



**CHARTER OF THE AUDIT COMMITTEE  
OF THE BOARD OF DIRECTORS  
OF SANCHEZ MIDSTREAM PARTNERS GP LLC  
(Adopted on November 8, 2018)**

Sanchez Midstream Partners GP LLC, a Delaware limited liability company (the “*General Partner*”), as the general partner of Sanchez Midstream Partners LP, a Delaware limited partnership (including the Partnership’s subsidiaries where the context provides, the “*Partnership*,” and together with the General Partner and the Partnership’s subsidiaries, the “*Company*”), is responsible for the management of the Partnership.

The Board of Directors of the General Partner (the “*Board*”) has established the Audit Committee of the Board (the “*Committee*”) with authority, responsibilities and specific duties as provided in this Charter adopted by the Board as of the date set forth above.

**I. PURPOSE**

The Audit Committee (the “*Committee*”) is appointed by the Board of Directors (the “*Board*”) of the General Partner to (i) assist with Board oversight of (a) the integrity of the Partnership’s financial statements, (b) the Partnership’s independent registered public accounting firm’s (the “*independent auditor*”) qualifications, independence, objectivity and performance, including the audits of the financial statements of the Partnership, (c) the performance of the Partnership’s internal audit function, and (d) the Partnership’s compliance with legal and regulatory requirements; and (ii) perform such other functions as the Board may assign to the Committee from time to time. In performing its duties, the Committee shall seek to maintain an open avenue of communication among the Board, the independent auditor, the internal auditors and the management of the Company.

The function of the Committee is oversight and the Committee is delegated all authority of the Board as may be required or advisable to fulfill the purposes of the Committee. Management of the Company is responsible for the preparation, presentation and integrity of the Partnership’s financial statements for maintaining appropriate accounting and financial reporting principles and policies, for establishing and maintaining internal controls over financial reporting, and for ensuring appropriate risk management principals and other policies are in place. Management and the Partnership’s internal audit function are responsible for maintaining internal controls and procedures that provide for compliance with accounting and other applicable laws and regulations. The independent auditor is responsible for (i) planning and carrying out an audit of the Partnership’s annual financial statements, in accordance with the standards of The Public Company Accounting Oversight Board (“*PCAOB*”), prior to the filing of each Annual Report on Form 10-K, (ii) assessing the effectiveness of internal controls over financial reporting, (iii) reviewing the Partnership’s quarterly financial statements prior to the filing of each Quarterly Report on Form 10-Q, and (iv) other procedures. Nothing contained in this Charter is intended to expand applicable standards of liability under statutory or regulatory requirements for the members of the Board or the members of the Committee.

The independent auditor is ultimately accountable to the Committee, which has the sole authority to appoint, oversee and, where appropriate, replace the independent auditor. The independent auditor and any other registered public accounting firm, as applicable, shall report directly to the Committee.

## **II. COMPOSITION**

The Committee shall be comprised of at least three members (including a Chairperson), unless a lesser number of members is permitted by the NYSE American LLC (“*NYSE American*”) Company Guide, in each case, as determined by the Board. The members of the Committee shall meet the independence standards specified in Section 803A of the NYSE American Company Guide and Rule 10A-3(b)(1) under the Securities Exchange Act of 1934, as amended (the “*Exchange Act*”). No member of the Committee shall have participated in the preparation of the financial statements of the Partnership or any current subsidiary of the Partnership at any time during the past three years. The members of the Committee and the Chairperson shall be appointed annually by the Board and serve at the pleasure of the Board. A Committee member (including the Chairperson) may be removed at any time, with or without cause, by the Board. The Board may designate one or more independent directors as alternate members of the Committee, who may replace any absent or disqualified member or members at any meetings of the Committee. If any director serving on the Committee is also serving on the audit committee of three or more other public companies, the Board shall make a determination, as promptly as practicable following the time when the Company first becomes aware of such circumstances and thereafter on a periodic basis but no less frequently than annually, that such simultaneous service does not impair the ability of such director to effectively serve on the Committee, and disclose this determination on the Partnership’s website or in the Partnership’s Annual Report on form 10-K.

