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 SEPTEMBER 30, 2020
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 October 16, 2020, 255,598,827 shares of common stock, no par value, of the registrant were outstanding.

TABLE OF CONTENTS

		Page No.
PART I. FINANCIAL INFORMATION		
Item 1.	Financial Statements (Unaudited):	
	Statements of Condensed Consolidated Operations for the Three and Nine Months Ended September 30, 2020 and 2019	3
	Statements of Condensed Consolidated Comprehensive (Loss) Income for the Three and Nine Months Ended September 30, 2020 and 2019	4
	Statements of Condensed Consolidated Cash Flows for the Nine Months Ended September 30, 2020 and 2019	5
	Condensed Consolidated Balance Sheets as of September 30, 2020 and December 31, 2019	6
	Statements of Condensed Consolidated Equity for the Three and Nine Months Ended September 30, 2020 and 2019	7
	Notes to the Condensed Consolidated Financial Statements	9
Item 2.	Management's Discussion and Analysis of Financial Condition and Results of Operations	21
Item 3.	Quantitative and Qualitative Disclosures About Market Risk	35
Item 4.	Controls and Procedures	37
PART II. OTHER INFORMATION		
Item 1.	Legal Proceedings	38
Item 1A.	Risk Factors	38
Item 2.	Unregistered Sales of Equity Securities and Use of Proceeds	40
Item 6.	Exhibits	41
Signature		42

PART I. FINANCIAL INFORMATION
Item 1. Financial Statements

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
	(Thousands, except per share amounts)			
Operating revenues:				
Sales of natural gas, natural gas liquids and oil	$ 598,992	$ 769,627	$ 1,812,965	$ 2,941,767
(Loss) gain on derivatives not designated as hedges	(427,182)	180,313	(11,320)	455,952
Net marketing services and other	317	1,636	4,613	7,282
Total operating revenues	172,127	951,576	1,806,258	3,405,001
Operating expenses:				
Transportation and processing	427,691	437,942	1,273,161	1,314,172
Production	39,670	37,821	118,379	117,545
Exploration	3,160	3,492	4,959	6,356
Selling, general and administrative	56,330	79,376	134,609	214,562
Depreciation and depletion	341,027	390,993	1,021,649	1,154,519
Amortization of intangible assets	7,478	7,755	22,433	28,439
Loss on sale/exchange of long-lived assets	4,662	13,935	102,721	13,935
Impairment of intangible assets	—	15,411	—	15,411
Impairment and expiration of leases	50,449	49,601	145,496	127,719
Transaction, proxy and reorganization	1,855	76,779	6,600	102,386
Total operating expenses	932,322	1,113,105	2,830,007	3,095,044
Operating (loss) income	(760,195)	(161,529)	(1,023,749)	309,957
Gain on Equitrans Share Exchange (see Note 9)	—	—	(187,223)	—
(Gain) loss on investment in Equitrans Midstream Corporation	(3,801)	261,093	303,844	276,779
Dividend and other income	(2,900)	(22,960)	(31,204)	(67,592)
Loss on debt extinguishment	3,749	—	20,712	—
Interest expense	69,154	47,709	196,914	154,785
Loss before income taxes	(826,397)	(447,371)	(1,326,792)	(54,015)
Income tax benefit	(225,757)	(86,343)	(295,938)	(9,244)
Net loss	$ (600,640)	$ (361,028)	$ (1,030,854)	$ (44,771)
Loss per share of common stock:				
Basic:				
Weighted average common stock outstanding	255,589	255,235	255,516	255,069
Net loss	$ (2.35)	$ (1.41)	$ (4.03)	$ (0.18)
Diluted:				
Weighted average common stock outstanding	255,589	255,235	255,516	255,069
Net loss	$ (2.35)	$ (1.41)	$ (4.03)	$ (0.18)

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 September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
	(Thousands)			
Net loss	$ (600,640)	$ (361,028)	$ (1,030,854)	$ (44,771)
Other comprehensive income (loss), net of tax:				
Net change in interest rate cash flow hedges (a)	—	43	—	127
Other post-retirement benefits liability adjustment (b)	72	77	156	229
Change in accounting principle (c)	—	—	—	(496)
Other comprehensive income (loss)	72	120	156	(140)
Comprehensive loss	$ (600,568)	$ (360,908)	$ (1,030,698)	$ (44,911)

(a) Net of tax expense of $10 and $30 for the three and nine months ended September 30, 2019.
(b) Net of tax expense of $23 and $26 for the three months ended September 30, 2020 and 2019, respectively, and $71 and $78 for the nine months ended September 30, 2020 and 2019, respectively.
(c) Related to adoption of Accounting Standards Update (ASU) 2018-02.

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

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

	Nine Months Ended September 30,	
	2020	**2019**
	(Thousands)	
Cash flows from operating activities:		
Net loss	$ (1,030,854)	$ (44,771)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Deferred income tax benefit	(182,244)	(10,407)
Depreciation and depletion	1,021,649	1,154,519
Amortization of intangible assets	22,433	28,439
Impairment of leases and intangible assets and loss on sale/exchange of long-lived assets	248,217	157,065
Gain on Equitrans Share Exchange	(187,223)	—
Loss on investment in Equitrans Midstream Corporation	303,844	276,779
Loss on debt extinguishment	20,712	—
Share-based compensation expense	15,226	29,453
Amortization, accretion and other	25,236	19,385
Loss (gain) on derivatives not designated as hedges	11,320	(455,952)
Cash settlements received on derivatives not designated as hedges	813,218	152,149
Net premiums (paid) received on derivative instruments	(53,473)	22,512
Changes in other assets and liabilities:		
Accounts receivable	139,713	508,306
Accounts payable	(62,853)	(286,453)
Tax receivable	248,101	3,784
Other items, net	(221,445)	79,046
Net cash provided by operating activities	1,131,577	1,633,854
Cash flows from investing activities:		
Capital expenditures	(788,384)	(1,257,333)
Proceeds from sale of assets	113,236	—
Cash received for Equitrans Share Exchange	52,323	—
Other investing activities	117	1,123
Net cash used in investing activities	(622,708)	(1,256,210)
Cash flows from financing activities:		
Proceeds from borrowings on credit facility	1,772,750	2,261,250
Repayment of borrowings on credit facility	(1,822,250)	(2,900,250)
Proceeds from issuance of debt	2,250,000	1,000,000
Debt issuance costs and Capped Call Transactions (See Note 6)	(65,102)	(913)
Repayments and retirements of debt	(2,609,785)	(703,471)
Premiums paid on debt extinguishment	(17,150)	—
Dividends paid	(7,664)	(22,985)
Cash paid for taxes related to net settlement of share-based incentive awards	(596)	(7,220)
Net cash used in financing activities	(499,797)	(373,589)
Net change in cash and cash equivalents	9,072	4,055
Cash and cash equivalents at beginning of period	4,596	3,487
Cash and cash equivalents at end of period	$ 13,668	$ 7,542
Cash paid (received) during the period for:		
Interest, net of amount capitalized	$ 145,366	$ 125,817
Income taxes, net	(402,044)	(1,480)
Non-cash activity during the period for:		
Increase in right-of-use lease assets and liabilities	$ 3,130	$ 112,141
Increase in asset retirement costs and obligations	9,674	3,610
Capitalization of non-cash equity share-based compensation	2,350	—

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

EQT CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)

	September 30, 2020	December 31, 2019
	(Thousands)	
ASSETS		
Current assets:		
Cash and cash equivalents	$ 13,668	$ 4,596
Accounts receivable (less provision for doubtful accounts: $3,897 and $6,861)	428,439	610,088
Derivative instruments, at fair value	503,648	812,664
Tax receivable	50,753	298,854
Prepaid expenses and other	345,646	28,653
Total current assets	1,342,154	1,754,855
Property, plant and equipment	21,134,536	21,655,351
Less: Accumulated depreciation and depletion	5,577,119	5,499,861
Net property, plant and equipment	15,557,417	16,155,490
Net intangible assets	3,573	26,006
Contract asset	325,934	—
Investment in Equitrans Midstream Corporation	214,004	676,009
Other assets	131,653	196,867
Total assets	$ 17,574,735	$ 18,809,227
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Current portion of debt	$ 33,363	$ 16,204
Accounts payable	693,141	796,438
Derivative instruments, at fair value	894,618	312,696
Other current liabilities	218,395	220,564
Total current liabilities	1,839,517	1,345,902
Credit facility borrowings	244,500	294,000
Term loan facility borrowings	—	999,353
Senior notes	4,351,917	3,878,366
Note payable to EQM Midstream Partners, LP	101,170	105,056
Deferred income taxes	1,336,629	1,485,814
Other liabilities and credits	855,193	897,148
Total liabilities	8,728,926	9,005,639
Shareholders' equity:		
Common stock, no par value, shares authorized: 640,000 and 320,000, shares issued: 257,003 and 257,003	7,895,628	7,818,205
Treasury stock, shares at cost: 1,658 and 1,832	(29,347)	(32,507)
Retained earnings	984,571	2,023,089
Accumulated other comprehensive loss	(5,043)	(5,199)
Total shareholders' equity	8,845,809	9,803,588
Total liabilities and shareholders' equity	$ 17,574,735	$ 18,809,227

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	Retained Earnings	Accumulated Other Comprehensive Loss	Total Equity
	(Thousands, except per share amounts)					
Balance at July 1, 2019	254,796	$ 7,807,740	$ (39,310)	$ 3,485,711	$ (5,666)	$ 11,248,475
Comprehensive income, net of tax:						
Net income				(361,028)		(361,028)
Net change in interest rate cash flow hedges, net of tax expense: $10					43	43
Other postretirement benefits liability adjustment, net of tax expense: $26					77	77
Dividends ($0.03 per share)				(7,668)		(7,668)
Share-based compensation plans	374	10,943	6,783			17,726
Balance at September 30, 2019	255,170	$ 7,818,683	$ (32,527)	$ 3,117,015	$ (5,546)	$ 10,897,625
Balance at July 1, 2020	255,290	$ 7,889,072	$ (30,341)	$ 1,585,211	$ (5,115)	$ 9,438,827
Comprehensive loss, net of tax:						
Net loss				(600,640)		(600,640)
Other postretirement benefits liability adjustment, net of tax expense: $23					72	72
Share-based compensation plans	55	6,556	994			7,550
Balance at September 30, 2020	255,345	$ 7,895,628	$ (29,347)	$ 984,571	$ (5,043)	$ 8,845,809

Common shares authorized: 320,000 and 640,000 at September 30, 2019 and 2020, respectively. Preferred shares authorized: 3,000. There were no preferred shares issued or outstanding.

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		Treasury Stock	Retained Earnings	Accumulated Other Comprehensive Loss	Total Equity
	Shares	No Par Value				
	(Thousands, except per share amounts)					
Balance at January 1, 2019	254,472	$ 7,828,554	$ (49,194)	$ 3,184,275	$ (5,406)	$ 10,958,229
Comprehensive income, net of tax:						
Net income				(44,771)		(44,771)
Net change in interest rate cash flow hedges, net of tax expense: $30					127	127
Other postretirement benefits liability adjustment, net of tax expense: $78					229	229
Dividends ($0.09 per share)				(22,985)		(22,985)
Share-based compensation plans	920	4,599	16,667			21,266
Change in accounting principle (a)				496	(496)	—
Other	(222)	(14,470)				(14,470)
Balance at September 30, 2019	255,170	$ 7,818,683	$ (32,527)	$ 3,117,015	$ (5,546)	$ 10,897,625
Balance at January 1, 2020	255,171	$ 7,818,205	$ (32,507)	$ 2,023,089	$ (5,199)	$ 9,803,588
Comprehensive loss, net of tax:						
Net loss				(1,030,854)		(1,030,854)
Other postretirement benefits liability adjustment, net of tax expense: $71					156	156
Dividends ($0.03 per share)				(7,664)		(7,664)
Share-based compensation plans	174	13,778	3,160			16,938
Equity component of convertible senior notes (See Note 6)		63,645				63,645
Balance at September 30, 2020	255,345	$ 7,895,628	$ (29,347)	$ 984,571	$ (5,043)	$ 8,845,809

Common shares authorized: 320,000 and 640,000 at September 30, 2019 and 2020, respectively. Preferred shares authorized: 3,000. There were no preferred shares issued or outstanding.

(a) Related to adoption of ASU 2018-02.

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 September 30, 2020 and December 31, 2019, the results of its operations and equity for the three and nine month periods ended September 30, 2020 and 2019 and its cash flows for the nine month periods ended September 30, 2020 and 2019. 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," "EQT Corporation" and "the Company" refer collectively to EQT Corporation and its consolidated subsidiaries.

The Condensed Consolidated Balance Sheet at December 31, 2019 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, 2019.

Recently Issued Accounting Standards

In June 2016, the Financial Accounting Standards Board (FASB) issued ASU 2016-13, *Financial Instruments – Credit Losses: Measurement of Credit Losses on Financial Instruments*. This ASU amends guidance on reporting credit losses for assets held at amortized cost basis and available for sale debt securities. For assets held at amortized cost basis, this ASU eliminates the probable initial recognition threshold and requires entities to reflect their current estimate of all expected credit losses. The amendment affects loans, debt securities, trade receivables, net investments in leases, off-balance sheet credit exposures, reinsurance receivables and any other financial assets not excluded from its scope that have a contractual right to receive cash. This ASU is effective for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years. The Company adopted this ASU on January 1, 2020 with no changes to its methodology, financial statements or disclosures.

In July 2018, the FASB issued ASU 2018-07, *Improvements to Nonemployee Share-Based Payment Accounting*. This ASU expands the scope of Topic 718, *Compensation – Share Compensation,* to include share-based payment transactions where a grantor acquires goods or services from a nonemployee. This ASU is effective for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years, and early adoption is permitted. The Company adopted this ASU on January 1, 2020 with no changes to its methodology, financial statements or disclosures.

In August 2018, the FASB issued ASU 2018-13, *Fair Value Measurement, Changes to the Disclosure Requirements for Fair Value Measurement*. This ASU modifies the hierarchy associated with Level 1, 2 and 3 fair value measurements and the related disclosure requirements. This ASU is effective for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years, and early adoption is permitted. The Company adopted this ASU on January 1, 2020 with no changes to its methodology, financial statements or disclosures.

In August 2018, the FASB issued ASU 2018-15, *Intangibles – Goodwill and Other – Internal-Use Software: Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That is a Service Contract*. This ASU provides guidance on accounting for implementation costs incurred by a customer in a cloud computing arrangement that is a service contract. This ASU is effective for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years, and early adoption is permitted. The Company adopted this ASU prospectively on January 1, 2020, at which point onward applicable costs were capitalized to the Condensed Consolidated Balance Sheet rather than expensed to selling, general and administrative expense in the Statement of Condensed Consolidated Operations. For the three and nine months ended September 30, 2020, such capitalized costs were approximately $2 million and $6 million, respectively.

In December 2019, the FASB issued ASU 2019-12, *Income Taxes: Simplifying the Accounting for Income Taxes*. This ASU simplifies accounting for income taxes by eliminating certain exceptions to ASC 740, *Income Taxes,* related to the general approach for intraperiod tax allocation, methodology for calculating income taxes in an interim period and recognition of deferred taxes when there are investment ownership changes. In addition, this ASU simplifies aspects of accounting for franchise taxes and interim period effects of enacted changes in tax laws or rates and provides clarification on accounting for transactions that result in a step up in the tax basis of goodwill and allocation of consolidated income tax expense to separate financial statements of entities not subject to income tax. This ASU is effective for fiscal years beginning after December 15, 2020, including interim

periods within those fiscal years, and early adoption is permitted. The Company is evaluating the impact this standard will have on its financial statements and related disclosures.

In August 2020, the FASB issued ASU 2020-06, *Debt with Conversion and Other Options and Derivatives and Hedging: Accounting for Convertible Instruments and Contracts in an Entity's Own Equity*. This ASU simplifies accounting for convertible instruments by removing certain separation models for convertible instruments. For convertible instruments with conversion features that are not accounted for as derivatives under ASC 815 or do not result in substantial premiums accounted for as paid-in capital, the convertible instrument's embedded conversion features are no longer separated from the host contract. Consequently, and as long as no other feature requires bifurcation and recognition as a derivative, the convertible instrument is accounted for as a single liability measured at its amortized cost. This ASU also amends the impact of convertible instruments on the calculation of diluted earnings per share (EPS) and adds several new disclosure requirements. This ASU is effective for fiscal years beginning after December 15, 2021, including interim periods within those fiscal years. Adoption beginning after December 15, 2020, including interim periods within those fiscal years, is permitted. The Company has not determined the timing or method of adoption and is evaluating the impact this standard will have on its financial statements and related disclosures.

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 excluding revenue interests owned by others. When selling natural gas, NGLs and oil on behalf of royalty or working interest owners, the Company is acting 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 $275.8 million and $384.0 million in accounts receivable in the Condensed Consolidated Balance Sheets as of September 30, 2020 and December 31, 2019, respectively.

