CSI COMPRESSCO LP

CSI COMPRESSCO GP INC. BOARD OF DIRECTORS AUDIT COMMITTEE

CHARTER

ORGANIZATION

This Charter governs the operations of the Audit Committee of CSI Compressco GP Inc. (the "General Partner"), the general partner of CSI Compressco LP (the "Partnership" and, together with its subsidiaries and the General Partner, the "Partnership Group"). The Board of Directors of the General Partner (the "Board") shall appoint an Audit Committee (the "Committee") of at least three members, consisting entirely of independent directors of the Board of Directors, and shall designate one member as chairperson or delegate the authority to designate a chairperson to the Committee. For purposes hereof, members shall be considered independent as long as they satisfy all of the independence requirements for Board Members as set forth in the listing standards of The NASDAQ Stock Market LLC and the independence requirements of Rule 10A-3 of the Securities Exchange Act of 1934, as amended (the "Exchange Act").

Each member of the Committee shall be able to read and understand fundamental financial statements, including the Partnership's balance sheet, income statement and cash flow statement, shall not have participated in the preparation of the financial statements of the Partnership Group at any time during the past three years, and at least one member shall be an "audit committee financial expert," as defined by applicable rules of the US Securities and Exchange Commission (the "SEC"). At least one member of the Committee must have past employment experience in finance or accounting, requisite professional certification in accounting or other comparable experience or background that leads to financial sophistication.

Members shall not serve on more than three public company audit committees simultaneously.

<u>PURPOSE</u>

The purposes of the Committee shall be to:

- 1. Oversee the accounting and financial reporting processes of the Partnership Group and audits of the Partnership Group's financial statements.
- 2. Provide assistance to the Board of Directors in fulfilling its oversight responsibility to the unitholders, potential unitholders, the investment community, and others relating to: (i) the integrity of the Partnership Group's

financial statements; (ii) the effectiveness of the Partnership Group's internal control over financial reporting; (iii) the Partnership Group's compliance with legal and regulatory requirements; (iv) the independent auditor's qualifications and independence; (v) and the performance of the Partnership Group's internal audit function and independent auditors;

- 3. Prepare any Audit Committee report or other disclosure for inclusion in the Partnership's Annual Report on Form 10-K as required by the applicable rules of the SEC and The NASDAQ Stock Market LLC; and
- 4. Foster free and open communication between the Committee, the independent auditors, the internal auditors, and management of the Partnership Group.

The Committee shall have the authority to retain and compensate such outside legal, accounting, or other advisors as it considers necessary in discharging its oversight role.

DUTIES AND RESPONSIBILITIES

The Committee has the responsibilities and powers set forth in this Charter and in the General Partner's Corporate Governance Guidelines. Management of the General Partner is responsible for the preparation, presentation, and integrity of the Partnership Group's financial statements, for the appropriateness of the accounting principles and reporting policies that are used by the Partnership Group and for implementing and maintaining internal control over financial reporting. The independent auditors are responsible for auditing the Partnership Group's financial statements and the effectiveness of internal control over financial reporting, and for reviewing the Partnership Group's unaudited interim financial statements.

Management of the General Partner, as well as the independent auditors, have more time, knowledge and detailed information concerning the Partnership Group than do the Committee members; consequently, in assisting the Board of Directors in carrying out its oversight responsibilities, the Committee is not providing any expert or special assurance as to the Partnership Group's financial statements or any professional certification as to the independent auditors' work.

The Committee, in carrying out its responsibilities, believes its policies and procedures should remain flexible, in order to best react to changing conditions and circumstances. The Committee will take appropriate actions to set the overall "tone" of the Partnership Group for quality financial reporting, sound business risk practices, and ethical behavior.

The following shall be the principal duties and responsibilities of the Committee. These are set forth as a guide with the understanding that the Committee may diverge from, or supplement, them as appropriate.

- 1. The Committee shall be directly responsible for the appointment, compensation, retention, and oversight of the work of the independent auditors (including resolution of disagreements between management and the auditor regarding financial reporting) and any other registered public accounting firm engaged by the Partnership Group for the purposes of preparing or issuing an audit report or performing other audit, review, or attest services for the Partnership Group, and the independent auditors and such other registered public accounting firm must report directly to the Committee.
- 2. At least annually, the Committee shall obtain and review a report by the independent auditors 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, with respect to 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 auditors and the Partnership Group to assess the auditors' independence.
- 3. After reviewing the foregoing report and the independent auditors' work throughout the year, the Committee shall evaluate the auditors' qualifications, performance and independence. Such evaluation should include the review and evaluation of the lead partner of the independent auditors and take into account the opinions of management and the Partnership Group's internal auditor.
- 4. The Committee shall assure the regular rotation of the lead audit partner and other audit partners serving the account as required under the SEC independence rules and shall consider whether there should be regular rotation of the audit firm itself.
- 5. The Committee shall pre-approve all audit and permitted non-audit services provided by the independent auditors, including specific preapproval of internal control-related services based on Public Company Accounting Oversight Board (PCAOB) Rule 3525, and shall receive certain disclosure, documentation and discussion of non-prohibited tax services by the independent auditors based on PCAOB 3524. The Committee shall not engage the independent auditors to perform non-audit services proscribed by law or regulation. The Committee may delegate pre-approval authority to a member of the Audit Committee. The decisions of any Committee member

