The Business Court of Texas,
Third Division

ANTERO RESOURCES CORPORATION, *Plaintiff,* v. STONEWALL GAS GATHERING LLC, *Defendant.*	§ § § § § § § §	Cause No. 24-BC11A-0027

ORDER ADDRESSING BENCH TRIAL ON THE MERITS

The Court conducted a four-day bench trial during the week of January 12, 2026. Plaintiff Antero Resources Corporation and Defendant Stonewall Gas Gathering LLC[1] appeared through counsel, announced ready, and submitted all disputed matters other than the issue of attorney's fees to the Court for its determination.[2]

[1] Stonewall Gas Gathering LLC was formed in 2014 to construct and operate the Stonewall Pipeline. DT Midstream currently owns 85% and Antero Midstream LLC owns 15% of Stonewall Gas Gathering LLC.

[2] The Court defers its ruling on attorneys' fees pursuant to the terms of the parties' stipulation and the Court's order of January 8, 2026.

BACKGROUND

This case involves a contract dispute over a Gas Gathering Agreement ("Agreement") entered between Stonewall Gas Gathering LLC and Antero Resources Corporation on June 20, 2014. The Agreement covers the transportation of gas services on the Stonewall gas gathering system for a 15-year period commencing on the date of the first delivery pursuant to the Agreement.

On December 12, 2025, the Court partially granted Antero's motion for summary judgment as to two of its claims for declaratory relief, finding the defined term "Redelivery Point" in Section 4.5 of the Agreement applies to all current and future redelivery points on the Stonewall gas gathering system. In its order, the Court denied both parties' motions for summary judgment as to Antero's other causes of action and found factual issues remained as to whether Stonewall breached the favored shipper or the audit provision of the Agreement and set the matter for trial.

At trial, the Court heard argument and testimony involving the disputatious Section 4.5. Antero has alleged the following causes of action against Stonewall, including: 1) breach of contract based on Section 4.5 of the Gas Gathering Agreement; 2) declaratory relief involving Section 4.5[3]; 3) in the alternative,

[3] Specifically, Antero seeks a declaratory judgment that: i) Exhibit A, Section 2.f.a of the First New Affiliate GGA triggers Section 4.5 of the Antero Agreement; ii) that Exhibit A, Sections 1.e, 2.e, and 3.d of the Second New Affiliate GGA trigger Section 4.5 of the Antero Agreement; iii) Exhibit A, Sections 1.e, 2.e, and 3.d of the Third New Affiliate GGA trigger Section 4.5 of the

specific performance of the contract; and 4) breach of contract for alleged violations of the Audit Provision in Section 9.4 of the Agreement. Further, Antero seeks attorney's fees incurred as a result of the alleged breaches.

Breach of Contract – Favored Shipper Provision

Section 4.5 of the Agreement entitled "Favored Shipper" provides:

> Gatherer shall not at any time after the date of this Agreement enter into any agreement with any other shipper for gas gathering services for any gas that will be delivered, directly or indirectly, to the Redelivery Point or any other redelivery point on the Columbia Gas Transportation WB line ("Third Party Shipper Contract") or amend or otherwise modify any such agreement in either case providing such shipper gathering service on the Gathering System for a fee that is lower than the Service Fee; Unless Gatherer also offers such lower fees to Shipper in accordance with this Section 4.4. Upon entering into a Third Party Shipper Contract, Gatherer shall automatically reduce the Service Fee charged to Shipper to the same service fee charged pursuant to the Third Party Shipper Contract on an amount of Shipper's Gas equal to the lesser of: (i) two times (2x) of the volumes subject to firm or dedicated capacity service under the Third Party Shipper Contract, and (ii) Shipper's Dedicated Capacity.