EQT Corporation and Subsidiaries
Notes to Condensed Consolidated Financial Statements (Unaudited)

The table below provides disaggregated information on the Company's revenues. Certain contracts that provide for the release of capacity that is not used to transport the Company's produced volumes are outside the scope of ASU 2014-09, *Revenue from Contracts with Customers*. The costs of, and recoveries on, such capacity 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 September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
	(Thousands)			
Revenues from contracts with customers:				
Natural gas sales	$ 556,950	$ 726,076	$ 1,698,396	$ 2,763,792
NGLs sales	38,380	34,880	102,897	151,004
Oil sales	3,662	8,671	11,672	26,971
Total revenues from contracts with customers	$ 598,992	$ 769,627	$ 1,812,965	$ 2,941,767
Other sources of revenue:				
(Loss) gain on derivatives not designated as hedges	(427,182)	180,313	(11,320)	455,952
Net marketing services and other	317	1,636	4,613	7,282
Total operating revenues	$ 172,127	$ 951,576	$ 1,806,258	$ 3,405,001

The following table summarizes the transaction price allocated to the Company's remaining performance obligations on all contracts with fixed consideration as of September 30, 2020. Amounts shown exclude contracts that qualified for the exception to the relative standalone selling price method as of September 30, 2020.

	2020 (a)	2021	2022	2023	Total
	(Thousands)				
Natural gas sales	$ 8,461	$ 178,100	$ 8,158	$ 6,794	$ 201,513

(a) October 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 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 expected sales of production and portions of its basis exposure covering approximately 1,659 Bcf of natural gas and 1,723 Mbbl of NGLs as of September 30, 2020 and 1,644 Bcf of natural gas as of December 31, 2019. The open positions at both September 30, 2020 and December 31, 2019 had maturities extending through December 2024.

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) or S&P Global Ratings (S&P) 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 or S&P 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 Rating Service (Fitch). Anything below these ratings is considered non-investment grade. As of September 30, 2020, the Company's senior notes were rated "Ba3" by Moody's and "BB–" by S&P.

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 September 30, 2020, the aggregate fair value of all OTC derivative instruments with credit rating risk-related contingent features that were in a net liability position was $228.8 million, for which the Company deposited and recorded as a current asset $142.0 million. As of December 31, 2019, there were no such deposits recorded in the Condensed Consolidated Balance Sheet.

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 September 30, 2020 and December 31, 2019, 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 September 30, 2020 and December 31, 2019, the Company recorded $102.5 million and $12.6 million, respectively, of such deposits as a current asset in the Condensed Consolidated Balance Sheets.

Refer to Note 9 for a discussion of the derivative liability recorded in connection with the Equitrans Share Exchange (defined in Note 9).

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)			
September 30, 2020				
Asset derivative instruments, at fair value	$ 503,648	$ (433,954)	$ —	$ 69,694
Liability derivative instruments, at fair value	894,618	(433,954)	(244,457)	216,207
December 31, 2019				
Asset derivative instruments, at fair value	$ 812,664	$ (226,116)	$ —	$ 586,548
Liability derivative instruments, at fair value	312,696	(226,116)	(12,606)	73,974

The Company has not executed any interest rate swaps since 2011. As of December 31, 2019, amounts related to historical interest rate swaps that had been previously recorded in accumulated other comprehensive income (OCI) were fully reclassified into interest expense. See Note 8.

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, 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.

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 natural gas liquids 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.

	Gross derivative instruments recorded in the Condensed Consolidated Balance Sheets	Fair value measurements at reporting date using:		
		Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
	(Thousands)			
September 30, 2020				
Asset derivative instruments, at fair value	$ 503,648	$ 66,840	$ 436,808	$ —
Liability derivative instruments, at fair value	894,618	131,364	763,254	—
December 31, 2019				
Asset derivative instruments, at fair value	$ 812,664	$ 95,041	$ 717,623	$ —
Liability derivative instruments, at fair value	312,696	71,107	241,589	—

The carrying values of cash equivalents, accounts receivable and accounts payable approximate fair value due to their short-term maturities. The carrying value of the Company's investment in Equitrans Midstream Corporation (Equitrans Midstream) approximates fair value as Equitrans Midstream is a publicly traded company. The carrying values of borrowings on the Company's credit facility and term loan facility (which was fully repaid in the second quarter of 2020) approximate fair value as the interest rates are based on prevailing market rates. The Company considered all of these fair values to be Level 1 fair value measurements.

The Company has an immaterial investment in a fund that invests in companies developing technology and operating solutions for exploration and production companies. The investment is valued using, as a practical expedient, the net asset value provided in the financial statements received from fund managers and is recorded in other assets in the Condensed Consolidated Balance Sheets.

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 September 30, 2020 and December 31, 2019, the Company's senior notes had a fair value of approximately $4.8 billion and $3.9 billion, respectively, and a carrying value of approximately $4.4 billion and $3.9 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 September 30, 2020 and December 31, 2019, the Company's note payable to EQM had a fair value of approximately $131 million and $128 million, respectively, and a carrying value of approximately $106 million and $110 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 9 for a discussion of the fair value measurement of the Equitrans Share Exchange and Note 10 for a discussion of the fair value measurement of the 2020 Asset Exchange Transactions and 2020 Divestiture (each defined in Note 10). See Note 1 to the Consolidated Financial Statements in the Company's Annual Report on Form 10-K for the year ended December 31, 2019 for a discussion of the fair value of assets related to the impairment and expiration of leases.

5. Income Taxes

For the nine months ended September 30, 2020, 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. For the nine months ended September 30, 2019, the Company determined that this method of applying an estimate of the annual effective tax rate for the full fiscal year to "ordinary" income or loss did not provide a reliable estimate of the provision for income taxes because small fluctuations in estimated income resulted in significant changes in the estimated annual tax rate. Therefore, the Company instead used a discrete effective tax rate method to

calculate taxes for the nine months ended September 30, 2019. There were no material changes to the Company's methodology for determining unrecognized tax benefits during the nine months ended September 30, 2020.

The Company recorded income tax benefit at an effective tax rate of 22.3% and 17.1% for the nine months ended September 30, 2020 and 2019, respectively. The Company's effective tax rate for the nine months ended September 30, 2020 was higher compared to the U.S. federal statutory rate due primarily to state taxes, including valuation allowances that limit certain state tax benefits, and the benefit related to the settlement of the Company's 2010, 2011 and 2012 audit with the Internal Revenue Service (IRS). These items were partly offset by valuation allowances provided against federal and state deferred tax assets for the additional unrealized losses on the Company's investment in Equitrans Midstream incurred through September 30, 2020 that, if such investment is sold, would become capital losses. The Company believes it is more likely than not that such additional unrealized losses will not be realized for tax purposes.

The Company's effective tax rate for the nine months ended September 30, 2019 was lower compared to the U.S. federal statutory rate due primarily to state valuation allowances that limit certain state tax benefits as well as the Company's recognition of executive compensation and transaction costs, which are not deductible for tax purposes, partly offset by state taxes recorded in 2019 and the Company's reversal of its valuation allowances related to state net operating losses utilization against future taxable income and Alternative Minimum Tax (AMT) refund sequestration. The Company's reversal of its AMT refund valuation allowance resulted from a first quarter 2019 IRS announcement that reversed the IRS's prior position that 6.2% of AMT refunds are subject to sequestration by the U.S. federal government.

On March 27, 2020, the U.S. Congress enacted the Coronavirus Aid, Relief and Economic Security Act (the CARES Act). The CARES Act accelerated the Company's ability to claim federal refunds of AMT credits, increasing the Company's expected collectable refund in 2020 by $94.8 million to $379.3 million, all of which, plus interest of $12.1 million, was received during the nine months ended September 30, 2020. The CARES Act also increased the interest expense limitation from 30% to 50% of adjusted taxable income (ATI) and provides the Company the option to use its 2019 ATI in 2020. Further, the CARES Act modified certain net operating loss (NOL) rules, including allowing five year carrybacks for NOLs arising in 2018, 2019 and 2020 and temporarily removing the 80% taxable income NOL utilization limit for those periods. The Company does not expect any other tax-related provisions of the CARES Act to have a material impact on its financial statements and related disclosures.

6. Debt

Credit facility. The Company has a $2.5 billion credit facility that expires in July 2022.

The Company had $0.8 billion of letters of credit outstanding under its credit facility as of September 30, 2020 and no letters of credit outstanding under its credit facility as of December 31, 2019.

Under the Company's credit facility, for the three months ended September 30, 2020 and 2019, the maximum amounts of outstanding borrowings were $399 million and $319 million, respectively, the average daily balances were approximately $149 million and $105 million, respectively, and interest was incurred at weighted average annual interest rates of 2.2% and 3.6%, respectively. Under the Company's credit facility, for the nine months ended September 30, 2020 and 2019, the maximum amounts of outstanding borrowings were $399 million and $1,108 million, respectively, the average daily balances were approximately $90 million and $340 million, respectively, and interest was incurred at weighted average annual interest rates of 2.5% and 4.0%, respectively. Based on the Company's senior notes credit rating as of September 30, 2020, the margin on base rate loans under the Company's credit facility was 1.00% and the margin on Eurodollar rate loans was 2.00%.

Term loan facility. The Company had a $1.0 billion term loan facility that was scheduled to mature in May 2021. During the second quarter 2020, the Company used proceeds from the offering of its Convertible Notes (see below), income tax refunds received during the quarter (see Note 5) and proceeds from the 2020 Divestiture (see Note 10) to fully repay its term loan facility on June 30, 2020. Under the Company's term loan facility, from January 1, 2020 through June 30, 2020, the average daily balance was approximately $692 million and interest was incurred at a weighted average annual interest rate of 2.6%. As of September 30, 2019, the Company had $1.0 billion of outstanding borrowings under its term loan facility. For the period May 31, 2019 through September 30, 2019, interest was incurred on the Company's term loan facility borrowings at a weighted average annual interest rate of 3.3%.

Adjustable Rate Notes. On January 21, 2020, the Company issued $1.0 billion aggregate principal amount of 6.125% senior notes due February 1, 2025 and $750 million aggregate principal amount of 7.000% senior notes due February 1, 2030 (together, the Adjustable Rate Notes). The Company used the net proceeds from the Adjustable Rate Notes to repay $500 million aggregate

principal amount of the Company's floating rate notes, $500 million aggregate principal amount of the Company's 2.50% senior notes, $500 million aggregate principal amount of the Company's 4.875% senior notes and $200 million of the Company's term loan facility borrowings. The Company fully redeemed its floating rate notes and 2.50% senior notes at a price of 100% and 100.446% (inclusive of a make whole call premium), respectively, of each note's principal amount plus accrued but unpaid interest of $1.2 million and $4.2 million, respectively. This resulted in the payment of make whole call premiums of $2.2 million related to the Company's 2.50% senior notes. The $500 million aggregate principal amount of the Company's 4.875% senior notes was redeemed at a total cost of $517.4 million, inclusive of a tender premium of $10.0 million and accrued but unpaid interest of $7.4 million.

As a result of downgrades of the Company's senior notes credit rating that occurred subsequent to the issuance of the Adjustable Rate Notes, the interest rate on the 6.125% senior notes increased to 7.875% and the interest rate on the 7.000% senior notes increased to 8.750% beginning with the interest payment period that started on August 1, 2020. The adjusted interest rate under the Adjustable Rate Notes cannot exceed 2% of the original interest rate first set forth on the face of the senior notes.

4.875% Senior Notes. In April 2020, the Company repurchased $4.6 million aggregate principal amount of its 4.875% senior notes pursuant to open market purchases. In August 2020, the Company repurchased $101.5 million aggregate principal amount of the Company's 4.875% senior notes at a total cost of $105.9 million, inclusive of a tender premium of $3.3 million and accrued but unpaid interest of $1.1 million.

Convertible Notes. On April 28, 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. The Convertible Notes were issued in a private offering to qualified institutional buyers pursuant to Rule 144A under the Securities Act of 1933, as amended. After deducting offering costs of $16.9 million and Capped Call Transactions (defined and described below) costs of $32.5 million, the net proceeds from the offering of $450.6 million were used to repay $450 million of the Company's term loan facility borrowings as well as for general corporate purposes.

Interest under the Convertible Notes is payable semiannually in arrears on May 1 and November 1 of each year beginning on November 1, 2020.

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 commencing after the quarter ended June 30, 2020 as long as the last reported price of EQT 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;
- 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 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.

Upon conversion of the Convertible Notes, 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 common stock for amounts that exceed the principal amount of the obligation.

The Company may not 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 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.

The initial conversion rate for the Convertible Notes is 66.6667 shares of EQT common stock per $1,000 principal amount of the Convertible Notes, which is equivalent to an initial conversion price of $15.00 per share of EQT common stock. The initial conversion price represents a premium of 20% to the $12.50 per share closing price of EQT common stock on April 23, 2020. The conversion rate is subject to adjustment under certain 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.

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 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 common stock and an initial capped price of $18.75 per share of EQT common stock, each of which are subject to certain customary adjustments.

For accounting purposes, the Company separated the Convertible Notes into liability and equity components. The carrying amount of the liability component was calculated by measuring the fair value of similar debt instruments that do not have associated convertible features. The carrying amount of the equity component, representing the conversion option, was determined by deducting the fair value of the liability component from the principal value of the Convertible Notes. The equity component is not remeasured as long as it continues to meet the condition for equity classification. The excess of the principal amount of the liability component over its carrying amount (the debt discount) will be amortized to interest expense over the term of the Convertible Notes, which is approximately 6 years, at an effective interest rate of 8.4%. At inception, the Company recorded the Convertible Notes at fair value of approximately $358.1 million, a net deferred tax liability of $41.0 million and an equity component of $100.9 million.

Issuance costs were allocated to the liability and equity components of the Convertible Notes based on their relative fair values. Issuance costs attributable to the liability component of $12.1 million were recorded as a reduction to the liability component of the Convertible Notes and will be amortized to interest expense over the term of the Convertible Notes at an effective interest rate of 8.4%. Issuance costs attributable to the equity component of $4.8 million, representing the conversion option, were netted with the equity component.

The Capped Call Transactions are separate from the Convertible Notes. The Capped Call Transactions were recorded in shareholders' equity and were not accounted for as derivatives. The cost to purchase the Capped Call Transactions were recorded as a reduction to equity and will not be remeasured.

For the nine months ended September 30, 2020, the Convertible Notes had a net shareholders' equity impact of $63.6 million, which consisted of the conversion option equity component of $100.9 million less the Capped Call Transactions costs of $32.5 million and issuance costs attributable to the equity component of $4.8 million.

As of September 30, 2020, the net carrying amount of the Convertible Notes liability component consisted of principal of $500 million less the unamortized debt discount of $134.0 million and unamortized issuance costs of $11.6 million. The table below summarizes the components of interest expense related to the Convertible Notes.

	Three Months Ended September 30, 2020	Nine Months Ended September 30, 2020
	(Thousands)	
Contractual interest expense	$ 2,188	$ 3,695
Amortization of debt discount	4,767	7,998
Amortization of issuance costs	315	524
Total Convertible Notes interest expense	$ 7,270	$ 12,217

Surety Bonds. During the nine months ended September 30, 2020, the Company issued approximately $93 million in surety bonds in response to its credit downgrades by Moody's, S&P and Fitch.

7. Earnings Per Share

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 and nine months ended September 30, 2020, all securities, totaling 6,671,532 and 6,715,083, respectively, were excluded from potentially dilutive securities because of their anti-dilutive effect on EPS. Likewise, for the three and nine months ended September 30, 2019, all securities, totaling 2,998,033 and 3,070,567, respectively, were excluded from potentially dilutive securities because of their anti-dilutive effect on EPS.

As discussed in Note 6, the Company issued the Convertible Notes during the second quarter of 2020 and, upon conversion of the Convertible Notes, intends to use a combined settlement approach to satisfy its obligation under the Convertible Notes. As such, there is no adjustment to the diluted EPS numerator for the cash-settled portion of the instrument. In addition, for the three and nine months ended September 30, 2020, the conversion premium of 6,666,670 shares was excluded from potentially dilutive securities because of its anti-dilutive effect on EPS.

8. Changes in Accumulated OCI (Loss) by Component

The following table summarizes the changes in accumulated OCI (loss) by component.

	Interest rate cash flow hedges, net of tax		Other postretirement benefits liability adjustment, net of tax		Accumulated OCI (loss), net of tax
			(Thousands)		
July 1, 2019	$ (303)		$ (5,363)		$ (5,666)
Losses reclassified from accumulated OCI, net of tax	43	(a)	77	(b)	120
September 30, 2019	$ (260)		$ (5,286)		$ (5,546)
July 1, 2020	$ —		$ (5,115)		$ (5,115)
Losses reclassified from accumulated OCI, net of tax	—		72	(b)	72
September 30, 2020	$ —		$ (5,043)		$ (5,043)
January 1, 2019	$ (387)		$ (5,019)		$ (5,406)
Losses reclassified from accumulated OCI, net of tax	127	(a)	229	(b)	356
Change in accounting principle	—		(496)	(c)	(496)
September 30, 2019	$ (260)		$ (5,286)		$ (5,546)
January 1, 2020	$ —		$ (5,199)		$ (5,199)
Losses reclassified from accumulated OCI, net of tax	—		156	(b)	156
September 30, 2020	$ —		$ (5,043)		$ (5,043)

(a) Losses, net of tax, related to interest rate cash flow hedges were reclassified from accumulated OCI into interest expense.
(b) Losses, net of tax, related to other postretirement benefits liability adjustments are attributable to net actuarial losses and net prior service costs.
(c) Related to adoption of ASU 2018-02.