- to whom pre-approval authority is delegated must be presented to the full Committee at its next scheduled meeting.
- 6. The Committee shall review and discuss with the Partnership Group's independent auditors (i) the auditors' responsibilities under generally accepted auditing standards and the responsibilities of management in the audit process, (ii) the overall audit strategy, (iii) the scope and timing of the annual audit, (iv) any significant risks identified during the auditors' risk assessment procedures, and (v) when completed, the results, including significant findings, of the annual audit. In addition, the Committee shall discuss with the independent auditors staffing and budget or compensation matters relating to the audit.
- 7. The Committee shall review, discuss with the Partnership Group's internal auditors and independent auditors, and approve the functions of the Partnership Group's internal audit department, including its purpose, organization, responsibilities, staffing, budget and performance; and shall review the scope, performance and results of such department's internal audit plans, including any reports to management and management's response to those reports.
- 8. The Committee shall regularly review with the independent auditors any audit problems or difficulties encountered during the course of the audit work and management's response, including any restrictions on the scope of the independent auditors' activities or access to requested information, and any significant disagreements with management. The Committee should review any accounting adjustments that were noted or proposed by the auditors but were "passed" (as immaterial or otherwise); any communications between the audit team and the audit firm's national office respecting auditing or accounting issues presented by the engagement; and any "management" or "internal control" letter issued, or proposed to be issued, by the audit firm to the Partnership.
- 9. The Committee shall meet to review and discuss the quarterly financial statements, including reviewing the Partnership's specific disclosures under Management's Discussion and Analysis of Financial Condition and Results of Operations, with management and the independent auditors prior to the filing of the Partnership's Quarterly Report on Form 10-Q. Also, the Committee shall discuss the results of the quarterly review and any other matters required to be communicated to the Committee by the independent auditors under the standards of the PCAOB (United States).

- The Committee shall meet to review and discuss the annual audited financial statements, the form of the audit opinion to be issued by the independent auditors on the financial statements, and the Partnership's specific disclosures under Management's Discussion and Analysis of Financial Condition and Results of Operations, with management and the independent auditors prior to the filing of the Partnership's Annual Report on Form 10-K. The Committee's review of the financial statements shall include: (i) major issues regarding accounting principles and financial statement presentations, including any significant changes in the Partnership Group's selection or application of accounting principles, and major issues as to the adequacy and effectiveness of the Partnership Group's internal control over financial reporting and any specific remedial actions adopted in light of significant control deficiencies or material weaknesses; (ii) discussions with management and the independent auditors regarding significant financial reporting issues and judgments made in connection with the preparation of the financial statements and the reasonableness of those judgments, including analyses of the effects of alternative US generally accepted accounting principles (GAAP) methods on the financial statements; (iii) consideration of the effect of regulatory accounting initiatives, as well as offbalance sheet structures on the financial statements; (iv) consideration of the judgment of both management and the independent auditors about the quality, not just the acceptability of accounting principles; and (v) the completeness and clarity of the disclosures in the financial statements. Also, the Committee shall discuss the results of the annual audit and any other matters required to be communicated to the Committee by the independent auditors under professional standards.
- 11. The Committee shall recommend to the Board whether the Partnership Group's annual audited financial statements and accompanying notes, and the form of the audit opinion to be issued by the independent auditors on the financial statements should be included in the Partnership's Annual Report on Form 10-K.
- 12. The Committee shall receive and review a report from the independent auditors, prior to the filing of the Partnership's Annual Report on Form 10-K, on all critical accounting policies and practices of the Partnership Group; all material alternative treatments of financial information within US GAAP that have been discussed with management, including the ramifications of the use of such alternative treatments and disclosures and the treatment preferred by the independent auditor; and other material written communications between the independent auditors and management.