The first sentence of Section 4.5 prohibits Stonewall from "enter[ing] into any other agreement shipper for gas gathering services" for a lower fee than Antero's Service Fee, *unless* Stonewall "also offers such lower fees to" Antero. The

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Antero Agreement; and iv) Section 4.5 of the Antero Agreement requires Stonewall to lower Antero's Service Fees to the lowest fees provided in the new gas gathering agreements. Pl. Antero Resources Corporation's Am. Pet. ¶ 70, Sept. 16, 2025.

second sentence prescribes what action Stonewall must take upon entry of a third-party gas shipping contract for a fee lower than the Service Fee.

The application of Section 4.5 is here tested by Stonewall's entry of three affiliate contracts with a third-party shipper from 2024 to 2025.

The Affiliate Contracts

In 2024 and 2025, Stonewall entered three affiliate shipper contracts with DTM Appalachia. Those contracts covered future gas deliveries on the pipeline, none contemplated immediate gas delivery, and no gas deliveries had occurred nor were amounts "charged" pursuant to the three contracts at the time of trial. Each affiliate contract contained different rates, durations, and commencement dates for gas deliveries.

The first affiliate contract entered on July 9, 2024, between Stonewall and DTM Appalachia, contains a primary term provision that provides for fuel deliveries to begin on February 1, 2026. The contract allows DTM Appalachia to ship a specified maximum daily quantity of natural gas to the MVP Interconnect for a listed fee that is lower per MMBtu than the fee stated in the Agreement.

The second affiliate contract executed on September 26, 2024, provided for services under the agreement to "begin on the In-Service Date and remain in full force and effect for a primary term of seven Years." Further, the second affiliate contract contained a provision that "Gatherer shall use commercially reasonable

efforts to achieve an In-Service Date by November 1, 2025." Under the second affiliate contract, DTM Appalachia was permitted to ship a specified maximum daily quantity of natural gas to the MVP Interconnect and a specified maximum daily quantity to an interconnect located between the Stonewall Pipeline and the Appalachia pipeline. The fee listed in the second affiliate contract is lower than the listed Agreement service fee.

The third affiliate contract executed on February 21, 2025, provides that services "begin on the In-Service Date and remain in full force for a primary term of twenty Years" and defines the Target In-Service Date as "the right to set the Target In-Service Date by sending written notice to Gatherer indicating such date; however, such date shall be no less than twenty-four (24) months and no greater than thirty-six (36) months following the date such written notice is delivered to Gatherer." The third affiliate contract involved the construction of approximately five miles of pipeline to connect to the CPV Shay power plant. There is no service fee stated in the third affiliate contract and the testimony showed the ultimate price cannot be accurately determined until construction under the agreement is completed.[4]

[4] "Okay. But based on what you understand about the construction of pipelines, you never know what the ultimate price or cost is going to be until it's done? A That's generally true. There's going to be some savings, or there's going to be some additional expenditures on any project. Tr. of Trial on the Merits, Volume 5, Robert Broxson at 118, Jan. 14, 2026.

All three affiliate contracts had varying start dates and terms. As of the date of trial no gas had flowed pursuant to any of the three affiliate contracts and no delivery charges had been billed or paid.[5] Each of the affiliate contracts contain a service fee adjustment provision, referred to as the "fee escalator" provision. The fee escalator provides that when "a court of competent jurisdiction issues a final, non-appealable order" determining that the affiliate contract service fee triggers Section 4.5 of the Agreement, the service fee in the respective affiliate contract would be "automatically be adjusted to be equal" to the service fee in the Agreement.

Antero's Position

Antero argues Section 4.5 was unambiguously triggered when Stonewall entered the third-party affiliate contracts containing lower service fees. As a result, Antero contends Section 4.5 requires an immediate service fee rate reduction upon the execution of a third-party affiliate contracts, regardless of when gas flows or charges are incurred according to those contracts. Antero seeks past money damages in excess of $26 million for Stonewall's failure to lower its services fees at

[5] "And the service fee that is applicable under those two contracts, do you know when that would go into effect? A Yes. Q When is that? A We anticipate being able to provide service commencing February 1 of this year. Q Okay. And is that because that'll be the in-service date for the MVP interconnect? A That's correct. Q And so that's when gas will start flowing through that interconnect. Is that right? A Correct." Tr. of Trial on the Merits, Volume 6, Christopher Zona at 44-45, Jan. 14, 2026.

the time it executed the three affiliate contracts and future money damages of over $88 million. Further, Antero argues the fee escalator contained in the three affiliate contracts does not preclude a finding of breach against Stonewall since it only applies if "a court of competent jurisdiction issues a final, non-appealable order" which they argue is an unfulfilled condition precedent.