9. Equitrans Share Exchange

On February 26, 2020, the Company entered into two share purchase agreements (the Share Purchase Agreements) with Equitrans Midstream, pursuant to which, among other things, the Company sold to Equitrans Midstream a total of 25,299,752 shares, or 50% of its ownership, of Equitrans Midstream's common stock in exchange for approximately $52 million in cash and rate relief under certain of the Company's gathering contracts with EQM, an affiliate of Equitrans Midstream (the Equitrans Share Exchange). The transactions contemplated by the Share Purchase Agreements closed on March 5, 2020 (the Share Purchase

Closing Date). The rate relief was effected through the execution of the Consolidated GGA (defined herein). As of September 30, 2020, the Company owned 25,296,026 shares of Equitrans Midstream's common stock.

On February 26, 2020, the Company entered into a gas gathering and compression agreement (the Consolidated GGA) with an affiliate of EQM, pursuant to which, among other things, EQM agreed to provide to the Company gas gathering services in the Marcellus and Utica Shales of Pennsylvania and West Virginia, and the Company committed to an initial annual minimum volume commitment of 3.0 Bcf per day and an acreage dedication in Pennsylvania and West Virginia. The Consolidated GGA is effective through December 31, 2035 and will renew annually thereafter unless terminated by the Company or EQM. The Consolidated GGA provides for additional cash bonus payments (the Henry Hub Cash Bonus) payable by the Company to EQM during the period beginning on the first day of the quarter in which the Mountain Valley Pipeline (MVP) 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. In addition, the Consolidated GGA provides a cash payment option that grants the Company the right to receive payments from EQM in the event that the MVP in-service date has not occurred prior to January 1, 2022.

On the Share Purchase Closing Date, the Company recorded in the Condensed Consolidated Balance Sheet a contract asset representing the estimated fair value of the rate relief provided by the Consolidated GGA of $410 million, a derivative liability related to the Henry Hub Cash Bonus of approximately $117 million and a decrease in the Company's investment in Equitrans Midstream of approximately $158 million. The resulting gain of approximately $187 million was recorded in the Statement of Condensed Consolidated Operations. Beginning in the first quarter of 2021, the Company will recognize amortization of the contract asset over a period of four years in a manner consistent with the expected timing of the Company's realization of the economic benefits of the rate relief provided by the Consolidated GGA. As of September 30, 2020, the current portion of the contract asset was approximately $84 million. As of September 30, 2020, the derivative liability related to the Henry Hub Cash Bonus was approximately $152 million.

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. Key assumptions used in the fair value calculation included an estimated production volume forecast and a market-based discount rate. The fair value of the derivative liability related to the Henry Hub Cash Bonus was based on significant inputs that were 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.

10. 2020 Asset Transactions

Asset Exchange Transactions. During the nine months ended September 30, 2020, the Company closed on various acreage trade agreements (collectively, the 2020 Asset Exchange Transactions), pursuant to which the Company exchanged approximately 14,600 aggregate net revenue interest acres across Greene, Allegheny, Westmoreland and Washington Counties, Pennsylvania; Wetzel and Marshall Counties, West Virginia; and Belmont County, Ohio for approximately 14,600 aggregate net revenue interest acres across Greene and Washington Counties, Pennsylvania; Wetzel County, West Virginia; and Belmont County, Ohio. As a result of the 2020 Asset Exchange Transactions, the Company recognized a loss of $11.6 million and $67.2 million in loss on sale/exchange of long-lived assets in the Statements of Condensed Consolidated Operations during the three and nine months ended September 30, 2020, respectively.

During the third quarter of 2019, the Company closed on an acreage trade agreement and purchase and sale agreement with a third party (the 2019 Asset Exchange Transaction), pursuant to which the Company exchanged approximately 16,000 net revenue interest acres primarily in Wetzel and Marion Counties, West Virginia. Under the terms of the purchase and sale agreement, the Company assigned to the third party a gas gathering agreement that covers a portion of Tyler County, West Virginia and provides a firm gathering commitment, and the Company was released from its remaining obligations under that gas gathering agreement. As consideration for the third party's assumption of the Tyler County gas gathering agreement, the Company agreed to reimburse the third party for certain firm gathering costs under the gas gathering agreement through December 2022 and assign the third party an additional approximately 3,000 net revenue interest acres in Tyler and Wetzel Counties, West Virginia.

As a result of the 2019 Asset Exchange Transaction, the Company recognized a net loss of $13.9 million in loss on sale/exchange of long-lived assets in the Statements of Condensed Consolidated Operations during the three months ended September 30, 2019. As of September 30, 2020 and December 31, 2019, the liability for the reimbursement of those certain firm gathering costs was $28.7 million and $36.8 million and was recorded in other current and noncurrent liabilities in the Condensed Consolidated Balance Sheets.

The fair value of leases acquired and, for the 2019 Asset Exchange Transaction, the fair value of the liability for the reimbursement of certain firm gathering costs were based on inputs that are not observable in the market and, as such, are a Level 3 fair value measurement. See Note 4 for a description of the fair value hierarchy. Key assumptions used in the fair value calculations included market-based prices for comparable acreage and the net present value of expected payments due for reimbursement.

2020 Divestiture. On May 11, 2020, the Company closed a transaction to sell certain non-strategic assets located in Pennsylvania and West Virginia (the 2020 Divestiture) for an aggregate purchase price of approximately $125 million in cash, subject to customary purchase price adjustments and the Contingent Consideration defined and discussed below. The Pennsylvania assets sold included 80 Marcellus wells and approximately 33 miles of gathering lines; the West Virginia assets sold included 809 conventional wells and approximately 154 miles of gathering lines. In addition, the 2020 Divestiture relieved the Company of approximately $49 million in asset retirement obligations and other liabilities associated with the sold assets. Proceeds from the sale were used to pay down the Company's term loan facility. See Note 6.

The purchase and sale agreement for the 2020 Divestiture provides for additional cash bonus payments (the Contingent Consideration) payable to the Company of up to $20 million. Such Contingent Consideration is conditioned upon the three-month average of the NYMEX Henry Hub natural gas settlement price relative to stated floor and target price thresholds beginning on August 31, 2020 and ending on November 30, 2022. The Contingent Consideration represents an embedded derivative that is recorded at fair value in the Consolidated Balance Sheets. The Contingent Consideration had no fair value as of May 11, 2020 and June 30, 2020 and a fair value of $5.1 million as of September 30, 2020. Changes in fair value are recorded in loss on sale/exchange of long-lived assets in the Statements of Condensed Consolidated Operations. The fair value of the Contingent Consideration 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.

As a result of the 2020 Divestiture, the Company recognized a net loss of $36.8 million, including the impact of the change in fair value of the Contingent Consideration, in loss on sale/exchange of long-lived assets in the Statements of Condensed Consolidated Operations during the nine months ended September 30, 2020.

11. Share-based Compensation Plans

Effective in 2020, the Management Development and Compensation Committee of the Company's Board of Directors (the Compensation Committee) adopted the 2020 Incentive Performance Share Unit Program (the 2020 Incentive PSU Program) under the 2019 Long-Term Incentive Plan. The 2020 Incentive PSU Program was established to provide long-term incentive opportunities to key employees to further align their interests with the interests of shareholders and customers and the strategic objectives of the Company. The Company granted 1,376,198 units under the 2020 Incentive PSU Program during the first quarter of 2020. The units will vest following a three-year performance period and will be settled in EQT common stock. The payout factor will vary between zero and 150% of the number of outstanding units contingent upon the performance of adjusted well costs, adjusted free cash flow and total shareholder return relative to a predefined peer group, in each case, over the performance period.

Effective January 13, 2020, the Compensation Committee granted 1,240,000 non-qualified stock appreciation rights exercisable in EQT common stock, cash or a combination thereof based on the excess of the fair market value of a share of EQT common stock as of the date of exercise over a base price of $10.00. The stock appreciation rights are subject to service and performance conditions.

Effective February 27, 2020, the Compensation Committee granted 1,000,000 non-qualified stock options to the President and Chief Executive Officer of the Company. The 2020 options expire on the seventh anniversary of the grant date, have an exercise price of $10.00 and vest in three equal annual installments beginning on the first anniversary of the grant date.

Effective in 2020, the Compensation Committee granted 1,734,740 restricted stock equity awards. The restricted stock equity awards vest in three equal annual installments beginning on the first anniversary of the grant date, assuming continued employment with the Company by the award recipient.

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.

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, and Section 27A of the Securities Act of 1933, as amended. 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 matters discussed in section "Outlook" herein and the expectations of plans, strategies, objectives and growth and anticipated financial and operational performance of EQT Corporation and its subsidiaries (collectively, EQT or the Company), including guidance regarding the Company's strategy to develop its reserves; drilling plans and programs (including the number, type, depth, spacing, lateral lengths and location of wells to be drilled and the availability of capital to complete these plans and programs); projections of wells to be drilled per combo-development project; estimated reserves, including potential future downward adjustments of reserves and reserve life; total resource potential and drilling inventory duration; projected production and sales volumes and growth rates (including liquids production and sales volumes and growth rates); changes in basis; potential impacts to the Company's business and operations resulting from the COVID-19 pandemic; the effects of the COVID-19 pandemic and actions taken by the Organization of the Petroleum Exporting Countries (OPEC) and other allied countries (collectively known as OPEC+) as it pertains to the global supply and demand of, and prices for, natural gas, NGLs and oil; the impact of commodity prices on the Company's business; potential future impairments of the Company's assets; the Company's ability to reduce its drilling and completions costs, other costs and expenses, and capital expenditures, and the timing of achieving any such reductions; infrastructure programs; the cost, capacity, and timing of obtaining regulatory approvals; the Company's ability to successfully implement and execute the executive management team's operational, organizational and technological initiatives, and achieve the anticipated results of such initiatives; the projected reduction of the Company's gathering and compression rates resulting from the Company's consolidated gas gathering and compression agreement with EQM Midstream Partners, LP, and the anticipated cost savings and other strategic benefits associated with the execution of such agreement; monetization transactions, including asset sales, joint ventures or other transactions involving the Company's assets, the timing of such monetization transactions, if at all, the projected proceeds from such monetization transactions and the Company's planned use of such proceeds; potential acquisition transactions; the projected capital efficiency savings and other operating efficiencies and synergies resulting from the Company's monetization transactions and acquisition transactions; the timing and structure of any dispositions of the Company's remaining retained shares of Equitrans Midstream Corporation's (Equitrans Midstream) common stock, and the planned use of the proceeds from any such dispositions; the amount and timing of any repayments, redemptions or repurchases of EQT common stock, outstanding debt securities or other debt instruments; the Company's ability to reduce its debt and the timing of such reductions, if any; projected dividends, if any; projected cash flows and free cash flow; projected capital expenditures; liquidity and financing requirements, including funding sources and availability; the Company's ability to maintain or improve its credit ratings, leverage levels and financial profile; the Company's hedging strategy; 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. The Company has based these forward-looking statements on current expectations and assumptions about future events, taking into account all information currently known by the Company. While the Company considers 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 the Company's control. The risks and uncertainties that may affect the operations, performance and results of the Company's business and forward-looking statements include, but are not limited to, those set forth in Item 1A., "Risk Factors" and elsewhere in the Company's Annual Report on Form 10-K for the year ended December 31, 2019, as updated by Part II, Item 1A., "Risk Factors" in this Quarterly Report on Form 10-Q and other documents the Company files 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 the Company does not intend to correct or update any forward-looking statement, whether as a result of new information, future events or otherwise, except as required by law.

Consolidated Results of Operations

Net loss for the three months ended September 30, 2020 was $600.6 million, $2.35 per diluted share, compared to net loss for the same period in 2019 of $361.0 million, $1.41 per diluted share. The decrease was attributable primarily to decreased operating revenues, increased interest expense and decreased dividend and other income, partly offset by the gain on investment in Equitrans Midstream, increased income tax benefit, decreased transaction, proxy and reorganization expense, decreased depreciation and depletion expense and decreased selling, general and administrative expense.

Net loss for the nine months ended September 30, 2020 was $1,030.9 million, $4.03 per diluted share, compared to net loss for the same period in 2019 of $44.8 million, $0.18 per diluted share. The decrease was attributable primarily to decreased operating revenues, increased loss on sale/exchange of long-lived assets, increased interest expense and decreased dividend and other income, partly offset by increased income tax benefit, the gain on the Equitrans Share Exchange (defined and discussed in Note 9 to the Condensed Consolidated Financial Statements), decreased depreciation and depletion expense, decreased transaction, proxy and reorganization expense and decreased selling, general and administrative expense.

See "Sales Volumes and Revenues," "Production-Related Operating Expenses" and "Other 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.

Average Realized Price Reconciliation

The following table presents detailed natural gas and liquids operational information to assist in the understanding of the Company's consolidated operations, including the calculation of the Company's 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 used by the Company's management 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 September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
	(Thousands, unless otherwise noted)			
NATURAL GAS				
Sales volume (MMcf)	348,136	363,034	1,043,126	1,077,962
NYMEX price ($/MMBtu) (a)	$ 1.97	$ 2.23	$ 1.88	$ 2.67
Btu uplift	0.11	0.11	0.10	0.13
Natural gas price ($/Mcf)	$ 2.08	$ 2.34	$ 1.98	$ 2.80
Basis ($/Mcf) (b)	$ (0.48)	$ (0.35)	$ (0.35)	$ (0.23)
Cash settled basis swaps (not designated as hedges) ($/Mcf)	0.01	0.02	0.01	(0.05)
Average differential, including cash settled basis swaps ($/Mcf)	$ (0.47)	$ (0.33)	$ (0.34)	$ (0.28)
Average adjusted price ($/Mcf)	$ 1.61	$ 2.01	$ 1.64	$ 2.52
Cash settled derivatives (not designated as hedges) ($/Mcf)	0.72	0.44	0.77	0.19
Average natural gas price, including cash settled derivatives ($/Mcf)	$ 2.33	$ 2.45	$ 2.41	$ 2.71
Natural gas sales, including cash settled derivatives	$ 811,122	$ 891,249	$ 2,513,128	$ 2,916,891
LIQUIDS				
Natural gas liquids (NGLs), excluding ethane:				
Sales volume (MMcfe) (c)	10,661	10,609	32,053	34,359
Sales volume (Mbbl)	1,777	1,768	5,342	5,726
Price ($/Bbl)	$ 19.83	$ 16.85	$ 17.33	$ 23.00
Cash settled derivatives (not designated as hedges) ($/Bbl)	—	3.89	(0.17)	2.74
Average NGLs price, including cash settled derivatives ($/Bbl)	$ 19.83	$ 20.74	$ 17.16	$ 25.74
NGLs sales	$ 35,227	$ 36,668	$ 91,648	$ 147,392
Ethane:				
Sales volume (MMcfe) (c)	6,442	5,846	18,540	18,239
Sales volume (Mbbl)	1,074	974	3,090	3,040
Price ($/Bbl)	$ 2.94	$ 5.22	$ 3.35	$ 6.34
Ethane sales	$ 3,153	$ 5,083	$ 10,339	$ 19,273
Oil:				
Sales volume (MMcfe) (c)	899	1,334	3,136	3,847
Sales volume (Mbbl)	150	222	523	641
Price ($/Bbl)	$ 24.43	$ 39.01	$ 22.32	$ 42.07
Oil sales	$ 3,662	$ 8,671	$ 11,672	$ 26,971
Total liquids sales volume (MMcfe) (c)	18,002	17,789	53,729	56,445
Total liquids sales volume (Mbbl)	3,001	2,964	8,955	9,407
Total liquids sales	$ 42,042	$ 50,422	$ 113,659	$ 193,636
TOTAL				
Total natural gas and liquids sales, including cash settled derivatives (d)	$ 853,164	$ 941,671	$ 2,626,787	$ 3,110,527
Total sales volume (MMcfe)	366,138	380,823	1,096,855	1,134,407
Average realized price ($/Mcfe)	$ 2.33	$ 2.47	$ 2.39	$ 2.74

(a) The Company's volume weighted New York Mercantile Exchange (NYMEX) natural gas price (actual average NYMEX natural gas price ($/MMBtu)) was $1.98 and $2.23 for the three months ended September 30, 2020 and 2019, respectively, and $1.88 and $2.67 for the nine months ended September 30, 2020 and 2019, respectively.
(b) Basis represents the difference between the ultimate sales price for natural gas and the NYMEX natural gas price.
(c) NGLs, ethane and oil were converted to Mcfe at a rate of six Mcfe per barrel.
(d) 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 used by the Company's management 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. Management uses 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 primarily includes the costs of, and recoveries on, pipeline capacity releases. Because management considers net marketing services and other to be unrelated to the Company's natural gas and liquids production activities, adjusted operating revenues excludes net marketing services and other. Management believes that adjusted operating revenues provides useful information to investors for evaluating period-to-period comparisons of earnings trends.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
	(Thousands, unless otherwise noted)			
Total operating revenues	$ 172,127	$ 951,576	$ 1,806,258	$ 3,405,001
Deduct (add):				
Loss (gain) on derivatives not designated as hedges	427,182	(180,313)	11,320	(455,952)
Net cash settlements received on derivatives not designated as hedges	252,089	162,639	813,218	152,149
Premiums received for derivatives that settled during the period	2,083	9,405	604	16,611
Net marketing services and other	(317)	(1,636)	(4,613)	(7,282)
Adjusted operating revenues, a non-GAAP financial measure	$ 853,164	$ 941,671	$ 2,626,787	$ 3,110,527
Total sales volumes (MMcfe)	366,138	380,823	1,096,855	1,134,407
Average realized price ($/Mcfe)	$ 2.33	$ 2.47	$ 2.39	$ 2.74

Sales Volumes and Revenues

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2020	2019	%	2020	2019	%
	(Thousands, unless otherwise noted)					
Sales volumes by shale (MMcfe):						
Marcellus (a)	318,740	314,915	1.2	958,243	960,588	(0.2)
Ohio Utica	46,523	64,581	(28.0)	134,728	169,501	(20.5)
Other	875	1,327	(34.1)	3,884	4,318	(10.1)
Total sales volumes (b)	366,138	380,823	(3.9)	1,096,855	1,134,407	(3.3)
Average daily sales volumes (MMcfe/d)	3,980	4,139	(3.8)	4,003	4,155	(3.7)
Operating revenues:						
Sales of natural gas, NGLs and oil	$ 598,992	$ 769,627	(22.2)	$ 1,812,965	$ 2,941,767	(38.4)
(Loss) gain on derivatives not designated as hedges	(427,182)	180,313	(336.9)	(11,320)	455,952	(102.5)
Net marketing services and other	317	1,636	(80.6)	4,613	7,282	(36.7)
Total operating revenues	$ 172,127	$ 951,576	(81.9)	$ 1,806,258	$ 3,405,001	(47.0)

(a) Includes Upper Devonian wells.
(b) NGLs, ethane and oil were converted to Mcfe at a rate of six Mcfe per barrel.

