

SEMGROUP CORPORATION (the “Company”)

AUDIT COMMITTEE CHARTER

I. GENERAL

Purposes. The purpose of the Audit Committee (the “Committee”) of the Board of Directors (the “Board”), shall be to represent and assist Board oversight of:

- the integrity of the Company’s financial statements;
- the Company’s systems of internal control over financial reporting and disclosure controls and procedures; the engagement, independence, qualifications, compensation and performance of the registered public accounting firm engaged for the purpose of issuing an audit report or performing other audit, review or attest services for the Company (the “independent auditor”);
- the Company’s internal audit function;
- the Company’s risk profile, including both financial and non-financial risks;
- compliance with the Company’s financial and risk management policies; and
- the Company’s legal and regulatory compliance programs.

In connection with the foregoing, the Committee shall engage in such activities as are necessary or appropriate to render the annual report of the Committee required to be included in the Company’s annual meeting proxy statement or annual report as required by the rules of the Securities and Exchange Commission (“SEC”).

All references in this charter to the Company are intended to refer also to any subsidiary of the Company and any “variable interest entity” whose results of operations are consolidated with those of the Company, except where the context otherwise requires.

Access to Information; Delegated Authority; Resources. In discharging its role, the Committee is empowered to inquire into any matter it considers appropriate to carry out its responsibilities, with access to all books, records, facilities and personnel of the Company, and, subject to the direction of the Board, the Committee is authorized and delegated the authority to act on behalf of the Board with respect to any matter necessary or appropriate to the accomplishment of its purposes. In addition to retaining the Company’s independent auditor, the Committee is empowered to retain legal counsel and any other auditor, advisors or consultants to assist it in carrying out its activities. The Company shall provide adequate resources to support the Committee’s activities, including compensation of the Company’s auditors, legal counsel or other advisor or consultant retained by the Committee.

II. COMMITTEE MEMBERSHIP

Independence. The Committee shall consist of three or more members of the Board, each of whom the Board has selected and determined to be “independent” for purposes of audit committee membership in accordance with the applicable listing standards of the New York Stock Exchange (“NYSE”), the rules and regulations of the SEC and any other applicable laws, rules and regulations regarding independence in effect from time to time.

Financial Literacy. All members of the Committee shall meet the financial literacy requirements of the NYSE and at least one member shall be an “audit committee financial expert” as determined by the Board in accordance with SEC rules.

Service on Multiple Audit Committees. No member of the Committee may serve on the audit committee of more than three public companies, including the Company, unless the Board has determined that such simultaneous service would not impair the ability of such member to effectively serve on the Committee. Failure to comply with any of the aforementioned membership requirements shall not affect the validity of any action taken by the Committee.

Chairman of the Board. The Chairman of the Board shall be entitled to be present and to participate in the meetings of the Committee but normally shall have no vote; provided, however, that in any instances in which the Committee does not otherwise have a quorum consisting of its current members, the Chairman may be considered a member for purposes of establishing a quorum and in any such instance, the Chairman will have a vote as a member of the Committee provided that at all times the Chairman otherwise meets the qualifications for membership in the Committee.

Committee Chair. The Chair of the Committee shall be appointed from among the Committee members by, and serve at the pleasure of, the Board, shall preside at meetings of the Committee and shall have authority to convene meetings, set agendas for meetings, and determine the Committee’s information needs, except as otherwise provided by action of the Committee. In the absence of the Chair at a duly convened meeting, the Committee shall select a temporary substitute from among its members to serve as chair of the meeting.

III. COMMITTEE MEETINGS

The Committee shall meet on a regularly-scheduled basis as determined by the Committee and additionally, as circumstances dictate. Periodically the Committee shall meet separately, with senior financial management, with a member of the risk management function, with a member of the internal audit function and with the independent auditor.

Notice of meeting shall be given to all Committee members, or may be waived, in the same manner as required for meetings of the Board. Subject to the Company's Bylaws and the Delaware General Corporation Law, the Committee shall otherwise establish its own rules of procedure.

IV. RESPONSIBILITIES

The Committee's role is one of oversight. The Company's management is responsible for preparing the Company's financial statements and the independent auditor is responsible for auditing the (i) annual financial statements and (ii) system of internal control over financial reporting of the Company. Management is also responsible for risk management, including identification of financial and non-financial risks, and the assessment, monitoring and reporting of such risks. The Board and Committee recognize that the Company management, including the internal audit staff, and the independent auditor have more time, knowledge and detailed information about the Company than do Committee members. Consequently, in carrying out its oversight responsibilities, the Committee is not providing any expert or special assurance as to the Company's financial statements or any certification as to the work of any auditor.