Antero also argues parol evidence confirms its interpretation of the Agreement. At trial, Antero called Alvin Schopp, its former Chief Administrative Officer, to testify regarding Section 4.5's purpose. Schopp testified Antero received several benefits when it entered the Agreement with Stonewall, including guaranteed dedicated capacity and the lowest fee offered on the pipeline.[6] When asked why Antero wanted the Favored Shipper provision in Section 4.5 to be triggered upon execution of any third-party agreement, Schopp testified, "we want those cheaper rates to be able to negotiate contracts around them as well."[7] When asked about what commercial benefits a shipper receives upon execution of a gas gathering agreement before gas flows under the contract, he testified, "if we know we have a lower rate, that gives us the ability to negotiate sales contracts so that by the time the expansion, whatever it may be, we can have a contract in place."[8]

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[6] *Id.* Volume 2, Alvyn Schopp at 24–25, Jan. 12, 2026.

[7] *Id.* at 27.

[8] *Id.* at 28–29.

Stonewall's Position

Stonewall argues that, because no gas flowed under any of the three affiliate contracts, nothing had been "charged" under the affiliate contracts.[9] Stonewall argues the plain meaning of charge in Section 4.5 is "to demand a fee for services rendered" or "to bill" and that the use of the past tense "charged" indicates a fee has already been incurred. Until service occurs and a bill is calculated pursuant to the contract, they argue, neither party could know what fee the third-party shipper is charged and therefore cannot determine what, if any, reduction should apply. Stonewall also argues that pursuant to the escalator clause contained in each of the three affiliate contracts, Stonewall's rate charged to the third-parties under the contracts would automatically equal Antero's rate pursuant to the Agreement. Therefore, they conclude that no lower service fee was possible pursuant to the affiliate contracts and that no rate reduction could ever apply pursuant to any reading of Section 4.5.[10]

[9] Def. Stonewall's Post-Trial Br. at 14, Jan. 27, 2026.

[10] *Id.* at 2.

Analysis and Application

When construing a contract the Court is tasked with finding the meaning of a provision to which the parties have agreed.[11] The Court must look to the language of the agreement to effectuate the intentions expressed by the parties.[12] When discerning that intent, the Court's duty is to examine the entire agreement and give effect to each provision such that none is rendered meaningless.[13] Where contracts contain language of doubtful meaning, the court's primary concern is to ascertain and to give effect to the parties' true intention.[14] An ambiguity arises when application of established rules of interpretation leaves contractual language susceptible to more than one reasonable meaning.[15]

Applying these principles, the Court finds that the service fee reduction provisions in the Favored Shipper clause in Section 4.5 are susceptible to more than one reasonable interpretation and are therefore ambiguous.

Both Stonewall's and Antero's interpretations of the provision find significant support in the text of Section 4.5. However, the Court declines to fully adopt either

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[11] *See URI, Inc. v. Kleberg County*, 543 S.W.3d 755, 763 (Tex. 2018).

[12] *Pathfinder Oil & Gas, Inc. v. Great W. Drilling, Ltd.*, 574 S.W.3d 882, 888 (Tex. 2019) ("Our 'primary objective' in construing contracts is to give effect to the written expression of the parties' intent").

[13] *Kachina Pipeline Co. v. Lillis*, 471 S.W.3d 445, 450 (Tex. 2015).

[14] *Universal C.I.T. Credit Corp. v. Daniel*, 243 S.W.2d 154, 157-58 (Tex. 1951).

[15] *Title Res. Guar. Co. v. Lighthouse Church & Ministries*, 589 S.W.3d 226, 232 (Tex. App.—Houston [1st Dist.] 2019, no pet.).