Three Months Ended September 30, 2020 Compared to Three Months Ended September 30, 2019

Sales of natural gas, NGLs and oil. Sales of natural gas, NGLs and oil decreased for the three months ended September 30, 2020 compared to the same period in 2019 due to a lower average realized price and lower sales volumes. Average realized price decreased due to lower NYMEX prices and unfavorable differential, partly offset by higher cash settled derivatives. For the three months ended September 30, 2020 and 2019, the Company received $252.1 million and $162.6 million, respectively, of net cash settlements on derivatives not designated as hedges, which are included in average realized price but may not be included in operating revenues. Sales volumes for the three months ended September 30, 2020 decreased 4% or, excluding sales volumes related to the 2020 Divestiture (defined and discussed in Note 10 to the Condensed Consolidated Financial Statements), 2% compared to the same period in 2019. This decrease was due primarily to the Company's strategic decisions to temporarily curtail (i) approximately 1.4 Bcf per day of gross production, equivalent to approximately 1.0 Bcf per day of net production, beginning on May 16, 2020 and ended mid-July 2020 and (ii) approximately 0.6 Bcf per day of gross production, equivalent to approximately 0.4 Bcf per day of net production, beginning on September 1, 2020 (collectively, the Strategic Production Curtailments).

(Loss) gain on derivatives not designated as hedges. For the three months ended September 30, 2020 and 2019, the Company recognized a loss of $427.2 million and a gain of $180.3 million, respectively, on derivatives not designated as hedges. The loss for 2020 was related primarily to decreases in the fair market value of the Company's NYMEX swaps and options due to increases in NYMEX forward prices. The gain for 2019 was related primarily to increases in the fair market value of the Company's NYMEX swaps and options due to decreases in NYMEX forward prices.

Nine Months Ended September 30, 2020 Compared to Nine Months Ended September 30, 2019

Sales of natural gas, NGLs and oil. Sales of natural gas, NGLs and oil decreased for the nine months ended September 30, 2020 compared to the same period in 2019 due to a lower average realized price and lower sales volumes. Average realized price decreased due to lower NYMEX prices, lower liquids prices and unfavorable differential, partly offset by higher cash settled derivatives. For the nine months ended September 30, 2020 and 2019, the Company received $813.2 million and $152.1 million, respectively, of net cash settlements on derivatives not designated as hedges, which are included in average realized price but may not be included in operating revenues. Sales volumes for the nine months ended September 30, 2020 decreased 3%, or, excluding sales volumes related to the 2020 Divestiture, 2% compared to the same period in 2019 due primarily to the Strategic Production Curtailments.

(Loss) gain on derivatives not designated as hedges. For the nine months ended September 30, 2020 and 2019, the Company recognized a loss of $11.3 million and a gain of $456.0 million, respectively, on derivatives not designated as hedges. The loss for 2020 was related primarily to decreases in the fair market value of the Company's NYMEX swaps and options due to increases in NYMEX forward prices. The gain for 2019 was related primarily to increases in the fair market value of the Company's NYMEX swaps and options due to decreases in NYMEX forward prices, partly offset by decreases in the fair market value of the Company's basis swaps due to increases in basis prices.

Production-Related Operating Expenses

The following table presents information on the Company's production-related operating expenses.

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2020	2019	%	2020	2019	%
	(Thousands, unless otherwise noted)					
Operating expenses:						
Gathering	$ 274,196	$ 258,680	6.0	$ 788,012	$ 778,249	1.3
Transmission	120,681	148,956	(19.0)	387,358	440,543	(12.1)
Processing	32,814	30,306	8.3	97,791	95,380	2.5
Lease operating expenses (LOE), excluding production taxes	28,758	22,355	28.6	82,675	62,582	32.1
Production taxes	10,912	15,466	(29.4)	35,704	54,963	(35.0)
Exploration	3,160	3,492	(9.5)	4,959	6,356	(22.0)
Selling, general and administrative	56,330	79,376	(29.0)	134,609	214,562	(37.3)
Production depletion	$ 336,672	$ 387,404	(13.1)	$ 1,007,654	$ 1,143,552	(11.9)
Other depreciation and depletion	4,355	3,589	21.3	13,995	10,967	27.6
Total depreciation and depletion	$ 341,027	$ 390,993	(12.8)	$ 1,021,649	$ 1,154,519	(11.5)
Per Unit ($/Mcfe):						
Gathering	$ 0.75	$ 0.68	10.3	$ 0.72	$ 0.69	4.3
Transmission	0.33	0.39	(15.4)	0.35	0.39	(10.3)
Processing	0.09	0.08	12.5	0.09	0.08	12.5
LOE, excluding production taxes	0.08	0.06	33.3	0.08	0.06	33.3
Production taxes	0.03	0.04	(25.0)	0.03	0.05	(40.0)
Exploration	0.01	0.01	—	—	0.01	(100.0)
Selling, general and administrative	0.15	0.21	(28.6)	0.12	0.19	(36.8)
Production depletion	0.92	1.02	(9.8)	0.92	1.01	(8.9)

Three Months Ended September 30, 2020 Compared to Three Months Ended September 30, 2019

Gathering. Gathering expense increased on an absolute and per Mcfe basis for the three months ended September 30, 2020 compared to the same period in 2019 due to a higher gathering rate structure as a result of the Consolidated GGA (defined and discussed in Note 9 to the Condensed Consolidated Financial Statements), partly offset by lower gathered volumes as a result of the Strategic Production Curtailments. The Company expects to realize fee relief and a lower gathering rate structure from the Consolidated GGA beginning in 2021.

Transmission. Transmission expense decreased on an absolute and per Mcfe basis for the three months ended September 30, 2020 compared to the same period in 2019 due primarily to released capacity on, and credits received from, the Texas Eastern Transmission Pipeline. The decrease in transmission expense per Mcfe was partly offset by the decrease in sales volumes.

LOE. LOE increased on an absolute and per Mcfe basis for the three months ended September 30, 2020 compared to the same period in 2019 due primarily to higher repairs and maintenance costs as a result of the Company's increased focus on optimizing production from currently producing wells. In addition, LOE per Mcfe increased as a result of the decrease in sales volumes.

Production taxes. Production taxes decreased on an absolute and per Mcfe basis for the three months ended September 30, 2020 compared to the same period in 2019 due primarily to lower Pennsylvania impact fees and severance taxes as a result of lower commodity prices. The decrease in production taxes per Mcfe was partly offset by the decrease in sales volumes.

Selling, general and administrative. Selling, general and administrative expense decreased on an absolute and per Mcfe basis for the three months ended September 30, 2020 compared to the same period in 2019 as a result of decreased litigation expenses, net of settlements received, of $31.9 million as well as lower personnel costs due to reductions in workforce, partly offset by higher short- and long-term incentive compensation costs due to changes in the value of awards. The decrease in selling, general and administrative expense per Mcfe was partly offset by the decrease in sales volumes.

Depreciation and depletion. Production depletion decreased on an absolute and per Mcfe basis for the three months ended September 30, 2020 compared to the same period in 2019 due primarily to a lower annual depletion rate and lower volumes.

Nine Months Ended September 30, 2020 Compared to Nine Months Ended September 30, 2019

Gathering. Gathering expense increased on an absolute and per Mcfe basis for the nine months ended September 30, 2020 compared to the same period in 2019 due to a higher gathering rate structure as a result of the Consolidated GGA, partly offset by lower gathered volumes as a result of the Strategic Production Curtailments. The Company expects to realize fee relief and a lower gathering rate structure from the Consolidated GGA beginning in 2021.

Transmission. Transmission expense decreased on an absolute and per Mcfe basis for the nine months ended September 30, 2020 compared to the same period in 2019 due primarily to released capacity on, and credits received from, the Texas Eastern Transmission Pipeline, partly offset by higher costs associated with additional capacity on the Tennessee Gas Pipeline. The decrease in transmission expense per Mcfe was partly offset by the decrease in sales volumes.

LOE. LOE increased on an absolute and per Mcfe basis for the nine months ended September 30, 2020 compared to the same period in 2019 due primarily to higher repairs and maintenance costs as a result of the Company's increased focus on optimizing production from currently producing wells as well as higher salt water disposal costs. In addition, LOE per Mcfe increased as a result of the decrease in sales volumes.

Production taxes. Production taxes decreased on an absolute and per Mcfe basis for the nine months ended September 30, 2020 compared to the same period in 2019 due primarily to lower severance taxes and Pennsylvania impact fees as a result of lower commodity prices. The decrease in production taxes per Mcfe was partly offset by the decrease in sales volumes.

Selling, general and administrative. Selling, general and administrative expense decreased on an absolute and per Mcfe basis for the nine months ended September 30, 2020 compared to the same period in 2019 as a result of decreased litigation expenses, net of settlements received, of $77.7 million as well as lower personnel costs due to reductions in workforce, partly offset by higher short- and long-term incentive compensation costs due to changes in the value of awards. The decrease in selling, general and administrative expense per Mcfe was partly offset by the decrease in sales volumes.

Depreciation and depletion. Production depletion decreased on an absolute and per Mcfe basis for the nine months ended September 30, 2020 compared to the same period in 2019 due primarily to a lower annual depletion rate and lower volumes.

Other Operating Expenses

Amortization of intangible assets. Amortization of intangible assets for the three months ended September 30, 2020 was $7.5 million compared to $7.8 million for the same period in 2019. Amortization of intangible assets for the nine months ended September 30, 2020 was $22.4 million compared to $28.4 million for the same period in 2019. The decreases were due primarily to the impairment of intangible assets recognized in the third quarter of 2019, which decreased the amortization rate.

Loss on sale/exchange of long-lived assets. During the nine months ended September 30, 2020, the Company recognized a loss on sale/exchange of long-lived assets of $102.7 million, of which $67.2 million related to the 2020 Asset Exchange Transactions and $35.5 million related to asset sales. During the three and nine months ended September 30, 2019, the Company recognized a loss

on sale/exchange of long-lived assets of $13.9 million related to the 2019 Asset Exchange Transaction. The 2020 and 2019 Asset Exchange Transactions and 2020 Divestiture are defined and discussed in Note 10 to the Condensed Consolidated Financial Statements.

Impairment of intangible assets. For the three months ended September 30, 2019, the Company recognized impairment of $15.4 million of intangible assets associated with non-compete agreements for former Rice Energy Inc. executives who are now employees of the Company.

Impairment and expiration of leases. Impairment and expiration of leases for the three months ended September 30, 2020 was $50.4 million compared to $49.6 million for the same period in 2019. Impairment and expiration of leases for the nine months ended September 30, 2020 was $145.5 million compared to $127.7 million for the same period in 2019. The increases were driven by increased lease expirations due to the Company's change in strategic focus to core development opportunities as well as changes in market conditions.

Transaction, proxy and reorganization. Transaction, proxy and reorganization expense for the nine months ended September 30, 2020 were related to transaction and reorganization costs. Transaction, proxy and reorganization expense for the nine months ended September 30, 2019 were related to reductions in workforce and other strategic alignment initiatives, which resulted in the recognition of severance and other termination benefits of $68.0 million, contract termination fees of $12.6 million and proxy costs of $19.3 million.

Other Income Statement Items

Gain on Equitrans Share Exchange. During the first quarter of 2020, the Company recognized a gain on the Equitrans Share Exchange of $187.2 million. See Note 9 to the Condensed Consolidated Financial Statements.

(Gain) loss on investment in Equitrans Midstream Corporation. The Company's investment in Equitrans Midstream is recorded at fair value by multiplying the closing stock price of Equitrans Midstream's common stock by the number of shares of Equitrans Midstream's common stock owned by the Company. Changes in fair value are recorded in (gain) loss on investment in Equitrans Midstream Corporation in the Statements of Condensed Consolidated Operations. The Company's investment in Equitrans Midstream fluctuates with changes in Equitrans Midstream's stock price, which was $8.46 and $13.36 as of September 30, 2020 and December 31, 2019, respectively. Note, the effect of the Company's sale of 50% of its ownership of its retained shares of Equitrans Midstream's common stock was recorded as a reduction to the investment in Equitrans Midstream in conjunction with the Company's recognition of the gain on the Equitrans Share Exchange. See Note 9 to the Condensed Consolidated Financial Statements.

Dividend and other income. Dividend and other income decreased for the three and nine months ended September 30, 2020 compared to the same periods in 2019 due primarily to lower dividends received from the Company's investment in Equitrans Midstream driven by decreased shares of Equitrans Midstream's common stock owned.

Loss on debt extinguishment. During the three and nine months ended September 30, 2020, the Company recognized a loss on debt extinguishment of $3.7 million and $20.7 million, respectively, related to the repayment of the Company's 4.875% senior notes, 2.50% senior notes, floating rate notes and term loan facility. See Note 6 to the Condensed Consolidated Financial Statements.

Interest expense. Interest expense increased for the three and nine months ended September 30, 2020 compared to the same periods in 2019 due to increased interest incurred on new debt, including the senior notes issued in January 2020 and the convertible senior notes issued in April 2020, as well as interest incurred on letters of credit issued in 2020. These increases were partly offset by lower interest incurred due to the repayment of the Company's 8.125% senior notes, 4.875% senior notes, floating rate notes and 2.50% senior notes and decreased borrowings on the Company's credit facility. See Note 6 to the Condensed Consolidated Financial Statements.

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

Outlook

In 2020, the Company expects to spend $1.05 billion to $1.10 billion in total capital expenditures, which are expected to be funded by operating cash flow and, if required, borrowings on the Company's credit facility. Sales volumes in 2020 are expected to be 1,480 Bcfe to 1,500 Bcfe.

The Company's revenues, profitability, ability to grow, liquidity and financial performance are substantially dependent on the prices it receives for, and the Company's ability to develop its reserves of, natural gas, NGLs and oil. Changes in natural gas, NGLs and oil prices could affect, among other things, the Company's development plans, which would increase or decrease the pace of the development and the level of the Company's reserves, as well as the Company's revenues, earnings or liquidity. Lower prices and changes in development plans could also result in non-cash impairments of the book value of the Company's oil and gas properties or other long-lived assets or downward adjustments to the Company's estimated proved reserves. Any such impairments or downward adjustments to the Company's estimated reserves could potentially be material to the Company's financial statements. Increases in natural gas, NGLs or oil prices may be accompanied by, or result in, increased well drilling costs, production taxes, lease operating expenses, volatility in seasonal gas price spreads for the Company's storage assets and end-user conservation or conversion to alternative fuels. In addition, to the extent the Company has hedged its production at prices below the current market price, the Company will not benefit fully from any increase in the price of natural gas.

See "Critical Accounting Policies and Estimates" herein and Note 1 to the Consolidated Financial Statements in the Company's Annual Report on Form 10-K for the year ended December 31, 2019 for a discussion of the Company's accounting policies and significant assumptions related to impairment of the Company's oil and gas properties.

See Item 1A., "Risk Factors – Natural gas, NGLs and oil price declines and changes in our development strategy have resulted in impairment of certain of our assets. Future declines in commodity prices, increases in operating costs or adverse changes in well performance or additional changes in our development strategy may result in additional write-downs of the carrying amounts of our assets, including long lived intangible assets, which could materially and adversely affect our results of operations in future periods" in the Company's Annual Report on Form 10-K for the year ended December 31, 2019.