Each member of the Committee must meet the experience requirements of the NYSE American, as determined by the Board, and at least one member of the Committee shall be an “audit committee financial expert” as defined by the Securities and Exchange Commission (the “*SEC*”). Committee members may enhance their familiarity with finance and accounting by participating in educational programs conducted by the Company or an outside consultant. The Chairperson shall maintain regular communication with the chief executive officer, chief financial officer, the lead partner of the independent auditor and the senior officer responsible for the internal audit function.

If a member of the Committee ceases to be independent for reasons outside the member’s reasonable control, his or her membership on the Committee may, if so permitted under then applicable NYSE American rules, continue until one year from the occurrence of the event that caused the failure to qualify as independent.

## **III. MEETINGS**

The Committee shall meet as often as it determines necessary, but at least once every quarter, to enable it to fulfill its responsibilities. The Committee shall meet at the call of its

Chairperson. The Committee may meet by telephone conference call or by any other means permitted by law or the Limited Liability Company Agreement of the General Partner, as amended (the “*LLC Agreement*”). A majority of the members of the Committee shall constitute a quorum. The Committee shall act on the affirmative vote of a majority of the members present at a meeting at which a quorum is present. Subject to the LLC Agreement, the Committee may act by unanimous written consent of all members in lieu of a meeting. The Committee shall determine its own rules and procedures, including designation of a chairperson pro tempore in the absence of the Chairperson, and designation of a secretary. The secretary need not be a member of the Committee and shall attend Committee meetings and prepare minutes. The Committee shall keep written minutes of its meetings, which shall be recorded or filed with the books and records of the General Partner. Any member of the Board shall be provided with copies of such Committee minutes if requested.

The Committee may ask members of management, employees, outside counsel, the independent auditors, internal auditors or others whose advice and counsel are relevant to the issues then being considered by the Committee, to attend any meetings and to provide such pertinent information as the Committee may request.

The Chairperson of the Committee shall be responsible for leadership of the Committee, including preparing the agenda, presiding over Committee meetings, making Committee assignments and regularly reporting the Committee’s actions to the Board.

As part of its responsibility to foster free and open communication, the Committee shall meet periodically with management, the internal auditors and the independent auditor in separate executive sessions.

#### **IV. RESPONSIBILITIES**

In carrying out its responsibilities, the Committee’s policies and procedures should remain flexible to enable the Committee to react to changes in circumstances and conditions so that it can fulfill its oversight responsibilities. In addition to such other duties and powers as the Board may from time to time assign, the Committee shall have the following duties and powers:

##### **Financial Statements**

- Review and discuss with management and the independent auditor the Partnership’s annual audited financial statements prior to the filing of the Partnership’s Annual Report on Form 10-K, including disclosures made in Management’s Discussion and Analysis of Financial Condition and Results of Operations, and recommend to the Board whether the audited financial statements should be included in the Annual Report on Form 10-K.
- Review and discuss with management and the independent auditor the Partnership’s quarterly financial statements prior to the filing of the Partnership’s

Quarterly Report on Form 10-Q, including disclosures made in Management's Discussion and Analysis of Financial Condition and Results of Operations and the results of the independent auditor's review of the quarterly financial statements.

- Discuss with management and the independent auditor significant financial reporting issues and judgments made in connection with the preparation of the Partnership's financial statements, including any significant changes in the Partnership's selection or application of accounting principles, and the judgments of each of management and the independent auditor as to the quality and appropriateness of the Partnership's accounting principles as applied in its financial reporting.
- Review and discuss with management and the independent auditor management's report on internal control over financial reporting and, if required, the independent auditor's attestation of the Partnership's internal control over financial reporting prior to the filing of the Partnership's Annual Report on Form 10-K.
- Review and discuss the reports required to be delivered by the independent auditor pursuant to Section 10A(k) of the Exchange Act regarding:
  - all critical accounting policies and practices to be used,
  - all alternative treatments of financial information within generally accepted accounting principles that have been discussed with management, ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the independent auditor, and
  - other material written communications between the independent auditor and management, such as any management letter or schedule of unadjusted differences.
- Discuss with management the Partnership's earnings press releases, including the use of "pro forma" or "adjusted" non-GAAP information, as well as financial information and earnings guidance provided to analysts and rating agencies. Such discussion may be done generally (consisting of discussing the types of information to be disclosed and the types of presentations to be made) and the Committee need not discuss in advance each earnings release or each instance in which the Partnership may provide earnings guidance.
- Discuss with management and the independent auditor the effect of regulatory and accounting initiatives, as well as off balance sheet structures, on the Partnership's financial statements.

