

## **LINN ENERGY, LLC AUDIT COMMITTEE CHARTER**

### **PURPOSE**

The purpose of the Audit Committee (the “Committee”) of the Board of Directors (the “Board”) of Linn Energy, LLC (the “Company”) is to assist the Board in fulfilling the Board’s oversight functions relating to the quality and integrity of the Company’s financial reports, oversee the Company’s accounting and financial reporting processes and the audits of the Company’s financial statements, monitor the Company’s internal control system, and perform such other activities as the Committee or the Board deems appropriate. The Committee’s functions shall, at a minimum, include those required by the Nasdaq Stock Market, Inc. (the “NASDAQ”), the Securities and Exchange Commission (the “SEC”) and the Federal securities laws.

### **COMMITTEE MEMBERSHIP**

The Committee shall consist of at least three (3) directors appointed at least annually by the Board. Unless specified by resolution of the Board, the Committee shall appoint a chairperson of the Committee to preside over meetings of the Committee. Prior to their appointment and annually thereafter, the members of the Committee shall each have been affirmatively determined by the Board (i) not to be an officer or employee of the Company, (ii) to have no relationship that would interfere with their exercise of independent judgment in carrying out the responsibilities of a director and Audit Committee member and (iii) to be “independent” under (x) the rules of the NASDAQ and (y) the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated by the SEC thereunder (collectively, the “Exchange Act”).

In addition:

- No member of the Committee shall have participated in the preparation of the financial statements of the Company or any then-current subsidiary of the Company at any time during the three years preceding the date of the annual determination of independence;
- Each member of the Committee shall be “financially literate,” as such qualification is interpreted by the Board in its business judgment, but at a minimum must be able to read and understand fundamental financial statements of the Company, including its balance sheet, income statement and cash flow statement; and
- At least one member of the Committee shall (a) have past employment experience in finance or accounting, requisite professional certification in accounting or any other comparable experience or background that results in such member having financial sophistication (as determined by the Board in its business judgment), including being or having been a chief executive officer, chief financial officer or other senior officer with financial oversight responsibilities and (b) be an “audit

committee financial expert” within the meaning of Regulation S-K under the Securities Act of 1933, as amended (the “Securities Act”), and the Exchange Act.

The Board may from time to time remove any member of the Committee and fill any vacancy on the Committee.

## **MEETINGS**

The Committee shall meet at least quarterly, or more frequently as circumstances dictate. The Committee shall meet at least annually with management and the independent auditors in separate executive sessions to discuss any matters that the Committee or either of these groups believe should be discussed privately. The Committee may ask members of management or others to attend the meetings. The Committee is authorized to obtain all pertinent information from management.

Except as otherwise provided herein or by the Organizational Documents of the Company, the frequency, location, and operation of meetings and similar procedural matters relating to the Committee shall, to the extent applicable, be the same as those that relate to meetings of, and procedural matters governing, the Board.

## **ENGAGEMENT OF INDEPENDENT AUDITORS**

The Committee shall have the sole authority to appoint, retain, compensate, evaluate and terminate any independent auditors engaged by the Company for the purpose of preparing or issuing an audit report or performing any audit, review or attest service. Any independent auditor engaged for any such purpose shall report directly to the Committee. The Committee shall approve in advance any fees to be paid to the independent auditors. The Committee shall work with management and the independent auditors in resolving any disagreements between management and the independent auditors regarding financial reporting.

The Committee shall 1) obtain a written statement before engaging the independent auditors and on an annual basis thereafter describing any relationships between the independent auditors or any of its affiliates and the Company and persons in a financial reporting and oversight role at the Company in accordance with the applicable requirements of the Public Company Accounting Oversight Board (“PCAOB”) regarding the independent auditor’s communications with audit committees as to independence, 2) discuss with the independent auditors the independent auditors’ independence and 3) ensure that it receives from the independent auditors any other written disclosures and letters required by the PCAOB with respect to the independence of the independent auditors. The Committee shall discuss with the Company’s independent auditors their independence, including any disclosed relationships or services that may impact the auditors’ objectivity and independence. The substance of such discussion shall be documented in writing. If deemed appropriate by the Committee, the Committee may take, or recommend that the Board take, appropriate action in response to the independent auditors’ disclosures to satisfy itself of the auditors’ independence. The Committee shall also confirm with the Company’s independent auditors that the independent auditors rotate (a) the lead (or coordinating) audit partner of the audit team as well as the concurring or reviewing partner at

least once every five fiscal years and (b) any other audit team members within any applicable period required under Regulation S-X under the Securities Act and the Exchange Act. Additionally, in order to ensure continuing auditor independence, the Committee shall periodically consider whether to rotate the independent audit firm itself.