COVID-19 and Oil Price War

The energy industry has recently experienced two significant external stimuli that have impacted, and are anticipated to continue impacting, both day-to-day operations and the macro environment. The novel coronavirus, or COVID-19, pandemic and voluntary and mandatory quarantines, travel restrictions and other restrictions throughout the United States and other parts of the world have resulted in decreased demand for natural gas, NGLs and oil. Additionally, in March 2020, the group of oil producing nations known as OPEC+ failed to reach an agreement over proposed oil production cuts stemming from the decrease in global demand for oil in light of the COVID-19 pandemic (the oil price war). Although the members of OPEC+ eventually reached an agreement to reduce their oil production beginning in May 2020 and continuing through April 2022, there remains significant uncertainty regarding the future actions of OPEC+, its members and other state-controlled oil companies related to oil price and production controls, including anticipated increases in supply from Russia and other members of OPEC+, particularly Saudi Arabia.

Impact of COVID-19 on the Company's Operations. To date, the Company has experienced limited operational impacts as a direct result of work from home restrictions or COVID-19. As a "life-sustaining" business under the guidelines issued by each of the states in which the Company operates, the Company has been allowed to continue operations, provided that non-essential personnel have been required to work from home. One of the primary actions taken by the Company's new management team over the past twelve months has been the establishment of a digital work environment, which has allowed the Company to maintain the engagement and connectivity of its personnel as well as minimize the number of employees required in the office and field.

Impact of Oil Price War on the Company's Operations. The Company has had, and expects to have, limited direct operational impacts from the oil price war. The oversupply of oil and NGLs resulting from the demand destruction attributable to the COVID-19 pandemic is anticipated by some market participants to result in a lack of storage capacity and ultimately the shutting in of certain oil and NGLs production. The Company has limited oil and NGLs exposure, with approximately 95% of its production being natural gas.

Impact of COVID-19 and Oil Price War on the Company's Outlook. The prices for natural gas, NGLs and oil have historically been volatile; however, the volatility in the prices for these commodities has substantially increased as a result of recent world developments in 2020. Oil prices in particular drastically fell in March 2020, and, although prices have since risen from historic

lows in April 2020, oil prices continue to be depressed. However, forward strip pricing for natural gas has increased meaningfully compared to strip prices prior to the COVID-19 pandemic and oil price war, with the principal contributing factor believed to be the market expectation that supply decreases in associated natural gas (defined as natural gas produced as a byproduct of principally oil production activities) as a result of reduced or curtailed operations in oil basins will more than offset reduced demand for natural gas as a result of the COVID-19 pandemic. The impact of these recent developments on natural gas prices and the Company's business are unpredictable, and there is no assurance that natural gas prices will remain at elevated prices or that any positive impact from the oil price war will outweigh the negative impact from reduced demand for natural gas as a result of the COVID-19 pandemic or other factors. See Item 1A., "Risk Factors" in the Company's Annual Report on Form 10-K for the year ended December 31, 2019, as well as Part II, Item 1A., "Risk Factors – The novel coronavirus, or COVID-19, pandemic has affected and may materially adversely affect, and any future outbreak of any other highly infectious or contagious diseases may materially adversely affect, our operations, financial performance and condition, operating results and cash flows" in this Quarterly Report on Form 10-Q.

Deleveraging Plan

In October 2019, the Company announced a plan to reduce its debt through asset monetizations and increased free cash flow (the Deleveraging Plan). The Deleveraging Plan contemplates generating targeted proceeds from monetizations of select, non-core exploration and production assets, core mineral assets and/or the Company's retained equity interest in Equitrans Midstream.

The Company intends to selectively pursue non-core asset sales and opportunistically monetize its remaining equity interest in Equitrans Midstream in a strategic manner. The Company believes that the combination of the anticipated proceeds from monetization transactions and improved realized free cash flow amounts as a result of accelerated well cost reductions will be sufficient to allow the Company to repay or refinance its remaining debt maturing in 2021 by the end of 2020 and begin repaying or refinancing its debt maturing after 2021. Until the Company's leverage target is achieved, the Company expects to use nearly all of its free cash flow and divestiture proceeds to reduce its debt.

As discussed in Note 6 to the Condensed Consolidated Financial Statements, the Company issued the Convertible Notes during the second quarter of 2020. Upon conversion of the Convertible Notes, 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 common stock for amounts that exceed the principal amount of the obligation. By settling its Convertible Notes obligation either partially or wholly in EQT common stock, the Company could favorably affect its leverage levels.

The successful execution of the Deleveraging Plan is based on the Company's current expectations, including with respect to matters beyond its control, and is subject to change. There can be no assurance that the Company will be able to find attractive asset monetization opportunities or that such transactions will be completed on its anticipated timeframe, if at all. Furthermore, the Company's estimated value for the assets to be monetized under the Deleveraging Plan involves multiple assumptions and judgments about future events that are inherently uncertain; accordingly, there can be no assurance that the resulting net cash proceeds from asset monetization transactions will be as anticipated, even if such transactions are consummated. Some of the factors that could affect the Company's ability to successfully execute the Deleveraging Plan include changes in the financial condition or prospects of prospective purchasers and the availability of financing to potential purchasers on reasonable terms, if at all, the number of prospective purchasers, the number of competing assets on the market, unfavorable economic conditions, industry trends and changes in laws and regulations. If the Company is not able to successfully execute the Deleveraging Plan or otherwise reduce debt to a level the Company believes is appropriate, the Company’s credit ratings may be lowered, the Company may reduce or delay its planned capital expenditures or investments and the Company may revise or delay its strategic plans.

Capital Resources and Liquidity

Although the Company cannot provide any assurance, it believes cash flows from operating activities and availability under its credit facility should be sufficient to meet the Company's 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.

Operating Activities

Net cash provided by operating activities was $1,132 million for the nine months ended September 30, 2020 compared to $1,634 million for the same period in 2019. The decrease was due primarily to lower cash operating revenues and unfavorable timing of working capital payments, partly offset by increased cash settlements received on derivatives not designated as hedges and income tax refunds, plus interest, received of $391.4 million during the nine months ended September 30, 2020.

The Company's cash flows from operating activities are affected by movements in the market price for commodities. The Company is 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 the Company's Annual Report on Form 10-K for the year ended December 31, 2019.

Investing Activities

Net cash used in investing activities was $623 million for the nine months ended September 30, 2020 compared to $1,256 million for the same period in 2019. The decrease was due to lower capital expenditures as a result of the Company's change in strategic focus from production growth to capital efficiency as well as cash received from asset sales and the Equitrans Share Exchange.

The following table summarizes the Company's capital expenditures.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
	(Millions)			
Reserve development	$ 176	$ 380	$ 634	$ 1,155
Land and lease	38	51	88	152
Capitalized overhead	15	18	39	59
Capitalized interest	5	6	13	19
Other production infrastructure	11	17	31	28
Other corporate items	3	3	8	4
Total capital expenditures	248	475	813	1,417
Deduct (add back): Non-cash items (a)	28	16	(25)	(160)
Total cash capital expenditures	$ 276	$ 491	$ 788	$ 1,257

(a) 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 reversal of the prior period accrual as well as the current period estimate.

Financing Activities

Net cash used in financing activities was $500 million for the nine months ended September 30, 2020 compared to $374 million for the same period in 2019. For the nine months ended September 30, 2020, the primary uses of financing cash flows were net repayments of debt and credit facility borrowings, and the primary source of financing cash flows was net proceeds from the issuance of debt. For the nine months ended September 30, 2019, the primary uses of financing cash flows were net repayments of credit facility borrowings and debt, and the primary source of financing cash flows was net proceeds from borrowings under the Company's term loan facility.

See Note 6 to the Condensed Consolidated Financial Statements for further discussion of the Company's debt.

On March 26, 2020, the Company announced its suspension of the quarterly cash dividend on its common stock for purposes of accelerating cash flow to be used for the Deleveraging Plan.

Depending on the Company's actual and anticipated sources and uses of liquidity, prevailing market conditions and other factors, the Company may from time to time seek to retire or repurchase its outstanding debt or equity securities through cash purchases in the open market or privately negotiated transactions. The amounts involved in any such transactions may be material. Additionally, the Company plans to dispose of its remaining retained shares of Equitrans Midstream's common stock and use the proceeds to reduce the Company's debt.

Income Tax Receivables

As of September 30, 2020, the Company had a tax receivable of $50.8 million in the Condensed Consolidated Balance Sheet. The tax receivable included $48.4 million, including interest, of expected federal refunds of Alternative Minimum Tax credits from the settlement of the Company's 2010, 2011 and 2012 audit that the Company expects to receive in the fourth quarter of 2020.

Security Ratings and Financing Triggers

The table below reflects the credit ratings and rating outlooks assigned to the Company's debt instruments as of October 16, 2020. The Company's 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. The Company 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 further discussion of what is deemed investment grade.

Rating agency	Senior notes	Outlook
Moody's Investors Service (Moody's)	Ba3	Negative
Standard & Poor's Ratings Service (S&P)	BB–	Stable
Fitch Ratings Service (Fitch)	BB	Positive

Changes in credit ratings may affect the Company's access to the capital markets, the cost of short-term debt through interest rates and fees under the Company's lines of credit, the interest rate on the Adjustable Rate Notes (defined and discussed in Note 6 to the Condensed Consolidated Financial Statements), the rates available on new long-term debt, the Company's pool of investors and funding sources, the borrowing costs and margin deposit requirements on the Company's over the counter (OTC) derivative instruments and credit assurance requirements, including collateral, in support of the Company's midstream service contracts, joint venture arrangements or construction contracts. Margin deposits on the Company's 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 hedging counterparties and the Company. As of October 16, 2020, the Company had sufficient unused borrowing capacity, net of letters of credit, under its credit facility to satisfy any requests for margin deposit or other collateral that its counterparties are permitted to request of the Company pursuant to the Company's OTC derivative instruments, midstream services contracts and other contracts. As of October 16, 2020, such assurances could be up to approximately $1.2 billion, inclusive of letters of credit, OTC derivative instrument margin deposits and other collateral posted of approximately $1.1 billion in the aggregate.

The Company's debt agreements and other financial obligations contain various provisions that, if not complied with, could result in default or event of default under the Company's credit 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. The Company's credit facility contains financial covenants that require the Company to have a total debt-to-total capitalization ratio no greater than 65%. The calculation of this ratio excludes the effects of accumulated other comprehensive income. As of September 30, 2020, the Company was in compliance with all debt provisions and covenants.

See Note 6 to the Condensed Consolidated Financial Statements for a discussion of the borrowings on the Company's credit facility.

Commodity Risk Management

The substantial majority of the Company's commodity risk management program is related to hedging sales of the Company's produced natural gas. 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. The following table summarizes the approximate volumes and prices of the Company's NYMEX hedge positions through 2024 as of October 16, 2020.

	2020 (a)	2021	2022	2023	2024
Swaps:					
Volume (MMDth)	288	817	240	61	2
Average Price ($/Dth)	$ 2.75	$ 2.66	$ 2.62	$ 2.48	$ 2.67
Calls – Net Short:					
Volume (MMDth)	79	384	284	77	15
Average Short Strike Price ($/Dth)	$ 2.97	$ 2.96	$ 2.89	$ 2.89	$ 3.11
Puts – Net Long:					
Volume (MMDth)	22	222	135	69	15
Average Long Strike Price ($/Dth)	$ 2.31	$ 2.57	$ 2.35	$ 2.40	$ 2.45
Fixed Price Sales (b):					
Volume (MMDth)	3	72	4	3	—
Average Price ($/Dth)	$ 2.68	$ 2.50	$ 2.38	$ 2.38	$ —

(a) October 1 through December 31.
(b) The difference between the fixed price and NYMEX price is included in average differential presented in the Company's price reconciliation in "Average Realized Price Reconciliation." The fixed price natural gas sales agreements can be physically or financially settled.

For 2020 (October 1 through December 31), 2021, 2022, 2023 and 2024, the Company has natural gas sales agreements for approximately 2 MMDth, 18 MMDth, 18 MMDth, 88 MMDth and 11 MMDth, respectively, that include average NYMEX ceiling prices of $3.47, $3.17, $3.17, $2.84 and $3.21, respectively. The Company has also entered into derivative instruments to hedge basis. The Company may use other contractual agreements to implement its commodity hedging strategy.

During the second quarter of 2020, the Company purchased $54 million of options with the primary purpose of reducing future NYMEX based payments that could be due in 2021, 2022 and 2023 to Equitrans Midstream related to the Henry Hub Cash Bonus (defined and discussed in Note 9 to the Condensed Consolidated Financial Statements) provided for by the Consolidated GGA.

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

Off-Balance Sheet Arrangements

See Note 17 to the Consolidated Financial Statements in the Company's Annual Report on Form 10-K for the year ended December 31, 2019 for a discussion of the Company's guarantees.

Schedule of Contractual Obligations

The following table presents the Company's long-term contractual obligations as of September 30, 2020.

	Total	2020 (a)	2021 – 2022	2023 – 2024	Thereafter
			(Thousands)		
Purchase obligations (b)	$ 25,386,319	$ 425,686	$ 3,467,036	$ 3,848,902	$ 17,644,695
Long-term debt, including current portion	4,660,474	12,477	928,677	22,083	3,697,237
Interest payments on debt (c)	1,499,575	62,287	481,275	431,659	524,354
Credit facility borrowings (d)	244,500	—	244,500	—	—
Lease obligations (e)	42,864	7,646	19,324	15,866	28
Other liabilities (f)	33,252	438	17,957	9,339	5,518
Total contractual obligations	$ 31,866,984	$ 508,534	$ 5,158,769	$ 4,327,849	$ 21,871,832

(a) October 1 through December 31.
(b) Purchase obligations are primarily commitments for demand charges under existing long-term contracts and binding precedent agreements with various pipelines, some of which extend up to 20 years or longer. The Company has entered into agreements to release some of its capacity. Purchase obligations also include commitments for processing capacity in order to extract heavier liquid hydrocarbons from the natural gas stream.
(c) Interest payments exclude interest related to the Company's credit facility borrowings as the interest rate is variable.
(d) The Company's credit facility borrowings were classified based on the credit facility's termination date.
(e) See Note 15 to the Consolidated Financial Statements in the Company's Annual Report on Form 10-K for the year ended December 31, 2019 for a discussion of the Company's lease obligations.
(f) Other liabilities are primarily commitments for estimated payouts for various liability stock award plans. See "Critical Accounting Policies and Estimates," Note 11 to the Condensed Consolidated Financial Statements and Note 13 to the Consolidated Financial Statements in the Company's Annual Report on Form 10-K for the year ended December 31, 2019 for a discussion of factors that affect the ultimate amount of the payout of these obligations.

The Company is currently unable to make reasonably reliable estimates of the period of cash settlement of potential liabilities with taxing authorities related to its total reserve for unrecognized tax benefits; therefore, this amount has been excluded from the schedule of contractual obligations.

Commitments and Contingencies

In the ordinary course of business, various legal and regulatory claims and proceedings are pending or threatened against the Company. While the amounts claimed may be substantial, the Company is unable to predict with certainty the ultimate outcome of such claims and proceedings. The Company accrues legal and other direct costs related to loss contingencies when actually incurred. The Company has established reserves it believes to be appropriate for pending matters and, after consultation with counsel and giving appropriate consideration to available insurance, the Company believes that the ultimate outcome of any matter currently pending against the Company will not materially affect the Company's financial condition, results of operations or liquidity. See Note 16 to the Consolidated Financial Statements and Part I, Item 3., "Legal Proceedings" in the Company's Annual Report on Form 10-K for the year ended December 31, 2019 for a discussion of the Company's commitments and contingencies. See also Part II, Item 1., "Legal Proceedings."

Recently Issued Accounting Standards

The Company's recently issued accounting standards are described in Note 1 to the Condensed Consolidated Financial Statements.

Critical Accounting Policies and Estimates

The Company's significant accounting policies are described in Item 7., "Management's Discussion and Analysis of Financial Condition and Results of Operations" in the Company's Annual Report on Form 10-K for the year ended December 31, 2019. Any new accounting policies or updates to existing accounting policies as a result of new accounting pronouncements have been

included in the notes to the Condensed Consolidated Financial Statements. The application of the Company's critical accounting policies may require management to make judgments and estimates about the amounts reflected in the Condensed Consolidated Financial Statements. Management uses historical experience and all available information to make these estimates and judgments. Different amounts could be reported using different assumptions and estimates.

See Note 5 for a discussion of the CARES Act, including its expected impact on the Company's methodologies, financial statements and related disclosures.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Commodity Price Risk and Derivative Instruments

The Company's primary market risk exposure is the volatility of future prices for natural gas and NGLs. Due to the volatility of commodity prices, the Company is unable to predict future potential movements in the market prices for natural gas and NGLs at the Company's ultimate sales points and, thus, cannot predict the ultimate impact of prices on its operations. Prolonged low, or significant extended declines in, natural gas and NGLs prices could adversely affect, among other things, the Company's development plans, which would decrease the pace of development and the level of the Company's proved reserves. Increases in natural gas and NGLs prices may be accompanied by, or result in, increased well drilling costs, increased production taxes, increased lease operating expenses, increased volatility in seasonal gas price spreads for the Company's storage assets and increased end-user conservation or conversion to alternative fuels. In addition, to the extent the Company has hedged its production at prices below the current market price, the Company will not benefit fully from any increase in the price of natural gas.