Antero's interpretation, which misinterprets the lower service fee to be "*charged pursuant* to the Third-Party Shipper Contract," or Stonewall's interpretation that renders the terms "enter into" and "[u]pon entering the Third-Party Shipper Contract" meaningless.

Instead, the Court finds the Agreement language "[u]pon entering the third-party contract" triggered Stonewall's duty to immediately notify Antero of, and offer the service fee reduction in accordance with the terms of the third-party affiliate contract upon execution of those contracts. This interpretation provides Antero notice of the contracted for, anticipated, price reduction under the terms of the third party contract, adheres to the text of Section 4.5 ("upon entering the third-party contract") and fulfills the purposes[16] of the provision.

But the reduced service fee to be applied pursuant to Section 4.5 is a different matter. The phrase "same service fee charged pursuant to the Third-Party Shipper Contract" provides that the reduced charge to Antero (if any) would be applied at

[16] "[I]f we know we have a lower rate, that gives us the ability to negotiate sales contracts so that by the time the expansion . . . we can have a contract in place." Tr. of Trial on the Merits, Volume 2, Alvyn Schopp at 28–29, Jan. 12, 2026; "Okay. And you stated that Antero sought to always receive the lowest fee offer? A Yes." *Id.* at 25"; "[T]ell me if this is correct, Antero wanted to make sure that other producers in the area couldn't come in and undercut Antero's competitive position with respect to the sale of natural gas. A: Or undercut—at least on this pipeline, they didn't want them to- to have a service fee lower than theirs and have that advantage, that's right." Tr. of Deposition Testimony of Danny Rea at 47, July 17, 2025.

the time the new shipper has actually availed themselves of gas shipping services and is "charged pursuant to the third-party contract"[17] for those services.

The Court finds that pursuant to Section 4.5 of the Agreement, Stonewall was required to "offer such lower fees" to Antero consistent with the terms contained in the executed third-party affiliate contracts with DTM Appalachia, however, the actual reduced fee "charged" or billed to the third party pursuant to the contracts ultimately determines the reduction Antero would be entitled to receive.

In other words, Stonewall had a duty, upon execution of the affiliate contracts, to offer Antero a future service fee reduction pursuant to the terms of the affiliate contracts. That offer should have provided that the service fee reduction would automatically apply once a lower service fee is charged (billed) pursuant to the terms of the affiliate contracts. This fulfills the purposes of Section 4.5's Favored Shipper provision, namely, to ensure Antero maintains the lowest shipper rate on the Stonewall pipeline[18] and that Stonewall timely offers and notifies Antero of the execution of the third-party contract[19] and its terms.

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[17] The word "same" is defined as "identical or equal; resembling in every relevant respect." *Same*, Black's Law Dictionary (12th ed. 2024). "Pursuant to" is defined as "in compliance with; in accordance with." *Pursuant to*, Black's Law Dictionary (12th ed. 2024). "Charge" is defined as "to demand a fee; to bill." Charge, Black's Law Dictionary (12th ed. 2024).

[18] Tr. of Trial on the Merits, Volume 2, Alvyn Schopp at 24–25, Jan. 12, 2026.; Tr. of Deposition Testimony of Danny Rea at 47, July 17, 2025.

[19] "[E]nter into" and "Upon entering the Third Party Shipper Contract."

The Court declines to adopt Antero's position that Stonewall was required to institute an automatic price reduction at the time the three affiliate contracts were executed and prior to any gas flowing or being "*charged pursuant* to the Third Party Shipper Contract." Those fees will ultimately be determined at the time the third party is charged a lower rate pursuant to the contract if a lower fee is billed.[20] Therefore, the Court denies Antero's claim for past money damages resulting from breach of the notice term.[21]

The Court finds that Stonewall breached Section 4.5 of the Agreement when it entered into the first, second, and third affiliate contracts without offering Antero the lower service fee pursuant to the affiliate contracts.[22] However, the Court holds that no damages resulted from the breach prior to February 1, 2026. The Court

[20] Additionally, the Court finds that the escalator provision contains an unfulfilled condition since this Court's order is not a "final, non-appealable order." However, the Court here finds the determinative event for assessing whether Antero is owed a lower service fee is when that fee is "charged" (billed). Here the testimony indicated no charges had been billed pursuant to the affiliate contracts and therefore no fee escalation according to the terms of the affiliate contracts could have occurred.