The following duties and responsibilities are a guide to fulfilling the Committee's purposes, with the understanding that the Committee's activities may diverge from those described below, as appropriate under the circumstances.

Among its duties and responsibilities, the Committee shall:

A. Engage and Oversee the Independent Auditor

1. have sole authority to appoint and retain, oversee the work of, and if appropriate terminate and replace, the independent auditor, who shall report directly to the Committee;
2. at least annually, obtain and review a report by the independent auditor describing: (i) the firm's internal quality-control procedures; (ii) any material issues raised by the most recent internal quality-control review, or peer review, of the firm, 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 firm and any steps taken to deal with any such issues; and (iii) all relationships between the independent auditor and the Company required by applicable audit professional regulatory standards;
3. discuss with the independent auditor any (i) relationships or services that may impact the objectivity and independence of the independent auditor and take appropriate action to satisfy itself of the independent auditor's independence, including the rotation of the lead (or coordinating) audit partner and reviewing partner as required by law; and (ii)

- review and discuss with the independent auditor any other matters required to be discussed under Public Company Accounting Oversight Board Standards;
4. review and approve the terms of the engagement of the independent auditor and the scope and expected timing of the annual audit; approve any audit and permitted non audit services (including the fees and materials terms thereof) to be provided by the independent auditor;
 5. set clear hiring policies for employees and or former employees of the independent auditor;

B. Oversee Financial Reporting and Auditing

6. review and discuss with management and the independent auditor: (i) the critical accounting policies and practices used by the Company, the accounting treatment to be applied in respect of significant new transactions or other significant events not in the ordinary course of the Company's business and any significant changes in management's selection or application of accounting principles; (ii) alternative accounting treatments within generally accepted accounting principles ("GAAP") for material items that have been discussed by the independent auditor with management, including the ramifications of the use of such treatments and the treatment preferred by the independent auditor; and (iii) the effect of regulatory and accounting initiatives on the Company's financial statements;
7. review and, as appropriate, discuss with management, the independent auditor and/or a member of the internal audit function any significant difficulties encountered in the course of audit work, including any restrictions on the scope of audit activities or on access to requested information and any special audit steps adopted by the independent auditor or the internal audit function in light of any material weakness in the Company's internal control over financial reporting;
8. oversee the Company's financial reporting, including: (i) resolve any disagreements regarding financial reporting between management and the independent auditor; (ii) review any significant findings by the auditors relating to the preparation of the Company's financial statements, including any accounting adjustments that were noted or proposed by the independent auditor but were "passed" (as immaterial or otherwise), and any "management" or "internal control" letter issued, or proposed to be issued, by the independent auditor to the Company; (iii) review and discuss with management and the independent auditor, prior to public release, the Company's annual and quarterly financial statements to be filed with the SEC including the Company's disclosures

under “Management’s Discussion and Analysis of Financial Condition and Results of Operations”; (iv) with respect to the independent auditor’s annual audit report, prior to the release of the annual audited financial statements, meet with the independent auditor without any management member present to discuss the independent auditor’s views about the qualitative aspects of the Company’s significant accounting practices, including accounting policies, accounting estimates and financial statement disclosures; (v) recommend to the Board whether to include the audited annual financial statements in the Company’s Annual Report on Form 10-K to be filed with the SEC; (vi) prior to submission to any governmental authority of (a) any financial statement of the Company that differs from the financial statements filed or to be filed by the Company with the SEC or (b) any financial statement of a subsidiary of the Company that in the Committee’s judgment is material to the Company and that presents information regarding such subsidiary in a way that is materially different from the presentation of such information in the financial statements of the Company filed or to be filed with the SEC, review such financial statements and any report, certification or opinion thereon provided by an independent auditor; and (vii) periodically review the status of the Company’s response to previous audit recommendations;

9. review and discuss with management and the independent auditor any material off-balance sheet financing and any other material financial arrangement that does not appear in the financial statements of the Company;
10. discuss with management earnings press releases and review financial information and earnings guidance provided to analysts and to rating agencies, including any such dissemination of financial information not involving the presentation of financial measures in accordance with GAAP;
11. review and advise the chief executive officer and the Board with respect to the appointment, dismissal and replacement of the chief financial officer and chief accounting officer and consult with the chief executive officer and the Compensation Committee about the performance evaluation and compensation of each;

C. Oversee the Internal Audit Function and Internal Controls

12. review and discuss with executive management, and recommend to the Board, the appointment or dismissal of the head of internal audit function; consult with executive management and the Compensation Committee about his or her performance evaluations and compensation and the application of the Company’s compensation policies to other internal audit personnel;