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 Company's 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." The Company's OTC derivative commodity instruments are placed primarily with financial institutions and the creditworthiness of those institutions is regularly monitored. The Company primarily enters into derivative instruments to hedge forecasted sales of production. The Company also enters into derivative instruments to hedge basis and exposure to fluctuations in interest rates. The Company's use of derivative instruments is implemented under a set of policies approved by the Company's Hedge and Financial Risk Committee and reviewed by the Company's Board of Directors.

For derivative commodity instruments used to hedge the Company's forecasted sales of production, which are at, for the most part, NYMEX natural gas prices, the Company sets policy limits relative to the expected production and sales levels that are exposed to price risk. The Company has an insignificant amount of financial natural gas derivative commodity instruments for trading purposes.

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 monitors price and production levels on a continuous basis and makes adjustments to quantities hedged as warranted.

A hypothetical decrease of 10% in the market price of natural gas on September 30, 2020 and December 31, 2019 would increase the fair value of the Company's natural gas derivative commodity instruments by approximately $501.4 million and $389.4 million, respectively. A hypothetical increase of 10% in the market price of natural gas on September 30, 2020 and December 31, 2019 would decrease the fair value of the Company's natural gas derivative commodity instruments by approximately $489.3 million and $394.5 million, respectively. For purposes of this analysis, the Company applied the 10% change in the market price of natural gas on September 30, 2020 and December 31, 2019 to the Company's natural gas derivative commodity instruments as of September 30, 2020 and December 31, 2019 to calculate the hypothetical change in fair value. The change in fair value was determined using a method similar to the Company's normal process for determining derivative commodity instrument fair value described in Note 4 to the Condensed Consolidated Financial Statements.

The above analysis of the Company's derivative commodity instruments does not include the offsetting impact that the same hypothetical price movement may have on the Company's physical sales of natural gas. The portfolio of derivative commodity instruments held to hedge the Company's forecasted produced gas approximates a portion of the Company's expected physical sales of natural gas; therefore, an adverse impact to the fair value of the portfolio of derivative commodity instruments held to hedge the Company's forecasted production associated with the hypothetical changes in commodity prices referenced above should be offset by a favorable impact on the Company's 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 the Company earns on cash, cash equivalents and short-term investments and the interest rates the Company pays on borrowings on its credit facility and, prior to its full redemption on June 30, 2020, term loan facility. None of the interest the Company pays on its senior notes fluctuate based on changes to market interest rates. A 1% increase in interest rates on the Company's borrowings on its credit facility and term loan facility during the nine months ended September 30, 2020 would have increased interest expense by approximately $5 million.

Interest rates on the Adjustable Rate Notes fluctuate based on changes to the credit ratings assigned to the Company's 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 the Company's Annual Report on Form 10-K for the year ended December 31, 2019. See also Item 1A., "Risk Factors" in this Quarterly Report on Form 10-Q. Changes in interest rates affect the fair value of the Company's fixed rate debt. See Note 6 to the Condensed Consolidated Financial Statements for further discussion of the Company's debt and Note 4 to the Condensed Consolidated Financial Statements for a discussion of fair value measurements, including the fair value of the Company's debt.

Other Market Risks

The Company is exposed to credit loss in the event of nonperformance by counterparties to its derivative contracts. This credit exposure is limited to derivative contracts with a positive fair value, which may change as market prices change. The Company's 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. The Company uses various processes and analyses to monitor and evaluate its 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, the Company enters into transactions primarily with financial counterparties that are of investment grade, enters into netting agreements whenever possible and may obtain collateral or other security.

Approximately 36%, or $436.8 million, of the Company's OTC derivative contracts outstanding at September 30, 2020 had a positive fair value. Approximately 75%, or $718.0 million, of the Company's OTC derivative contracts outstanding at December 31, 2019 had a positive fair value.

As of September 30, 2020, the Company was not in default under any derivative contracts and had no knowledge of default by any counterparty to its derivative contracts. During the three months ended September 30, 2020, the Company made no adjustments to the fair value of its derivative contracts due to credit related concerns outside of the normal non-performance risk adjustment included in the Company's established fair value procedure. The Company monitors market conditions that may impact the fair value of its derivative contracts.

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

No one lender of the large group of financial institutions in the syndicate for the Company's 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 the Company's exposure to disruption or consolidation in the banking industry.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Under the supervision and with the participation of management, including the Company's Principal Executive Officer and Principal Financial Officer, an evaluation of the Company's disclosure controls and procedures (as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934, as amended (Exchange Act)), was conducted as of the end of the period covered by this report. Based on that evaluation, the Principal Executive Officer and Principal Financial Officer concluded that the Company's 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 internal control over financial reporting (as such term is defined in Rule 13a-15(f) under the Exchange Act) that occurred during the third quarter of 2020 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

In the ordinary course of business, the Company is from time to time involved in various legal and regulatory claims and proceedings, including those discussed below. While the amounts claimed may be substantial, the Company is unable to predict with certainty the ultimate outcome of such claims and proceedings. The Company accrues legal and other direct costs related to loss contingencies when actually incurred. The Company has established reserves it believes to be appropriate for pending matters and, after consultation with counsel and giving appropriate consideration to available insurance, the Company believes that the ultimate outcome of any pending matter involving the Company will not materially affect the financial condition, results of operations or liquidity of the Company.

The Company and Equitrans Midstream, through certain of their subsidiaries, are parties to a gas gathering agreement (the Hammerhead Gathering Agreement) related to Equitrans Midstream's Hammerhead Gas Gathering System. Pursuant to the terms of the Hammerhead Gathering Agreement, if the "In-Service Date" did not occur on or before October 1, 2020, the Company may terminate the Hammerhead Gathering Agreement and purchase the Hammerhead Gas Gathering System from Equitrans Midstream for an amount equal to 88% of expenses actually incurred and other obligations made or to be incurred by Equitrans Midstream. The "In-Service Date" is defined in the Hammerhead Gathering Agreement as "the later of (i) the first Day of the Month immediately following the date on which Gatherer is first able to provide the Gathering Services to Shipper in accordance with [the Hammerhead Gathering] Agreement and (ii) the first Day of the Month immediately following the date on which the Interconnect Facilities connecting the Gathering System to the Mountain Valley Pipeline are first able to receive deliveries of the Contract MDQ." On September 24, 2020, the Company initiated arbitration proceedings against Equitrans Midstream, seeking a declaration that the Company is entitled to terminate the Hammerhead Gathering Agreement and purchase the Hammerhead Gas Gathering System. The deadline for the Company to provide notice of its election to terminate the Hammerhead Gathering Agreement and purchase the Hammerhead Gas Gathering System has been tolled while the contract claim is pending in arbitration.

Item 1A. Risk Factors

There have been no material changes from the risk factors previously disclosed in Item 1A., "Risk Factors" in the Company's Annual Report on Form 10-K for the year ended December 31, 2019 other than those listed in this section.

The novel coronavirus, or COVID-19, pandemic has affected and may materially adversely affect, and any future outbreak of any other highly infectious or contagious diseases may materially adversely affect, our operations, financial performance and condition, operating results and cash flows.

The COVID-19 pandemic has affected, and may materially adversely affect, our business and financial and operating results. The severity, magnitude and duration of the COVID-19 pandemic is uncertain, rapidly changing and hard to predict. Thus far in 2020, the pandemic has significantly impacted economic activity and markets around the world, and COVID-19 or another similar pandemic could negatively impact our business in numerous ways, including, but not limited to, the following:

- our revenue may be reduced if the pandemic results in an economic downturn or recession that leads to a prolonged decrease in the demand for natural gas and, to a lesser extent, NGLs and oil;
- our operations may be disrupted or impaired (thus lowering our production level), if a significant portion of our employees or contractors are unable to work due to illness or if our field operations are suspended or temporarily shut-down or restricted due to control measures designed to contain the pandemic;
- the operations of our midstream service providers, on whom we rely for the transmission, gathering and processing of a significant portion of our produced natural gas, NGLs and oil, may be disrupted or suspended in response to containing the pandemic, and/or the difficult economic environment may lead to the bankruptcy or closing of the facilities and infrastructure of our midstream service providers, which may result in substantial discounts in the prices we receive for our produced natural gas, NGLs and oil or result in the shut-in of producing wells or the delay or discontinuance of development plans for our properties; and
- the disruption and instability in the financial markets and the uncertainty in the general business environment may affect our ability to find attractive asset monetization opportunities and successfully execute our plan to deleverage our business within our anticipated timeframe or at all; for example, the market value of the assets to be monetized may be

reduced and the financial condition or prospects of prospective purchasers and other counterparties, and such parties' access to financing on acceptable terms, may be adversely affected. If we are not able to successfully execute our Deleveraging Plan or otherwise reduce absolute debt to a level we believe appropriate, our credit ratings may be lowered, we may reduce or delay our planned capital expenditures or investments and we may revise or delay our strategic plans.

Prior to the declaration of COVID-19 as a global pandemic by the World Health Organization on March 15, 2020, we established a COVID-19 Response Team (the Response Team) consisting of a multi-disciplinary group of senior leaders. The primary functions of the Response Team are to analyze areas of risk, scenario plan and assess business continuity matters. The Response Team meets regularly and has been in consistent communication with our Board of Directors. We expect that the principal areas of operational risk for us are availability of service providers and supply chain disruption. Active development operations, including drilling and fracking operations, represent the greatest risk for transmission given the number of personnel and contractors on site. While we believe that we are following best practices under COVID-19 guidance, the potential for transmission still exists. In certain instances, it may be necessary or determined advisable for us to delay development operations. The Response Team continues to monitor potential areas of risk for us.

In addition, the COVID-19 pandemic has increased volatility and caused negative pressure in the capital and credit markets. As a result, we may experience difficulty accessing the capital or financing needed to fund our exploration and production operations, which have substantial capital requirements, or refinance our upcoming maturities on satisfactory terms or at all. We typically fund our capital expenditures with existing cash and cash generated by operations (which is subject to a number of variables, including many beyond our control) and, to the extent our capital expenditures exceed our cash resources, from borrowings under our revolving credit facility and other external sources of capital. If our cash flows from operations or the borrowing capacity under our revolving credit facility are insufficient to fund our capital expenditures and we are unable to obtain the capital necessary for our planned capital budget or our operations, we could be required to curtail our operations and the development of our properties, which in turn could lead to a decline in our reserves and production, and could adversely affect our business, results of operations and financial position.

As of December 31, 2019, our senior notes were rated "Baa3" by Moody's, "BBB–" by S&P and "BBB–" by Fitch, each with a "Negative" outlook. In January 2020, Moody's downgraded our senior notes credit rating to "Ba1." In February 2020, S&P downgraded our senior notes credit rating to "BB+," and Fitch downgraded our senior notes credit rating to "BB." In April 2020, S&P further downgraded our senior notes credit rating to "BB–," and Moody's further downgraded our senior notes credit rating to "Ba3." In June 2020, Fitch revised our outlook to "Positive." In August 2020, S&P revised our outlook to "Stable." As a result of the February 2020 and April 2020 downgrades, the interest rate on our 6.125% senior notes increased to 7.875% and the interest rate on our 7.000% senior notes increased to 8.750% beginning with the interest payment period that started on August 1, 2020. Although we are not aware of any current plans of Moody's, S&P or Fitch to further downgrade its rating of our senior notes, we cannot be assured that one or more will not further downgrade or withdraw entirely their rating of our senior notes. Further impacts to our business as a result of the COVID-19 pandemic, including low prices for natural gas, NGLs and oil, or an increase in the level of our indebtedness or failure to significantly execute the Deleveraging Plan, may result in Moody's, S&P or Fitch further downgrading its rating of our senior notes. If there are further downgrades to our credit rating, our access to the capital markets may be impacted, the cost of short-term debt through interest rates and fees under our lines of credit may increase, the interest rate on our Adjustable Rate Notes will further increase, the rates available on new long-term debt may increase, our pool of investors and funding sources may decrease, the borrowing costs and margin deposit requirements on our derivative instruments may increase and we may be required to provide additional credit assurances, including collateral, in support of our midstream service contracts, joint venture arrangements or construction contracts, which could adversely affect our business, results of operations and liquidity.

To the extent the COVID-19 pandemic adversely affects our business and financial results, it may also have the effect of heightening many of the other risks set forth in Item 1A., "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2019, such as those relating to our financial performance and debt obligations. The rapid development and fluidity of this situation precludes any prediction as to the ultimate adverse impact of COVID-19 on our business, which will depend on numerous evolving factors and future developments that we are not able to predict, including the length of time that the pandemic continues, its effect on the demand for natural gas, NGLs and oil, the response of the overall economy and the financial markets as well as the effect of governmental actions taken in response to the pandemic.

The accounting for the Convertible Notes may have a material effect on our reported financial results.

On April 28, 2020, we issued the Convertible Notes due May 1, 2026 unless earlier redeemed, repurchased or converted. In accordance with GAAP, an issuer must separately account for the liability and equity components of certain convertible debt instruments that may be settled entirely or partially in cash upon conversion in a manner that reflects the issuer's economic interest cost. The effect on the accounting for the Convertible Notes is that the equity component is required to be included in additional paid-in capital of shareholders' equity on our Condensed Consolidated Balance Sheet, and the value of the equity component is treated as a debt discount for purposes of accounting for the debt component of the Convertible Notes. Accordingly, we will be required to record a greater amount of non-cash interest expense in current and future periods as a result of the amortization of the discounted carrying value of the Convertible Notes to their face amount over the term of the Convertible Notes. We will report lower net income (or greater net loss) in our financial results because GAAP requires interest to include both the current period's amortization of the debt discount and the instrument's coupon interest, which could adversely affect our reported or future financial results, the market price of our common stock and the trading price of the Convertible Notes.

In addition, because we have the ability and intent to settle the Convertible Notes, upon conversion, by paying or delivering cash equal to the principal amount of the obligation and common stock for amounts over the principal amount, the shares issuable upon conversion of the Convertible Notes are accounted for using the treasury stock method and, as such, are not included in the calculation of diluted earnings per share except to the extent that the conversion value of the Convertible Notes exceeds their principal amount. Further, under the treasury stock method, the transaction is accounted for as if the number of shares of common stock that would be necessary to settle such excess are issued. We cannot be sure that we will be able to continue to demonstrate the ability or intent to settle in cash or that the accounting standards will continue to permit the use of the treasury stock method. If we are unable to use the treasury stock method in accounting for the shares issuable upon conversion of the Convertible Notes, our diluted earnings per share could be adversely affected.

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

The Company did not repurchase any equity securities registered under Section 12 of the Securities Exchange Act of 1934, as amended, during the three months ended September 30, 2020.

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.
10.01	Amendment to Gas Gathering and Compression Agreement, dated August 26, 2020, by and among EQT Corporation, EQT Production Company, Rice Drilling B LLC, EQT Energy, LLC and EQM Gathering OpCo, LLC.	Filed herewith as Exhibit 10.01.
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.

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/ David M. Khani

David M. Khani

Chief Financial Officer

Date: October 22, 2020

Exhibit 10.01

EXECUTION VERSION

SPECIFIC TERMS IN THIS EXHIBIT HAVE BEEN REDACTED BECAUSE SUCH TERMS ARE BOTH NOT MATERIAL AND WOULD LIKELY CAUSE COMPETITIVE HARM TO EQT CORPORATION IF PUBLICLY DISCLOSED. THESE REDACTED TERMS HAVE BEEN MARKED IN THIS EXHIBIT AT THE APPROPRIATE PLACE WITH THREE ASTERISKS [***].

FIRST AMENDMENT TO GAS GATHERING AND COMPRESSION AGREEMENT

THIS FIRST AMENDMENT TO GAS GATHERING AGREEMENT AND COMPRESSION AGREEMENT (this "***Amendment***"), dated August 26, 2020 ("***Effective Date***"), is made and entered into by and among EQT Corporation, a Pennsylvania corporation, ("***EQT Corp.***") EQT Production Company, a Pennsylvania corporation, Rice Drilling B LLC, a Delaware limited liability company and EQT Energy, LLC, a Delaware limited liability company, (collectively, "***Producer***"), and EQM Gathering Opco, LLC, a Delaware limited liability company ("***Gatherer***"). Producer and Gatherer may be referred to herein individually as a "***Party***" or collectively as the "***Parties.***"

RECITALS

WHEREAS, the Parties entered into that certain Gas Gathering and Compression Agreement dated as of February 26, 2020 (the "***Gathering Agreement***"); and

WHEREAS, the Parties desire to amend the Gathering Agreement in accordance with the terms and conditions set forth in this Amendment.

NOW, THEREFORE, in consideration of the mutual covenants set forth herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree as follows:

AGREEMENT

1. **Defined Terms**. Defined terms used but not defined herein shall have the meanings given to such terms in the Gathering Agreement.