The Committee shall, at least annually, obtain and review a report by the independent auditor describing:

- the independent auditing firm's internal control procedures; and
- any material issues raised by the most recent internal 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.

## **RESPONSIBILITIES AND DUTIES**

The Committee shall have the following responsibilities and duties:

### *Independent Auditors*

- The Committee shall have sole authority to appoint and terminate the Company's independent auditors. The Committee shall also be responsible for setting the compensation and retention terms for, and overseeing and evaluating the performance of, the Company's independent auditors. The Company's independent auditors shall report directly to the Committee.
- The Committee shall have sole authority and responsibility to approve in advance (a) the retention of independent auditors for the performance of all audit and lawfully permitted non-audit services and (b) the fees to be paid for such services. The Company shall provide appropriate funding, as determined by the Committee, for payment of all such fees. Pre-approval of non-audit services (other than review and attestation services) will not be required if such services fall within exceptions established by the SEC.
- On at least an annual basis, the Committee shall evaluate the qualifications, independence and performance of the Company's independent auditors, taking into account the opinions of the Company's management. This evaluation and review shall include a review of the lead audit partner.
- The Committee shall present its conclusions with respect to the independent auditor to the Board.

### *Audit and Accounting Process*

- The Committee shall discuss with the independent auditors the overall scope and plans for the annual audit.
- The Committee shall review and discuss with the Company's independent auditors the reports that the independent auditors are required to provide to the Committee relating to significant financial reporting issues and judgments made in connection with the preparation of the Company's financial statements, including, among other things, (a) all critical accounting policies and practices used, (b) all alternative treatments of financial information within U.S. generally accepted accounting principles ("GAAP") that have been discussed with management, the ramifications of such treatments and the treatment preferred by the Company's independent auditors and (c) any material written communications between the Company's independent auditors and management.
- The Committee shall inquire as to whether there was, and review with the independent auditors, any significant difference of opinion or disagreement between management and the Company's independent auditors in connection with the preparation of the Company's audited financial statements. The Committee shall also review with the independent auditors any audit problems or difficulties (including any restrictions on the scope of activities or access to requested information) and management's responses to such problems or difficulties.
- To the extent required by applicable law or the NASDAQ rules, the Committee shall discuss with the Company's independent auditors the matters required to be discussed by Statement on Auditing Standards No. 61, "*Communication with Audit Committees*" ("SAS 61"). SAS 61 requires that independent auditors provide audit committees with such additional information regarding the scope and results of outside audits as may be necessary to assist such committees in overseeing the financial reporting and disclosure process for which management is responsible. To ensure that all matters required to be discussed by SAS 61 have already been discussed pursuant to the other provisions of this Charter, the Committee may ask the Company's independent auditors to advise them as to whether the requirements of SAS 61 have been satisfied.

### *Financial Reporting Process*

- The Committee shall review and discuss with members of management and the Company's independent auditors the annual audited financial statements to be included in the Company's annual reports on Form 10-K (including the Company's disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations") prior to the filing of each Form 10-K, and recommend to the Board whether the audited financial statements should be included in the Company's Form 10-K.

- The Committee shall review and discuss with members of management and the Company's independent auditors the quarterly financial statements to be included in the Company's quarterly reports on Form 10-Q (including the Company's disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations") prior to the filing of each Form 10-Q.
- The Committee shall review with members of management and discuss with the Company's independent auditors any registration statement of the Company that contains new or pro forma financial information prior to the initial filing of such registration statement with the SEC. The Chairperson of the Committee or a quorum of the Committee may represent the entire Committee for the purpose of these reviews.
- The Committee shall discuss with management the Company's earnings press releases, as well as financial information and earnings guidance provided to analysts and rating agencies. Such discussions may be general (i.e., discussion of the types of information to be disclosed and the type of presentation to be made) and do not necessarily need to be held in advance of each release or presentation.
- The Committee shall be directly responsible for the resolution of any disagreements between management and the independent auditors regarding financial reporting.