- 13. The Committee shall review and discuss earnings press releases, as well as financial information and earnings guidance provided to analysts and rating agencies.
- 14. The Committee shall review management's report on its assessment of the effectiveness of internal control over financial reporting as of the end of the most recent fiscal year and the independent auditors' report on the effectiveness of internal control over financial reporting.
- 15. The Committee shall discuss with management and the internal auditors, management's process for assessing the effectiveness of internal control over financial reporting under Section 404 of the Sarbanes-Oxley Act, including any material weaknesses or significant deficiencies identified. The Committee shall discuss with the independent auditor the characterization of deficiencies in internal control over financial reporting. The Committee shall also discuss with management, management's remediation plans to address internal control deficiencies. The Committee shall determine that the disclosures describing any identified material weakness and management's remediation plans are clear and complete. The Committee shall discuss with management its process for performing its required quarterly certifications under Section 202 of the Sarbanes-Oxley Act, including evaluation of the effectiveness of disclosure controls by the President and Chief Financial Officer. In addition, the Committee shall discuss with management, the internal auditors, and the independent auditors any significant changes in internal control over financial reporting that are disclosed, or considered for disclosures, in the Partnership's periodic filings with the SEC.
- 16. The Committee shall review the Partnership Group's compliance systems with respect to legal and regulatory requirements and review the Partnership Group's Code of Conduct and Financial Code of Ethics and processes to monitor such compliance. The Committee shall receive reports from the General Partner's general counsel of evidence of a material violation of securities laws or breaches of fiduciary duty. The Committee shall review all proposed public disclosure of related party transactions.
- 17. The Committee shall discuss the Partnership Group's policies with respect to risk assessment and risk management, including the risk of fraud and the Partnership Group's overall anti-fraud programs and controls. The Committee also shall discuss the Partnership Group's major financial risk exposures and the steps management has taken to monitor and control such exposures.

- 18. The Committee shall establish procedures for the receipt, retention, and treatment of complaints received by the Partnership Group regarding accounting, internal accounting controls, or auditing matters, and the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters.
- 19. The Committee shall set clear hiring policies for employees or former employees of the independent auditors that meet the SEC regulations and stock exchange listing standards.
- 20. The Committee shall determine the appropriate funding needed by the Committee for payment of: (1) compensation to the independent audit firm engaged for the purpose of preparing or issuing an audit report or performing other audit, review, or attest services for the Partnership; (2) compensation to any advisers employed by the Committee; and (3) ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties.
- 21. At least annually, in connection with the Partnership's audit, the Committee shall (i) discuss with the Partnership's independent auditors the Committee's understanding of the Partnership Group's relationships and transactions with related parties that are significant to the Partnership Group and (ii) review and discuss with the Partnership's independent auditors the auditors' evaluation of the Partnership's identification of, accounting for, and disclosure of its relationships and transactions with related parties, including any significant matters arising from the audit regarding the Partnership Group's relationships and transactions with related parties.
- 22. The Committee shall perform an evaluation of its performance at least annually.
- 23. The Committee shall review and reassess this Charter at least annually and recommend any proposed changes to the board of directors. The Committee shall be empowered to investigate any matter brought to its attention with full access to all Partnership Group books, records, and personnel, using special counsel or outside experts when necessary or appropriate.

PROCEDURES

1. The Committee shall meet on at least a quarterly basis (prior to the filing of the Partnership's Quarterly Reports on Form 10-Q and Annual Reports on Form 10-K with the SEC) and may meet more frequently as circumstances dictate. Meetings of the Committee may be in person, by conference call or by unanimous written consent, in accordance with the General Partner's Bylaws (as amended from time to time). Meetings of the Committee shall be held at such time and place, and upon such notice, as its chairperson may from time to time determine. The Committee shall keep such records of its meetings as it deems appropriate.

The Committee shall meet separately and periodically with management, the personnel responsible for the internal audit function, and the independent auditor. Meetings may, at the discretion of the Committee, include non-independent directors, members of management, independent advisors and consultants, representatives of the Partnership's independent registered public accounting firm, the Partnership's internal auditors, any other financial personnel employed or retained on behalf of the Partnership or any other persons whose presence the Committee believes to be necessary or appropriate. Those in attendance may observe meetings of the Committee, but shall not participate in any discussion or deliberation unless invited to do so by the Committee, and in any event shall not be entitled to vote. Notwithstanding the foregoing, the Committee may also exclude from its meetings any persons it deems appropriate, including, but not limited to, any director that is not a member of the Committee.

- 2. A majority of the Committee's members shall constitute a quorum. The Committee shall act on the affirmative vote of a majority of members present at a meeting at which a quorum is present. The Committee may also act by unanimous written consent in lieu of a meeting. The Committee may determine additional rules and procedures, including designation of a chair pro tempore in the absence of its chairperson and designation of a secretary of the Committee at any meeting thereof.
- 3. The Committee shall make regular oral or written reports to the Board, directly or through its chairperson, of its actions and any recommendations to the Board. These reports shall include a discussion of any issues that arise with respect to the quality or integrity of the Partnership Group's financial statements, compliance with legal or regulatory requirements, the performance and independence of the Partnership Group's independent registered public accounting firm, the performance of the Partnership Group's

internal audit function or any other matter the Committee determines is necessary or advisable to report to the Board.