2. **New Definitions**. The following definition is added to Article I of the Gathering Agreement:

"***Incremental Compression Notice***" – As defined in Section 3.5(b).

"***NV62 Receipt Point***" – Receipt Point located in [***].

"***Swap Notice***" – As defined in Section 2.5(b).

3. **Amendment to Gathering Agreement Exhibits**.

(a) Exhibit C to the Gathering Agreement is hereby amended and restated to read in its entirety as set forth on Appendix A attached hereto.

(b) Exhibit J to the Gathering Agreement is hereby amended and restated to read in its entirety as set forth on Appendix B attached hereto.

(c) Exhibit L to the Gathering Agreement is hereby amended and restated to read in its entirety as set forth on Appendix C attached hereto.

(d) Exhibit O to the Gathering Agreement is hereby amended and restated to read in its entirety as set forth on Appendix D attached hereto.

(e) Exhibit P to the Gathering Agreement is hereby amended and restated to read in its entirety as set forth on Appendix E attached hereto.

(f) The Swap Notice in the form of Appendix F to this Amendment is hereby added to the Gathering Agreement as Exhibit T thereto.

(g) The Additional Connection Notice in the form of Appendix G to this Amendment is hereby added to the Gathering Agreement as Exhibit U thereto.

(h) The Incremental Compression Notice in the form of Appendix H to this Amendment is hereby added to the Gathering Agreement as Exhibit V thereto.

4. **Conflicting Dedications**. The reference to "Exhibit 0" in Section 2.2 of the Gathering Agreement is hereby deleted and replaced with "Exhibit D".

5. **Acreage Swaps; Transfers Free from the Dedication**. The last three sentences of Section 2.5(b) of the Gathering Agreement are hereby deleted in their entirety and replaced with the following:

> "Producer shall provide written Notice to Gatherer of each proposed acreage swap in the form of Exhibit T hereto (or in such form as the Parties shall otherwise mutually agree from time to time), along with information reasonably necessary to enable Gatherer to determine whether the proposed acreage swap complies with the provisions of this Section 2.5(b) (a "***Swap Notice***") and shall further promptly provide Gatherer with any and all information Gatherer reasonably requests; provided, for the avoidance of doubt, the provisions of Section 18.6 shall apply to any such information that Producer provides to Gatherer. Gatherer shall affirmatively elect to provide or withhold its consent (which consent may not be unreasonably withheld) within [***] Days of receipt of such Swap Notice. In the event Gatherer does not provide timely consent, Gatherer shall be deemed to have given its consent to the proposed acreage swap or trade."

6. **Expansion of Gathering System; New Receipt Points within the Applicable Area**. The first paragraph of Section 3.3(a) of the Gathering Agreement is hereby deleted in its entirety and replaced with the following (provided that, for the avoidance of doubt, Sections 3.3(a)(i) through (iv) shall not be deleted and replaced):

"(a) *New Receipt Points within the Applicable Area*. If, at any time following the Effective Date and during the term hereof, Producer desires Gatherer to construct pipelines and facilities to establish any additional new Receipt Point(s) within the Applicable Area that was not subject to a Conflicting Dedication ("***Additional Receipt Points***"), Producer will deliver to Gatherer written notice in the form of Exhibit U hereto (or in such form as the Parties shall otherwise mutually agree from time to time) ("***Additional Connection Notice***") not less than 24 Months prior to the Anticipated Production Date."

7. **Expansion of Gathering System; Connection of Wells; Delivery Points**. The reference to "Section 3.3(c)(i)" in Section 3.3(c)(vii)(B) of the Gathering Agreement is hereby deleted and replaced with "Section 3.3(c)(ii)".

8. **Incremental Compression**. Section 3.5(b) of the Gathering Agreement is hereby deleted in its entirety and replaced with the following:

"(b) In the event Producer desires to increase the Low Pressure MDQ for any System AMI or System Compressor Station, Producer will deliver to Gatherer written notice in the form of Exhibit V hereto (or in such form as the Parties shall otherwise mutually agree from time to time) ("***Incremental Compression Notice***"), and thereafter Gatherer shall install incremental compression in the amounts and in the locations set forth on Exhibit P ("***Incremental Compression***"). If Producer desires additional Low Pressure MDQ via connection of a new Low Pressure Delivery Point, the Parties shall utilize the process detailed in Exhibit P, which shall include a corresponding increase to the Fuel Cap."

9. **Dehydration Service**. Section 3.6 of the Gathering Agreement is hereby deleted in its entirety and replaced with the following:

"Exhibit L sets forth (i) Receipt Points where Gatherer is currently providing or will be providing High Pressure dehydration in addition to Low Pressure dehydration and (ii) Receipt Points where Producer provides or will provide Low Pressure dehydration in addition to High Pressure dehydration. Except for those Receipt Points identified in Exhibit L, Gatherer shall have the obligation at Gatherer's sole cost and expense to install dehydration at all other Receipt Points at a location determined by Gatherer, which may include at Gatherer's receipt facilities on Producer's Well Pad for Low Pressure service and Producer shall be responsible for providing conforming Gas for all Receipt Points until Gatherer may transition such High Pressure Receipt Point(s) to Low Pressure.

10. **Minimum Volume Commitment**. The reference to "Exhibit I" in Section 3.7(a) of the Gathering Agreement is hereby deleted and replaced with "Exhibit K."

11. **Incremental Compression Fee**. Section 5.1(d) of the Gathering Agreement is hereby deleted in its entirety and replaced with the following:

(d) Fees for providing Incremental Compression shall be calculated as follows (as such fee may be increased or decreased in accordance with Section 5.2, the "***Incremental Compression Fee***"):

(i) Except as provided in clause (ii), the product of (A) the aggregate quantity of Gas serviced from Incremental Compression, stated in Dth, received from Producer or for Producer's account (including Dedicated Gas produced by any Affiliate) during such Month multiplied by (B) the number of stages of compression utilized with such Incremental Compression multiplied by (C) the applicable amounts set forth in Exhibit H.

(ii) For all Dedicated Gas delivered from the Gathering System to Equitrans Low Pressure Delivery Points identified by Footnote #9 and Footnote #14 on Exhibit C, the product of (A) the aggregate quantity of Gas stated in Dth, delivered to any such Low Pressure Delivery Point during such Month multiplied by (B) the number of stages of compression utilized to facilitate delivery of such Gas to such Low Pressure Delivery Point whereby Parties agree [***] stage of compression shall be applicable if the average Low Pressure Delivery Point Pressure is greater than or equal to [***] psig and [***] stages of compression if the average Low Pressure Delivery Point Pressure is less than [***] psig multiplied by (C) either (i) [***] per Dth; provided, however, Producer shall, as of the Effective Date of this Amendment, be credited an amount of [***] against any Incremental Compression Fees thereafter accrued, in the aggregate, with respect to deliveries of Gas to the Equitrans Low Pressure Delivery Points identified by Footnote #9 on Exhibit C or (ii) the Incremental Compression Fee with respect to deliveries of Gas to the Equitrans Low Pressure Delivery Points identified by Footnote #14 on Exhibit C.

12. **NV62 Receipt Point**. Section 5.1(f) is added to the Gathering Agreement to read as follows:

"(f) In lieu of the Reservation Fee and Overrun Fee, Gas received at the NV62 Receipt Point will be assessed a commodity fee equal to the product of (A) the aggregate quantity of Gas received at the NV62 Receipt Point during such Month multiplied by (B) [***] per Dth (as such fee may be increased or decreased in accordance with Section 5.2), and all quantities of Gas received at the NV62 Receipt Point shall not count towards the Minimum Volume Commitment."

13. **Measurement Equipment**. Section 11.1 of the Gathering Agreement is hereby deleted in its entirety and replaced with the following:

> "Excluding Producer owned Measurement Facilities identified in Exhibit M, Gatherer shall install, own, operate, and maintain Measurement Facilities at other Receipt Points or one or more centralized measurement sites of Gatherer as determined by Gatherer at Gatherer's sole discretion for the purpose of measuring Gas at Receipt Points and shall ensure that the relevant Downstream Pipeline installs, owns, operates, and maintains Measurement Facilities at the Delivery Points (but downstream of any slug catcher) for Gas. Measurement Facilities measuring Gas at the Receipt Points or at any centralized measurement sites shall meet current industry standards for custody transfer measurement. Gatherer shall operate and maintain at Gatherer's cost all Measurement Facilities, including those identified in Exhibit N. Producer shall have the right to install check Measurement Facilities at the location of Gatherer's Measurement Facilities, including the right to install check measurement equipment on Gatherer's meter assembly, provided such Measurement Facilities do not interfere with Gatherer's Measurement Facilities. Gas measured at a centralized measurement site of Gatherer in accordance with the provisions hereof shall be deemed to be measured at the Receipt Point for all purposes under this Agreement. Where Gatherer installs centralized measurement, Producer shall, at Gatherer's cost, provide Gatherer with the ability to retrieve Producer's Well Pad information, including but not limited to pressure, flow, gas temperature, and moisture level (where Producer installs dehydration) so long as Gatherer's equipment (and the installation thereof) does not interfere with Producer's operations. All installation by Gatherer under this Section 11.1 shall be at Gatherer's sole cost."

14. **Exhibits**. The Parties agree that the terms of the Gathering Agreement, as amended hereby, are subject to the terms and conditions set forth on the Exhibits to the Gathering Agreement, including any footnotes set forth thereon.

15. **Effect**. Except as expressly provided in this Amendment, all of the terms and provisions of the Gathering Agreement are and will remain in full force and effect and are hereby ratified and confirmed by the Parties.

16. **Governing Law**.

(a) This Amendment shall be governed by, construed, and enforced in accordance with the laws of the Commonwealth of Pennsylvania without regard to choice of law principles.

(b) The Parties agree that the appropriate, exclusive and convenient forum for any disputes among any of the Parties arising out of this Amendment 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 Amendment. The Parties further agree that the Parties shall not bring suit with respect to any disputes arising out of this Amendment 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 AMENDMENT, WHETHER SOUNDING IN CONTRACT, TORT OR OTHERWISE.

17. **Counterpart Execution**. This Amendment may be executed in any number of counterparts, each of which shall be considered an original, and all of which shall be considered one and the same instrument.

18. **Miscellaneous Provisions**. The provisions of Article 18 of the Gathering Agreement, other than Sections 18.2, 18.3, 18.15, 18.16 and 18.17, shall apply to this Amendment *mutatis mutandis*.

[Signature Page Follows]

IN WITNESS WHEREOF, each of the Parties has duly executed this Amendment effective as of the Effective Date.

PRODUCER:

EQT CORPORATION,
a Pennsylvania corporation

By: /s/ Toby Rice
Name: Toby Rice
Title: President & CEO

EQT PRODUCTION COMPANY,
a Pennsylvania corporation

By: /s/ Toby Rice
Name: Toby Rice
Title: President & CEO

RICE DRILLING B LLC,
a Delaware limited liability company

By: /s/ Toby Rice
Name: Toby Rice
Title: President & CEO

EQT ENERGY, LLC,
a Delaware limited liability company

By: /s/ Keith Shoemaker
Name: Keith Shoemaker
Title: SVP Commercial

GATHERER:

EQM GATHERING OPCO, LLC,

a Delaware limited liability company

By:	/s/ Paul Kress
Name:	Paul Kress
Title:	Vice President, Business Development

[Signature Page to First Amendment to Gas Gathering and Compression Agreement]

APPENDIX A

(Exhibit C to Gathering Agreement)

[See attached].

[***]

Appendix A

APPENDIX B

(Exhibit J to Gathering Agreement)

CASH BONUS PAYMENT

Section 1.1 Henry Hub Cash Bonus. Subject to Section 1.2 of this Exhibit J, during each Calendar Quarter beginning with the first Day of the Calendar Quarter in which the MVP In-Service Date occurs (the "***Cash Bonus Trigger Date***") and continuing until the earlier of the last Day of (a) the twelfth (12th) Calendar Quarter following the Cash Bonus Trigger Date and (b) the Calendar Quarter ending December 31, 2024, Producer shall pay to Gatherer a quarterly cash payment (the "***Cash Bonus***"), if any, as follows:

(a) During the first four (4) Calendar Quarters following the Cash Bonus Trigger Date (the "***First Cash Bonus Period***"), (i) for each such Calendar Quarter that ends prior to January 1, 2024, the Cash Bonus shall equal (A) the product of (x) the Minimum Volume Commitment applicable as of the last Day of such Calendar Quarter and (y) the number of Days in such Calendar Quarter, multiplied by (B) 15% of every $0.01 by which the average of each Natural Gas – Henry Hub – NYMEX closing settlement price for the First Nearby Month Future Contract corresponding to the relevant Calculation Period during such Calendar Quarter exceeds $2.50 per Dth, and (ii) for each such Calendar Quarter, if any, in 2024, the Cash Bonus shall equal (A) the product of (x) the Minimum Volume Commitment applicable as of the last Day of such Calendar Quarter and (y) the number of Days in such Calendar Quarter, multiplied by (B) 15% of every $0.01 by which the average of each Natural Gas – Henry Hub – NYMEX closing settlement price for the First Nearby Month Future Contract corresponding to the relevant Calculation Period during such Calendar Quarter exceeds $2.70 per Dth.

(b) During the second four (4) Calendar Quarters following the Cash Bonus Trigger Date (the "***Second Cash Bonus Period***"), (i) for each such Calendar Quarter that ends prior to January 1, 2024, the Cash Bonus shall equal (A) the product of (x) the Minimum Volume Commitment applicable as of the last Day of such Calendar Quarter and (y) the number of Days in such Calendar Quarter, multiplied by (B) 15% of every $0.01 by which the average of each Natural Gas – Henry Hub – NYMEX closing settlement price for the First Nearby Month Future Contract corresponding to the relevant Calculation Period during such Calendar Quarter exceeds $2.50 per Dth, and (ii) for each such Calendar Quarter, if any, in 2024, the Cash Bonus shall equal (A) the product of (x) the Minimum Volume Commitment applicable as of the last Day of such Calendar Quarter and (y) the number of Days in such Calendar Quarter, multiplied by (B) 15% of every $0.01 by which the average of each Natural Gas – Henry Hub – NYMEX closing settlement price for the First Nearby Month Future Contract corresponding to the relevant Calculation Period during such Calendar Quarter exceeds $2.70 per Dth.

(c) During the third four (4) Calendar Quarters following the Cash Bonus Trigger Date (the "***Third Cash Bonus Period***," and together with the First Cash Bonus Period

and the Second Cash Bonus Period, the "***Cash Bonus Periods***" and each individually a "***Cash Bonus Period***"), (i) for each such Calendar Quarter that ends prior to January 1, 2024, the Cash Bonus shall equal (A) the product of (x) the Minimum Volume Commitment applicable as of the last Day of such Calendar Quarter and (y) the number of Days in such Calendar Quarter, multiplied by (B) 15% of every $0.01 by which the average of each Natural Gas – Henry Hub – NYMEX closing settlement price for the First Nearby Month Future Contract corresponding to the relevant Calculation Period during such Calendar Quarter exceeds $2.50 per Dth, and (ii) for each such Month, if any, in 2024, the Cash Bonus shall equal (A) the product of (x) the Minimum Volume Commitment applicable as of the last Day of such Calendar Quarter and (y) the number of Days in such Calendar Quarter, multiplied by (B) 15% of every $0.01 by which the average of each Natural Gas – Henry Hub – NYMEX closing settlement price for the First Nearby Month Future Contract corresponding to the relevant Calculation Period during such Calendar Quarter exceeds $2.70 per Dth.

Section 1.2 Cash Bonus Cap. The total Cash Bonuses paid by the Producer in respect of any Cash Bonus Period shall not exceed $60,000,000.

Section 1.3 Cash Bonus Invoicing. The Cash Bonus may be incorporated into the invoice submitted to the Producer pursuant to Section 13.1 of this Agreement for Services and shall be due upon the terms and conditions set forth in this Agreement. Notwithstanding the foregoing, Gatherer may provide Producer with a supplemental invoice for a Cash Bonus following the Calendar Quarter in which any such Cash Bonus accrues, and such invoice shall be paid by Producer, by wire transfer of immediately available funds, no later than 10 Business Days following Producer's receipt thereof.