- Discuss with the independent auditor the matters required to be discussed by the independent auditor with the Committee under auditing standards established by the PCAOB, and under the rules and regulations of the SEC and other applicable authorities (as such standards and rules and regulations may be established or amended from time to time). In particular, the Committee and independent auditor shall discuss, among other things, matters relating to the conduct of the audit, including any difficulties encountered in the course of the audit work, any restrictions on the scope of activities or access to requested information, and any significant disagreements with management.
- Review and discuss with management and the independent auditor any major issues as to the adequacy of the Partnership's internal controls, any special audit steps adopted in light of material control deficiencies and the adequacy of disclosures about changes in internal control over financial reporting.
- Review disclosures made to the Committee by the General Partner's principal executive officer and principal financial officer during their certification process for each Annual Report on Form 10-K and each Quarterly Report on Form 10-Q about any significant deficiencies in the design or operation of internal control over financial reporting or material weaknesses therein and any fraud involving management or other personnel who have a significant role in the Partnership's internal control over financial reporting.

**Oversight of the Partnership's Relationship with Registered Public Accounting Firms, including the Independent Auditor**

- Be directly responsible for the appointment, compensation, retention and oversight of the work of the independent auditor (including resolution of disagreements between management and such auditor regarding financial reporting) and any other registered public accounting firm engaged for the purpose or preparing or issuing an audit report or audit related work or performing other audit, review or attestation services for the Partnership, and the independent auditor and each such other registered public accounting firm must report directly to the Committee.
- Select the independent auditor, considering qualifications, independence and performance, and approve the scope of the proposed audit for each fiscal year and the fees and other compensation to be paid to the independent auditor therefor.
- In evaluating the independent auditor's qualifications, performance and independence, the Committee should discuss with the independent auditor the independent auditor's independence, take into account the opinions of management and the internal auditors and consider whether the independent auditor's quality controls are sufficient and whether the provision of permitted non-audit services is

compatible with maintaining the auditor's independence. The Committee shall present its conclusions with respect to the independent auditor to the Board.

- Review and evaluate the lead partner of the independent auditor's audit team for the Partnership.
- Obtain and review a report from the independent auditor at least annually regarding:
  - the independent auditor's internal quality control procedures,
  - any material issues raised by the most recent internal quality control review, or peer review, of the independent auditor, or by any inquiry or investigation by governmental or professional authorities within the preceding five years respecting one or more independent audits carried out by the independent auditor, and
  - any steps taken to deal with any such issues.
- Obtain a formal written statement from the independent auditor at least annually delineating all relationships between the independent auditor and the Partnership, consistent with PCAOB Rule 3526, and actively engage in a dialogue with the independent auditor with respect to any disclosed relationships or services that may impact the objectivity and independence of the independent auditor and take, or recommend that the Board take, appropriate action to oversee the independence of the independent auditor.
- Review each form of opinion the independent auditor proposes to render to the Board and the Partnership's unitholders.
- Discuss with management the timing and process for implementing the rotation of (i) the lead audit partner at the independent auditor having primary responsibility for the Partnership's audit, and (ii) the audit partner at the independent auditor responsible for reviewing the audit, when and as required by applicable law and SEC rules.
- Establish policies for the Partnership's hiring of employees or former employees of the independent auditor.
- Consider whether there should be regular rotation of the Partnership's independent auditor.
- Discuss with the independent auditor material issues on which the national office of the independent auditor was consulted by the Partnership's audit team.

