

# NEWFIELD EXPLORATION COMPANY

## CHARTER OF THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS

Amended and Restated Effective as of August 10, 2016

The Board of Directors (the “**Board**”) of Newfield Exploration Company (the “**Company**”) amended and restated this Charter of the Audit Committee of the Board (the “**Committee**”) effective as of the date set forth above.

### **Purpose**

The primary purpose of the Committee is to assist the Board in monitoring:

- the integrity of the Company’s financial statements and financial reporting processes and systems of internal controls;
- the qualifications and independence of the Company’s independent auditors;
- the performance of the Company’s internal audit function and independent auditors; and
- the Company’s compliance with legal and regulatory requirements.

The Committee also shall produce the annual Committee report required by the Securities and Exchange Commission (the “**SEC**”) and publish the report in the Company’s proxy statement for its annual meeting of stockholders. The Committee shall perform such other functions as the Board may assign to the Committee from time to time.

### **Composition**

The Committee shall consist of at least three members, all of whom must be members of the Board. Each member of the Committee shall meet the independence requirements of:

- the New York Stock Exchange (the “**NYSE**”);
- Section 10A(m)(3) of the Securities Exchange Act of 1934 (the “**Exchange Act**”); and
- the rules and regulations of the SEC (including without limitation Rule 10A-3 promulgated under the Exchange Act).

Each member of the Committee shall also meet the experience requirements of the NYSE, and at least one member of the Committee must be an “audit committee financial expert” (as defined by

applicable rules of the SEC). Committee members may not simultaneously serve on the Audit Committees of more than two other public companies, unless approved or consented to by the Board.

Subject to Article IV of the Company's bylaws, the Board shall appoint the members of the Committee after considering the recommendation of the Nominating & Corporate Governance Committee. One of the members, who shall be selected by the Board, shall serve as the chairperson of the Committee. The Board shall consider the recommendation of the Nominating & Corporate Governance Committee in making such selection. If a chairperson is not designated by the Board or present at a meeting, the Committee may designate a chairperson by majority vote of the Committee members then in office or then present, as applicable. The Board may remove or replace any member of the Committee at any time.

Notwithstanding the foregoing membership requirements, no action of the Committee will be invalid by reason of any such requirement not being met at the time such action is taken.

## **Authority and Responsibilities**

### ***Authority***

The Committee shall have the sole authority to appoint, retain and terminate the Company's independent auditors. The Committee shall be directly responsible for the compensation, oversight and evaluation of the work of the independent auditors (including resolution of disagreements between management and the independent auditors regarding financial reporting) for the purpose of preparing or issuing an audit report or related work. The independent auditors shall report directly to the Committee.

The Committee shall pre-approve all auditing services and permitted non-audit services to be performed for the Company by its independent auditors, subject to the de minimus exceptions for non-audit services described in Section 10A(i)(1)(B) of the Exchange Act which were not recognized by the Company as non-audit services at the time of engagement and are approved by the Committee prior to the completion of the audit. Such pre-approval may be accomplished by engagement arrangements entered into pursuant to pre-approval policies and procedures previously established by the Committee, but only if the policies are detailed as to the particular services that are pre-approved, the Committee is informed of each such service provided and the policies do not delegate the Committee's responsibilities to management. The Committee shall have sole authority to approve all audit engagement fees and terms and non-audit engagements with the Company's independent auditors.

The Committee may form and delegate authority to subcommittees consisting of one or more members when appropriate, including the authority to grant preapprovals of audit and permitted non-audit services, provided that the decisions of such subcommittee to grant preapprovals shall be presented to the full Committee at its next scheduled meeting.

The Committee shall have the authority, to the extent it deems necessary or appropriate, to retain independent legal, accounting or other advisors without the approval of the Board. The Company shall provide for appropriate funding, as determined by the Committee, for payment of (i) compensation to the independent auditors for the purpose of rendering or issuing an audit report

or providing other audit, review, consulting or attest services; (ii) compensation to any advisors employed by the Committee; and (iii) ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties.

### ***Responsibilities***

Without limiting the generality of the preceding statements, the Committee shall:

#### ***Financial Statements and Disclosure Matters***

1. Review and discuss with management and the independent auditors the Company's annual audited financial statements prior to the filing of its Form 10-K, including disclosures made under "Management's Discussion and Analysis of Financial Condition and Results of Operations" in the Form 10-K, and recommend to the Board whether the audited financial statements should be included in the Form 10-K.

2. Review and discuss with management and the independent auditors the Company's quarterly financial statements prior to the filing of its Form 10-Q, including disclosures made under "Management's Discussion and Analysis of Financial Condition and Results of Operations" in the Form 10-Q and the results of the independent auditors' review of the quarterly financial statements.

3. Discuss with management and the independent auditors any analyses prepared by management or the independent auditors setting forth significant financial reporting issues and judgments made in connection with the preparation of the Company's financial statements, including analyses of the effects of alternative treatments of the financial statements within generally accepted accounting principles ("**GAAP**").

4. Discuss with management and the independent auditors major issues regarding accounting principles and financial statement presentations, including any significant changes in the Company's selection or application of accounting principles, any major issues as to the adequacy or effectiveness of the Company's internal controls and any special audit steps adopted in light of material control deficiencies.