*Pre-Approval and Disclosure of Audit and Non-Audit Services*

- The Committee shall pre-approve any audit services and any permissible non-audit services to be provided by the Company's independent auditors on behalf of the Company that do not fall within any exception to the pre-approval requirements established by the SEC. The Committee may establish pre-approval policies and procedures for such engagements and services in compliance with SEC regulations, provided that (i) such policies and procedures are detailed as to the particular services rendered, (ii) the Committee is informed of each such service and (iii) such policies and procedures do not include delegation to management of the Committee's responsibilities under the Exchange Act. The Committee may delegate to one or more members of the Committee the authority to pre-approve audit or permissible non-audit services, but any such delegate or delegates must present their pre-approval decisions to the Committee at its next meeting. In the event that any audit or permissible non-audit services are approved by the Committee or a delegate or delegates thereof, the Committee shall take steps to ensure that such approval is appropriately disclosed in the Company's periodic reports filed with the SEC to the extent such disclosure is required.
- The Committee shall ensure that Company's independent auditors are not engaged to perform for the Company any of the following non-audit services:

- bookkeeping or other services related to accounting records or financial statements;
- financial information systems design and implementation;
- appraisal or valuation services, fairness opinions or contribution-in-kind-reports;
- actuarial services;
- internal audit outsourcing services;
- management functions or human resources;
- broker or dealer, investment adviser or investment banking services;
- legal services and expert services unrelated to the audit; or
- any other service determined to be impermissible by the PCAOB.

*Controls and Procedures*

- The Committee shall discuss periodically with members of management and the Company's independent auditors the adequacy of the Company's disclosure controls and procedures and internal control over financial reporting, any changes in internal controls, any significant deficiencies or material weaknesses in the design or operation of internal controls, and any fraud involving management or other employees that is reported to the Committee.
- The Committee shall review and discuss with management and the independent auditors:
  - (a) the annual report of management affirming management's responsibility for establishing and maintaining adequate internal control over financial reporting and assessing the effectiveness of the Company's internal control over financial reporting and
  - (b) the independent auditors' attestation report on management's report.

**CERTAIN OTHER RESPONSIBILITIES AND AUTHORITY**

- The Committee shall, through its Chairperson, regularly report to the Board on the Committee's activities and actions, as well as any issues that arise with respect to the quality or integrity of the Company's financial statements, the Company's compliance with legal or regulatory requirements and the performance and independence of the auditors.

- The Committee shall report Committee actions to the full Board and may make recommendations which it deems appropriate. The Committee shall keep minutes of its meetings and shall make such minutes available to the full Board for review. The Committee shall also prepare any reports that may be required by the NASDAQ rules or rules of the SEC to be included in the Company's annual report or proxy statement, and shall review such other reports, adopt such other policies and implement such other procedures as shall be necessary to comply with the rules and regulations that, from time to time, may be established by NASDAQ or the SEC.
- The Committee is authorized to conduct or authorize investigations into matters within the Committee's scope of responsibilities.
- The Committee is authorized without seeking Board approval to retain independent counsel and other advisors as the Committee may determine necessary to carry out its duties, and the Company shall provide appropriate funding, as determined by the Committee, for payment of the fees and costs of any such independent counsel or other advisors and the ordinary administrative expenses of the Committee.
- The Committee shall periodically review and modify as the Committee deems advisable, its procedures for the receipt, retention and treatment of complaints received by the Company from Company personnel and third parties regarding accounting, internal accounting controls or auditing matters, including procedures for the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters.
- The Committee shall periodically review and modify as the Committee deems advisable, the Company's hiring policies for employees or former employees of the independent auditors.
- The Committee shall (i) periodically review and modify as the Committee deems advisable, its policies and procedures governing the review, approval or ratification of transactions with related persons that are reportable under Item 404(a) of Regulation S-K of the Securities Act of 1933 and (ii) shall review for approval all transactions with related persons that are reportable under Item 404(a) of Regulation S-K of the Securities Act of 1933.
- The Committee shall review any potential or actual conflicts of interest between one or more directors or their respective affiliates on the one hand, and the Company or any Group Member (as defined in the Second Amended and Restated Limited Liability Company Agreement, as amended, of the Company (the "LLC Agreement")) on the other hand, for which the Company seeks Special Approval (as defined in the LLC Agreement) as outlined in Section 7.9 of the LLC Agreement;

- The Committee shall publish this Charter in accordance with applicable SEC and NASDAQ rules.
- The Committee shall perform any other activities consistent with this Charter, the Company's Organizational Documents and applicable law as the Committee or the Board deems necessary or appropriate.
- The Company shall annually review this Charter and submit any recommended changes to the Board for approval.
- The Committee shall annually evaluate its own performance and report to the Board the results of the evaluation.

*Explanatory Note*

While the Committee has the responsibilities and powers set forth in this Charter, it is not the duty of the Committee to ensure that the Company complies with laws and regulations and its policies and procedures. The Company's financial statements are the responsibility of management. The Company's independent auditors are responsible for planning and conducting audits to determine whether the Company's financial statements fairly present, in all material respects, the financial position of the Company.

*As Revised January 2011*