- Preapprove all auditing services, internal control-related services and permitted non-audit services (including the fees and terms thereof) to be performed for the Partnership by the independent auditor, subject to such exceptions for non-audit services as permitted by applicable laws and regulations. The Committee may, when it deems appropriate, form and delegate this authority to a subcommittee consisting of one or more Committee members, including the authority to grant preapprovals of audit and permitted non-audit services, provided that decisions of such subcommittee to grant preapprovals shall be presented to the full Committee at its next meeting.
- If applicable, to consider whether the independent auditor's provision of (a) tax-related services and (b) other non-audit services to the Company is compatible with maintaining the independence of the independent auditor.

### **Oversight of the Partnership's Internal Audit Function**

- Review and approve the engagement of any internal audit service providers considering their qualifications and effectiveness, and approve the scope of their proposed services and the fees and other compensation to be paid to such providers therefor.
- Review and discuss with management and the senior officer responsible for the internal audit function the annual audit plan, budget, activities, organizational structure and qualifications of the persons performing the internal audit function.
- Review and discuss with management and the senior officer responsible for the internal audit function significant reports to management prepared by the internal auditors and management's responses thereto.
- Review with the senior officer responsible for the internal audit function any difficulties encountered by the internal auditors in the course of their audits, including any restrictions on the scope of its work or access to required information.
- Discuss with the independent auditor the responsibilities, budget and staffing of the internal audit function.
- Review the appointment and replacement of the senior officer responsible for the internal audit function.

### **Oversight of Compliance Matters**

- Review policies and procedures that the Company have implemented regarding compliance with applicable federal, state and local laws and regulations and with the General Partner's Code of Business Conduct and Ethics.

- Review the adequacy of internal controls and disclosure controls, including controls over quarterly financial reporting, computerized information systems and security.
- Meet at least annually with appropriate personnel at the Company regarding the implementation and effectiveness of the Partnership’s compliance programs.
- Review and approve any requested waivers by officers or directors of the General Partner’s Code of Business Conduct and Ethics and recommend to the Board whether a particular waiver should be granted.
- Establish procedures for the receipt, retention and treatment of complaints received by the Partnership regarding accounting, internal accounting controls or auditing matters, and the confidential, anonymous submission by personnel of concerns regarding questionable accounting or auditing matters.
- Discuss with management and the independent auditor any published reports or correspondence with regulators or governmental agencies that raise material issues regarding the Partnership’s financial statements or accounting policies.
- Discuss with in-house and/or outside counsel to the Partnership regarding legal, compliance or regulatory matters that may have a material impact on the Partnership’s financial statements or the Partnership’s compliance policies, including material notices to or inquiries received from governmental agencies.
- Discuss and review the Partnership’s policies and guidelines with respect to risk assessment and risk management, and discuss with management the Partnership’s major financial and other risk exposures and the steps management has taken to monitor and control such exposures. To the extent the Board has delegated to another Board committee responsibility for the review of risk assessment and risk management policies relating to a particular area or item, the Committee shall discuss and review such processes in a general manner.
- Obtain from the independent auditor assurance that the audit was conducted in a manner consistent with Section 10A of the Exchange Act, which sets forth certain procedures to be followed in any audit of financial statements required under the Exchange Act.

### **Oversight of Related Party Transactions**

- To review and approve certain “Related Party Transactions” in accordance with the Board’s Related Party Transactions Policy, when, as and if delegated authority to review and approve such Related Party Transactions by the Board.



**Other**

- Regularly report Committee activities to the Board and make such recommendations to the Board as the Committee deems appropriate.
- Prepare for the Board an annual performance evaluation of the Committee.
- Annually review and reassess the adequacy of this Charter (recommending any appropriate changes to the Board).

**V. MISCELLANEOUS**

In discharging its responsibilities, the Committee shall have the authority to engage and determine funding for independent legal, accounting or other advisors (without seeking Board approval) as the Committee determines necessary or appropriate to carry out its duties. The Committee may conduct or authorize investigations into or studies of matters within the Committee's scope of responsibilities as described herein. The Partnership shall provide appropriate funding, as determined by the Committee, for the payment of (i) compensation to the independent auditor, and legal, accounting or other advisors engaged by the Committee and (ii) ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties.

*Adopted by the Audit Committee and approved  
by the Board of Directors on  
November 8, 2018.*