APPENDIX C

(Exhibit L to Gathering Agreement)

SITES FOR WHICH PRODUCER WILL PROVIDE LOW PRESSURE DEHYDRATION*			
STATE	**COUNTY**	**SYSTEM AMI**	**SITE**
PA	Washington	Kevech	Kevech
PA	Washington	Mojo	Mojo
PA	Greene	BETA/WINDRIDGE/ASR/THROCKMORTON	Dahn-tahn
PA	Greene	BETA/WINDRIDGE/ASR/THROCKMORTON	Irish Pug
PA	Greene	BETA/WINDRIDGE/ASR/THROCKMORTON	Battle Phrog
PA	Greene	BETA/WINDRIDGE/ASR/THROCKMORTON	Mac
PA	Greene	BETA/WINDRIDGE/ASR/THROCKMORTON	Stattler Road
PA	Greene	BETA/WINDRIDGE/ASR/THROCKMORTON	Heart
PA	Greene	POLECAT	Polecat
PA	Greene	POLECAT	Drift Ridge
PA	Greene	YELLOW JACKET	Ridge Rd.
PA	Clearfield	N/A	Monarch
PA	Cameron	N/A	Whippoorwill IC
PA	Jefferson	N/A	Frano
PA	Clearfield	N/A	Gobbler IC
PA	Tioga	N/A	Tioga CS
PA	Elk	N/A	Benezette CS
PA	Clearfield	N/A	Hurd IC
PA	Indiana	N/A	Diamondville IC
PA	Armstrong	N/A	McKee
WV	Marion	N/A	GRT-26
WV	Marion	TAURUS	GLO-76
WV	Wetzel	TAURUS	BIG-464
WV	Wetzel	MERCURY	Big Run Dehy
WV	Marion	N/A	Potozcny
* Dehydration facilities could be located at a central site			

SITES FOR WHICH GATHERER WILL PROVIDE HIGH PRESSURE DEHYDRATION*			
STATE	COUNTY	SYSTEM AMI	SITE
PA	GREENE	JUPITER AND BJ	GOOD
PA	GREENE	JUPITER AND BJ	HABE
PA	GREENE	JUPITER AND BJ	PETRAITIS
PA	GREENE	JUPITER AND BJ	SCHUMAKER
PA	GREENE	JUPITER AND BJ	MCNEELY
PA	GREENE	JUPITER AND BJ	PATTON
PA	WASHINGTON	NIGHTFALL AND CJ	BROVA
PA	WASHINGTON	PISCES	JT FARM
PA	WASHINGTON	PISCES	KUHN
PA	WASHINGTON	PISCES	EALY
PA	WASHINGTON	PISCES	STOUT
PA	WASHINGTON	REDD	REDD
PA	WASHINGTON	HEYL	HEYL
PA	GREENE	JUPITER AND BJ	CLEMENTE
PA	GREENE	BETA/WINDRIDGE/ASR/THROCKMORTON	THROCKMORTON
PA	GREENE	BETA/WINDRIDGE/ASR/THROCKMORTON	CORSAIR
PA	GREENE	BETA/WINDRIDGE/ASR/THROCKMORTON	STROSNIDER
PA	GREENE	BETA/WINDRIDGE/ASR/THROCKMORTON	MAGNUM
PA	GREENE	BETA/WINDRIDGE/ASR/THROCKMORTON	PLHC
PA	GREENE	BETA/WINDRIDGE/ASR/THROCKMORTON	THUNDER 1
* Dehydration facilities could be located at a central site			

APPENDIX D

(Exhibit O to Gathering Agreement)

[***]

APPENDIX E

(Exhibit P to Gathering Agreement)

INCREMENTAL COMPRESSION

Incremental Compression		
AMIs	**Total HP**	**Anticipated TIL**
Pisces	**10,000**	**TBD**
Throckmorton	**15,000**[1]	**TBD**
Other PA Incremental Builds	**40,000**	**TBD**
WV Incremental Builds	**40,000**	**TBD**
Total	**105,000**	

[1] [***]

APPENDIX F

(Exhibit T to Gathering Agreement)

SWAP NOTICE

[INSERT DATE]

Sent via Registered Mail and Email

EQM Gathering Opco, LLC
2200 Energy Drive
Canonsburg, PA 15317
Attention: Paul Kress
Email: [***]

Re: Acreage Swap Notice No. [*]

Ladies and Gentleman:

Reference is made to that certain Gas Gathering and Compression Agreement by and between EQT Corporation, EQT Production Company, Rice Drilling B LLC, and EQT Energy LLC (collectively, "Producer") and EQM Gathering Opco, LLC ("Gatherer") executed February 26, 2020 (as may be amended, the "Gathering Agreement"). Producer and Gatherer may be referred to herein individually as a "Party" and collectively as the "Parties". Capitalized terms used but not defined herein shall have the meanings given to such terms in the Gathering Agreement.

Pursuant to Section 2.5(a) of the Gathering Agreement, Producer Group shall be permitted to Transfer net acres of the Dedicated Interests free of the Dedication up to the Unrestricted Amount.

Pursuant to Section 2.5(b) of the Gathering Agreement, Producer may enter into an acreage swap which meets the criteria set forth in Section 2.5(b)(A) and (B) without Gatherer's consent.

Pursuant to Section 2.5(b) of the Gathering Agreement, Producer hereby provides notice to Gatherer of the proposed acreage swap, including the identity of the swap counterparty, inbound acreage, outbound acreage, any acreage shortfall or surplus, and other related information, as set forth in Exhibit A and Exhibit B hereto (the "Proposed Acreage Swap").

[The Parties acknowledge and agree that Proposed Acreage Swap meets the criteria set forth in Section 2.5(b)(A) and (B) of the Gathering Agreement in all respects // OR // Except for the net acres representing the Acreage Shortfall identified on Exhibit A hereto, the Parties acknowledge and agree that Proposed Acreage Swap meets the criteria set forth in Section 2.5(b)(A) and (B) of the Gathering Agreement]. [The Parties agree that, as of the date on which the Proposed Acreage Swap is consummated, the Unrestricted Amount shall be increased by

[***] of the net acres representing the Acreage Surplus // OR // The Parties agree that the net acres representing the Acreage Shortfall shall constitute a Transfer of net acres towards the acreage cap in Section 2.5(a) of the Gathering Agreement].

This notice is provided to Gatherer with the express understanding that it and any related discussions are highly confidential and remain subject to Section 18.6 of the Gathering Agreement.

Please evidence your consent to the Proposed Acreage Swap by executing in the space provided below and returning a copy of such signature page to Producer.

Additionally, attached hereto as Exhibit C is a Memorandum of Release of Dedication (the "Memorandum") evidencing the release of the outgoing acreage included in the Proposed Acreage Swap from the Dedication. Pursuant to Section 18.16 of the Gathering Agreement, please execute the Memorandum and return it to:

EQT Production Company
625 Liberty Avenue, Suite 1700
Pittsburgh, PA 15222
Attn: Director Midstream

If you have any questions, please do not hesitate to contact [***] at [***].

Very truly yours,

[EQT PRODUCTION COMPANY]

By: _____
Name: _____
Title: _____

[RICE DRILLING B LLC]

By: _____
Name: _____
Title: _____

Consent to the Proposed Acreage Swap is provided on this [__] day of [_____], 20[__].

EQM GATHERING OPCO, LLC

By: _____
Name: _____
Title: _____

EXHIBIT A

PROPOSED ACREAGE SWAP INFORMATION

Acreage Swap Counterparty: [_____]

EQT Producer of Outbound Acreage: [EQT Production Company and/or Rice Drilling B LLC]

Applicable County: [_____]; *see* accompanying map attached as Exhibit B highlighting the properties included in the Proposed Acreage Swap.

Inbound Acreage (depicted in green): [_____] net acres

Outbound Acreage (depicted in red): [_____] net acres

Acreage Shortfall (Outbound Acreage less Inbound Acreage): [_____]

Acreage Surplus (Inbound Acreage less Outbound Acreage): [_____] [***] increase to the Unrestricted amount: [_____])

Conflicting Dedication: [Inbound acreage is not subject to any conflicting midstream dedication.]

Existing Development: [The outbound acreage in the Proposed Acreage Swap does not include any Wells that are connected (or in the process of being connected) to the Gathering System.]

EXHIBIT B

MAP

[See attached.]

EXHIBIT C

MEMORANDUM OF RELEASE OF DEDICATION

[See attached.]

MEMORANDUM OF RELEASE OF DEDICATION

THIS MEMORANDUM OF RELEASE OF DEDICATION (this "***Memorandum***") is entered into effective [_____], 2020 (the "***Effective Date***"), by and between **EQT Corporation** , a Pennsylvania corporation, **("*EQT Corp.*") EQT Production Company**, a Pennsylvania corporation, **Rice Drilling B LLC** , a Delaware limited liability company, **EQT Energy, LLC**, a Delaware limited liability company, for themselves and any Affiliates (defined below), (collectively, "***Producer***"), and **EQM Gathering Opco**, LLC, a Delaware limited liability company ("***Gatherer***"). Producer and Gatherer may be referred to herein individually as a "***Party***" or collectively as the "***Parties.***"

WHEREAS, Producer and Gatherer, entered into that certain Gas Gathering and Compression Agreement dated as of February 26, 2020 (the "***Agreement***"), pursuant to which Gatherer will provide certain gathering and other services as therein set forth;

WHEREAS, Producer and Gatherer, filed that certain Memorandum of Grant, Conveyance and Dedication dated as of [_____], 2020 (the "***Memorandum of Dedication***") in the real property records of _____ County, _____, pursuant to which Gatherer and Producer gave notice of the existence of the Agreement and certain provisions contained therein, including the Dedication of the Dedicated Interests;

WHEREAS, the Parties desire to file this Memorandum of record in the real property records of _____ County, _____, to give notice of the permanent release of certain Dedicated Interests from the Dedication;

NOW THEREFORE, FOR GOOD AND VALUABLE CONSIDERATION, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

1. Incorporation of Agreement; Defined Terms. The Agreement is incorporated in its entirety herein by reference, and all capitalized terms used but not defined herein shall have the meaning ascribed to them in the Agreement.

2. Release. Gatherer hereby permanently releases the Dedicated Interests set forth on Exhibit A hereto from the Dedication in all respects and for all purposes, and notice is hereby given to all Persons of such release.

3. No Amendment to Agreement. This Memorandum is executed and recorded solely for the purpose of giving notice and shall neither amend nor modify the Agreement in any way.

4. Successors and Assigns. This Memorandum will be binding upon and inure to the benefit of the Parties, and to their respective successors and permitted assigns.

5. Further Assurances. Each Party covenants and agrees to provide the other Party with instruments reasonably requested by the other Party from time to time to evidence the release from the Dedication of any Dedicated Interests permanently released from the Dedication as contemplated by this Memorandum.

[Remainder of Page Intentionally Left Blank]
[Signature Pages to Follow]

IN WITNESS WHEREOF, this Memorandum has been signed by or on behalf of each of the Parties as of the Day first above written.

PRODUCER:

EQT CORPORATION, a Pennsylvania corporation

By: _____

Name: _____

Title: _____

STATE/COMMONWEALTH _____§

§

COUNTY OF _____§

On this ___ day of _____, 2020, before me, the undersigned, personally appeared _____, known to me or satisfactorily proven to be the person whose name is subscribed to the foregoing Memorandum, and said person acknowledged that s/he executed this Memorandum in his/her capacity as _____ of EQT Corporation, a Pennsylvania corporation and that the same was executed for the purposes contained therein as the act and deed of EQT Corporation.

_____

Notary Public in and for _____

[SEAL]

_____

Printed or Typed Name of Notary

EQT PRODUCTION COMPANY, a Pennsylvania corporation

By: _____

Name: _____

Title: _____

STATE/COMMONWEALTH _____§

§

COUNTY OF _____§

On this ___ day of _____, 2020, before me, the undersigned, personally appeared _____, known to me or satisfactorily proven to be the person whose name is subscribed to the foregoing Memorandum, and said person acknowledged that s/he executed this Memorandum in his/her capacity as _____ of EQT Production Company, a Pennsylvania corporation and that the same was executed for the purposes contained therein as the act and deed of EQT Production Company.

_____

Notary Public in and for _____

[SEAL]

_____

Printed or Typed Name of Notary

RICE DRILLING B LLC, a Delaware limited liability company

By: _____

Name: _____

Title: _____

STATE/COMMONWEALTH _____ §

§

COUNTY OF _____ §

On this ___ day of _____, 2020, before me, the undersigned, personally appeared _____, known to me or satisfactorily proven to be the person whose name is subscribed to the foregoing Memorandum, and said person acknowledged that s/he executed this Memorandum in his/her capacity as _____ of Rice Drilling B LLC, a Delaware limited liability company and that the same was executed for the purposes contained therein as the act and deed of Rice Drilling B LLC.

_____

Notary Public in and for _____

[SEAL]

_____

Printed or Typed Name of Notary

EQT ENERGY, LLC, a Delaware limited liability company

By: _____

Name: _____

Title: _____

STATE/COMMONWEALTH _____ §

§

COUNTY OF _____ §

On this ___ day of _____, 2020, before me, the undersigned, personally appeared _____, known to me or satisfactorily proven to be the person whose name is subscribed to the foregoing Memorandum, and said person acknowledged that s/he executed this Memorandum in his/her capacity as _____ of EQT Energy LLC, a Delaware limited liability company and that the same was executed for the purposes contained therein as the act and deed of EQT Energy LLC.

_____

Notary Public in and for _____

[SEAL]

_____

Printed or Typed Name of Notary

GATHERER

EQM GATHERING OPCO, LLC, a Delaware limited liability company

By: _____

Name: _____

Title: _____

COMMONWEALTH OF PENNSYLVANIA §

§

COUNTY OF _____ §

On this ___ day of _____, 2020, before me, the undersigned, personally appeared _____, known to me or satisfactorily proven to be the person whose name is subscribed to the foregoing Memorandum, and said person acknowledged that s/he executed this Memorandum in his/her capacity as _____ of EQM Gathering Opco, LLC, a Delaware limited liability company and that the same was executed for the purposes contained therein as the act and deed of EQM Gathering Opco, LLC.

_____

Notary Public in and for _____

[SEAL]

_____

Printed or Typed Name of Notary

EXHIBIT A TO MEMORANDUM OF RELEASE

Released Dedicated Interests

[To be attached]

Memorandum Prepared By,
and After Recording, Return to:
[***]
EQT Production Company
625 Liberty Avenue, Suite 1700
Pittsburgh, PA 15222

APPENDIX G

(Exhibit U to Gathering Agreement)

ADDITIONAL CONNECTION NOTICE

[Via Email]

RE: Gas Gathering and Compression Agreement dated as of February 26, 2020, as amended July ___, 2020 (the "***Gathering Agreement***")

ADDITIONAL CONNECTION NOTICE VIA EMAIL
CONNECTION NOTICE INFORMATION REQUIRED AT LEAST 24 MONTHS IN ADVANCE OF FIRST SERVICE AND SHALL INCLUDE THE FOLLOWING, SUBJECT TO THE GATHERING AGREEMENT:

1. RECEIPT POINT NAME
2. WELL PAD COORDINATES
3. SPACE ON PAD FOR MEASUREMENT FACILITIES (YES/NO).
    a. IF PAD DESIGN IS NOT AVAILABLE AND SUBMITTED WITH ADDITIONAL CONNECTION NOTICE PROVIDE THE EXPECTED DATE PAD DESIGN WILL BE AVAILABLE BEFORE CONFIRMATION NOTICE
4. LATERAL LENGTH
5. REQUIRED DELIVERY PRESSURE
6. PRODUCER'S WORKING INTEREST IN PLANNED WELL(S)
7. OPERATOR OF WELL(S)
8. TARGET FORMATION AND DEPTH OF WELL(S)
9. PROJECTED WELL PAD IP FLOW AND PROJECTED 24 MONTH PRODUCTION FORECAST
10. ANTICIPATED DATE OF FIRST FLOW:
    a. IN ADDITION, IF BUYBACK GAS DESIRED, PRODUCER TO PROVIDE START DATE OF THIS WITH DESIRED PRESSURE AND FLOW RATE

APPENDIX H

(Exhibit V to Gathering Agreement)

INCREMENTAL COMPRESSION REQUEST FORM

Project Name: _____ Requesting Company: _____

System: _____ Date of Request Submission: _____

Facility Request:

Compression Request						
Facility Description	**Requested Capacity, MMcfd**	**Requested Max and Min Suction Pressure**	**Affected Pads**	**Expected Forecast with Uplift**	**Requested Service Date**	**Previously Requested Service Date (if applicable)**

Does Producer have any owned land available that could be used for facilities? Yes ☐ No ☐

Would Producer accept earlier TIL date if possible? Yes ☐ No ☐ If yes, earliest acceptable date:

Delivery Point Request			
Facility Description	**Delivery Point Company**	**Delivery Point Pipeline**	**Capacity, MMcfd**

For Midstream Use:

Compression Confirmation							
Facility Name	**Target Max and Min Suction Pressure, PSIG**	**Design Discharge, PSIG**	**Design Capacity at Max and Min Suction Pressure, MMcfd**	**HP Required**	**Suction Pressure When 2nd stage of Compression is Required**	**Initial Expected COD/TIL Date**	**Pads to flow to comp. on COD/TIL Date**

Delivery Point Confirmation			
Facility Description	**Delivery Point Company**	**Delivery Point Pipeline**	**Capacity, MMcfd**

Approved: _____

Date: _____

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: October 22, 2020

/s/ Toby Z. Rice

Toby Z. Rice

President and Chief Executive Officer

Exhibit 31.02

CERTIFICATION

I, David M. Khani, 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: October 22, 2020

/s/ David M. Khani

David M. Khani

Chief Financial Officer

Exhibit 32

CERTIFICATION

In connection with the Quarterly Report of EQT Corporation ("EQT") on Form 10-Q for the period ended September 30, 2020, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), each of the undersigned certify pursuant to § 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 October 22, 2020

Toby Z. Rice

President and Chief Executive Officer

/s/ David M. Khani October 22, 2020

David M. Khani

Chief Financial Officer