[21] The Court notes that the effective date of the first affiliate contract was February 1, 2026. Because there is no evidence before the Court that Antero's 2014 Agreement rate has not been reduced as of February 1, 2026, the Court declines to award damages from February 1, 2026 though the present, without prejudice.

[22] "Not [m]y question, sir. You never offered to reduce Antero Resources' service rate to the rates provided in the first, second, or third affiliate contracts. Correct? A No. Q You never have? A No" Tr. of Trial on the Merits, Volume 4, Michael Guerra at 43, Jan. 13, 2026.

ORDERS that Antero take nothing on its breach of contract claim for past or future money damages.

Declaratory Judgment and Specific Performance

The Court **GRANTS** the following declaratory relief

1. Exhibit A, Section 2.f.a of the First New Affiliate GGA triggers Section 4.5 of the Antero/Stonewall Agreement;

2. Exhibit A, Sections 1.e, 2.e, and 3.d of the Second New Affiliate GGA trigger Section 4.5 of the Antero/Stonewall Agreement;

3. Exhibit A, Sections 1.e, 2.e, and 3.d of the Third New Affiliate GGA trigger Section 4.5 of the Antero/Stonewall Agreement;

4. Section 4.5 of the Antero/Stonewall Agreement requires the automatic reduction of Antero's service fee immediately upon the charge (billing) of a lower service fee to the third party pursuant to any of the three New Affiliate GGAs.

The Court **DENIES** Antero's request for specific performance.

Breach of Contract – Audit Rights

When DT Midstream, on behalf of Stonewall, announced expansions of the Stonewall Pipeline and new long-term gas gathering agreements, Antero sent Stonewall multiple audit requests seeking to review the new gas gathering agreements to verify the correct service fee is charged. The evidence is uncontested that Antero requested the underlying contracts on multiple occasions, as early as

Augusts 14, 2024 and that Stonewall did not provide them in response to that request.[23]

Section 9.4 allows each party to the contract; the right for two years "to examine the books, records, charts or EFM data of the other party," following receipt of any statement, charge, or computation, to *"verify the accuracy of any statement, charge or computation under the agreement.*" Stonewall's argument that the actual contract is unnecessary to verify the accuracy of any statement, charge or computation is unavailing. The contracts contain multiple terms including rates, formulas, start date, and duration, needed to verify the accuracy of charges pursuant to the Agreement.

Here, the enforcement of Section 4.5 requires the timely exchange of sufficient and accurate information to allow the parties to verify various provisions in the contracts. Such enforcement requires communication of information sufficient for Antero to assess the accuracy of those charges and includes the provision of the underlying third-party contracts and charges that govern those gas gathering services. The Court finds that Stonewall breached section 9.4 of the GGA when it failed to provide the affiliate contracts entered by Stonewall within 14 days of Antero's request. Since Antero eventually received the requested materials

[23] *See e.g.* Tr. of Deposition Testimony of Garrett Mehl at 234–39, Aug. 19, 2025.

through discovery, the Court awards $1 in nominal damages as damages for Stonewall's breach.[24]

All other relief not specifically granted is **DENIED**.

PATRICK K. SWEETEN
Judge of the Texas Business Court
Third Division

DATED: April 2, 2026

[24] *MBM Financial Corp. v. Woodlands Operating Co., L.P.*, 292 S.W.3d 660, 664 (Tex. 2009) ("We agree nominal damages are available for breach of contract, as this Court has stated at least a dozen times . . . We are hardly alone in recognizing nominal damages for breach of contract; so do the First and Second Restatements, Williston, Corbin, and Black's Law Dictionary.") (Brister, J.).