the express intent of the parties that all of Assignor's right, title, and interest in and to the Assets be assigned to Assignee hereunder whether such interests are properly described or not, unless expressly reserved herein.

ARTICLE III
MISCELLANEOUS

3.1 ***Governing Law.*** This Assignment shall be governed by, construed, and enforced in accordance with the laws of the Commonwealth of Pennsylvania without regard to choice of law principles. The Parties agree that the appropriate, exclusive and convenient forum for any disputes among any of the Parties arising out of this Assignment or the transactions contemplated hereby shall be in any state or federal court in the City of Pittsburgh and County of Allegheny, Pennsylvania, and each of the Parties irrevocably submits to the jurisdiction of such courts solely in respect of any proceeding arising out of or related to this Assignment. The Parties further agree that the Parties shall not bring suit with respect to any disputes arising out of this Agreement or the transactions contemplated hereby in any court or jurisdiction other than the above specified courts. **EACH PARTY HEREBY WAIVES ITS RIGHT TO TRIAL BY JURY IN ANY PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT, WHETHER SOUNDING IN CONTRACT, TORT OR OTHERWISE.**

3.2 Cooperation. In addition to this Assignment, each Party shall execute, acknowledge, and deliver to the other Party, in a timely manner and without further consideration, any documents or instruments that such Party may reasonably require, including further assignments or conveyances required by any governmental authorities, deeds, and consents to further evidence the assignment and conveyance of the Assets as contemplated by this Assignment.

3.3 Binding Effect. The terms, covenants and conditions of this Assignment bind and inure to the benefit of the Parties hereto and their respective successors and assigns.

3.4 Counterparts. This Assignment may be executed in any number of counterparts, and each such counterpart hereof shall be deemed to be an original instrument, but all of such counterparts shall constitute for all purposes one agreement.

[*Signature Pages to Follow*]

IN WITNESS WHEREOF, this Assignment has been executed by Assignor as of the Effective Time.

ASSIGNOR:
[EQT Entity]

By: _____
Name: _____
Title: _____

ACKNOWLEDGMENTS

COMMONWEALTH OF _____,
COUNTY OF _____, TO-WIT:

The undersigned, a notary public of said county, hereby certifies that _____, the _____ of _____, a _____, who signed the foregoing Assignment, has this day in my said county, before me, acknowledged that he/she executed the same for the purposes therein contained as the _____ of said corporation.

Given under my hand this ___ day of _____, 2023.

My commission expires: _____

_____
Notary Public

(NOTARIAL SEAL)

IN WITNESS WHEREOF, this Assignment has been executed by Assignee as of the Effective Time.

ASSIGNEE:

[ETRN Entity]

By: _____
Name: _____
Title: _____

ACKNOWLEDGMENTS

COMMONWEALTH OF _____,
COUNTY OF _____, TO-WIT:

The undersigned, a notary public of said county, hereby certifies that _____, the _____ of _____, a _____, who signed the foregoing Assignment, has this day in my said county, before me, acknowledged that he/she executed the same for the purposes therein contained as the _____ of said partnership.

Given under my hand this ___ day of _____, 2023.

My commission expires: _____

_____
Notary Public

(NOTARIAL SEAL)

EXHIBIT A

Assets

EXHIBIT B

Trust Well Pad and Trust Facilities

[***]

Exhibit 31.01

CERTIFICATION

I, Toby Z. Rice, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of EQT Corporation (the "registrant");

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

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

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

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

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

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

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

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

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

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

Date: July 26, 2023

/s/ Toby Z. Rice
Toby Z. Rice
President and Chief Executive Officer

Exhibit 31.02

CERTIFICATION

I, Jeremy T. Knop, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of EQT Corporation (the "registrant");

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

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

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

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

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

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

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

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

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

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

Date: July 26, 2023

/s/ Jeremy T. Knop
Jeremy T. Knop
Chief Financial Officer

Exhibit 32

CERTIFICATION

In connection with the Quarterly Report of EQT Corporation ("EQT") on Form 10-Q for the period ended June 30, 2023, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), each of the undersigned certify pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to their knowledge:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of EQT.

/s/ Toby Z. Rice July 26, 2023
Toby Z. Rice
President and Chief Executive Officer

/s/ Jeremy T. Knop July 26, 2023
Jeremy T. Knop
Chief Financial Officer

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signatures that appear in typed form within the electronic version of this written statement required by Section 906, has been provided to EQT and will be retained by EQT and furnished to the Securities and Exchange Commission or its staff upon request.