13. review and approve the annual internal audit workplan; periodically (i) receive reports from the head of the internal audit function regarding the activities of the internal audit function, (ii) review and approve the internal audit charter and (iii) review the performance of the internal audit function; and (iv) discuss with the independent auditor the responsibilities, budget and staffing of the Company's internal audit function;
14. establish and oversee the effectiveness of procedures for the receipt, retention and treatment of complaints regarding accounting, internal accounting controls or auditing matters, and the confidential, anonymous submission by employees (and any other persons at the discretion of the Committee) of concerns regarding questionable accounting, financial reporting or auditing matters, including hotline activity, and review and, as necessary, investigate any reports provided by SEC counsel to the Company regarding evidence of unremedied material violations of U.S. federal or state securities or any similar other law or a material breach of fiduciary duties by directors, officers, employees, or agents of the Company arising under such laws;
15. oversee management's design and maintenance of the Company's internal control over financial reporting and disclosure controls and procedures, including reviewing and discussing with management and the independent auditor the certification and reports of management and the independent auditor required in the Company's periodic SEC reports concerning the Company's internal control over financial reporting and disclosure controls and procedures, the adequacy of such controls and any remedial steps being undertaken to address any material weaknesses or significant deficiencies in internal control over financial reporting;

D. Oversee the Risk Management Function

16. review and discuss with executive management, and recommend to the Board, the appointment or dismissal of the most senior risk officer in the risk management department (the "SRO"); consult with executive management and the Compensation Committee about (i) the SRO's performance evaluations and compensation and (ii) the application of the Company's compensation policies to risk management personnel;
17. assist the Board in fulfilling its oversight responsibilities regarding the Company's policies and objectives relating to risk assessment and risk management, including reviewing and recommending to the Board the Company's Comprehensive Risk Management Policy ("CRMP");

18. oversee the Company's risk management process and system of controls to identify, manage, and report financial and non-financial risks;
19. receive reports periodically from the SRO regarding: (i) significant financial or non-financial risk exposures identified through the Company's enterprise wide risk management process; (ii) the effectiveness of the steps management has implemented to identify, monitor, measure, control and report on the Company exposures; (iii) compliance with controls set forth in the CRMP; (iv) the effectiveness of the CRMP; and (v) other activities of the risk management department including the department's staffing and budget;
20. review and discuss with management, the SRO, the head of the internal audit function and the independent auditor any major financial risk exposures and steps taken by management to monitor and mitigate such exposures;
21. at least annually, review and discuss with management, or ensure that the Board discusses with management, the Company's environmental, health and safety policies and initiatives relative to existing and proposed environmental legislation and regulation, its compliance record with existing environmental legislation and regulation and its health and safety compliance record;
22. periodically discuss with management, or ensure that the Board discusses with management, the Company's information technology policies, initiatives, controls and security risks including the Company's exposure to cyber threats;

E. Oversee Other Financial Matters

23. periodically review insurance coverage, policy renewals and related matters;

F. Oversee Legal and Ethical Compliance

24. ensure that the Board periodically reviews with a member of the Legal Department (i) legal and regulatory matters that may have a material impact on the Company's financial statements, including any material reserves for legal contingencies and any related financial statement disclosure and (ii) the scope and effectiveness of the Company's legal, ethics and regulatory compliance policies and programs; the General Counsel shall have direct authority to report and is authorized to promptly communicate to the Committee or the Board, any actual and alleged violations of the codes of conduct, including any significant criminal or potential criminal conduct;

25. in accordance with, and to the extent provided by, the pertinent policies that shall be adopted by the Board upon recommendation of the Committee, review (on an ongoing basis, as appropriate) and approve or ratify on behalf of the Company, if appropriate, any proposed, on-going or completed “related person” transaction;
26. review at least annually with management, including a member of the Legal Department and the head of the internal audit function, compliance with, the adequacy of and any requests for waivers under the Company’s code(s) of business conduct and ethics (including codes that apply to all employees as well as those applicable to directors and officers) and the Company’s policies and procedures concerning trading in Company securities, and act on/make a recommendation to the full Board with regard to any approval or waiver under such code sought with respect to any executive officer or director;

G. Report and Self-Evaluate

27. oversee the preparation and approval all reports required or appropriate in the conduct of the Committee’s responsibilities, including the report for inclusion in the Company’s annual meeting proxy statement or annual report required by SEC rules;
28. conduct an annual self-evaluation of the performance of the Committee, including a review of the adequacy of this Charter annually, and recommend to the Board such amendments as the Committee deems appropriate; and
29. report regularly to the Board on Committee actions, findings and recommendations, and any other matters the Committee deems appropriate or the Board requests.