5. Review and discuss regular reports from the independent auditors on:

- all critical accounting policies and practices to be used;
- all alternative treatments of financial information within GAAP that have been discussed with management, the ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the independent auditors;
- any accounting adjustments that were noted or proposed by the independent auditors but were "passed" as immaterial or otherwise; and

- other material communications between the independent auditors and management, such as any management letter, internal control letter or schedule of unadjusted differences.

6. Request that the financial experts of the Committee meet annually, or more frequently if considered necessary or appropriate, with the Operations & Reserves Committee and the Company's independent auditors to discuss the disclosures regarding Reserves in the Company's Annual Report on Form 10-K.

7. Discuss with management any material and relevant disclosure that is from, or is derived from, the financial information of the Company and will be included in the Company's earnings press releases or guidance provided to analysts and rating agencies prior to such earnings release or such instance in which the Company provides guidance.

8. Discuss with management and the independent auditors the effect of regulatory and accounting initiatives, as well as off-balance sheet structures, on the Company's financial statements.

9. Assist the Board in fulfilling its oversight responsibilities with respect to risks relating to the Company and its performance by discussing with management the Company's major financial risk exposures and the steps management has taken to monitor and control such financial exposures, including the Company's risk assessment and risk management policies.

10. Annually, or more frequently as necessary, review and approve the Company's policies and procedures regarding the use of exchange-traded and over-the-counter derivatives ("*derivatives*") by the Company and assist the Board in fulfilling its oversight responsibilities with respect to risks associated with the use of derivatives by the Company, including, without limitation, the decision to enter into such derivatives in connection with the Company's risk management policies.

11. In accordance with the applicable requirements of the Public Company Accounting Oversight Board (the "*PCAOB*"), the SEC and the NYSE, discuss with the independent auditors the matters required to be discussed relating to the conduct of the audit, including any problems or difficulties encountered in the course of the audit work and management's response, any restrictions on the scope of activities or access to requested information, and any significant disagreements with management.

12. Review disclosures made to the Committee by the Company's chief executive officer and chief financial officer during their certification process for the Form 10-K and Form 10-Q about any significant deficiencies in the design or operation of internal controls or material weaknesses therein and any fraud involving management or other employees who have a significant role in the Company's internal controls.

#### ***Oversight of the Company's Relationship with the Independent Auditors***

13. Be responsible for the appointment, compensation, retention and oversight of the work of the independent auditors hired for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Company. The Committee and the

independent auditors will discuss the firm's responsibilities and the responsibilities of management in the audit process. The independent auditors will report directly to the Committee and the Committee will routinely review their performance. In addition, the Committee will oversee the resolution of any disagreements between the Company's management and the independent auditors regarding financial reporting.

14. Review at least annually the independence and quality control procedures of the independent registered public accounting firm and the experience and qualifications of the independent registered public accounting firm's senior personnel that are providing audit services to the Company. In conducting its review, the Committee will:

- (a) Review and evaluate the lead partner of the independent auditors' team and ensure the rotation of the lead (or coordinating) audit partner having primary responsibility for the audit, the concurring (or reviewing) audit partner responsible for reviewing the audit and other audit partners performing services for the Company as required by law.
- (b) Obtain and review a report from the independent auditors at least annually regarding (i) the independent auditors' 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 (iii) any steps taken to deal with any such issues.
- (c) Evaluate and discuss with representatives of the independent auditors its independence from the Company, and obtain and review a written statement prepared by the independent auditors describing all relationships between the independent auditor and the Company, consistent with applicable requirements of the PCAOB regarding the independent auditors' communications with the Committee concerning independence, and consider the impact that any relationships or services may have on the objectivity and independence of the independent auditors. In connection with the evaluation, the Committee shall consider whether, in order to assure continuing independence, it is appropriate to adopt a policy of rotating the independent auditors on a regular basis. The Committee shall present to the Board its conclusions with respect to the independent auditors.
- (d) If applicable, consider whether the provision by the independent auditors of any permitted information technology services or other non-audit services to the Company is compatible with maintaining the independence of the independent auditors.

15. Recommend to the Board policies for the Company's hiring of employees or former employees of the independent auditors.

16. Discuss with the independent auditors significant matters with respect to which the Company's audit team consulted with the national office of the independent auditors.

17. Meet with the independent auditors prior to the audit to discuss the planning and staffing of the audit.

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

18. Approve the appointment and replacement of the internal audit manager. The Committee will maintain oversight and ensure execution and compliance of the Internal Audit Charter.

19. Review each year the activities and structure of the internal audit function.

20. Review reports prepared by the internal audit function and any responses to those reports.

21. Discuss with the independent auditors and management the responsibilities, budget and staffing of the internal audit function, and any recommended changes in the planned scope of internal audit.

22. Periodically meet separately with the Company's internal auditor to discuss the responsibilities, budget and staffing of the Company's internal audit function and any issues that the internal auditor believes warrant the Committee's attention. In addition, the Committee will discuss with the internal auditor any significant reports to management prepared by the internal auditor and any responses from management.

### ***Compliance Oversight Responsibilities***

23. Obtain from the independent auditors assurance that the provisions of Section 10A(b) of the Exchange Act (regarding required responses to any discoveries of potential illegal acts) have not been implicated.

24. Obtain assurances from management and internal audit that the Company is in conformity with applicable legal requirements and the Company's Code of Business Conduct and Ethics. Review disclosures of insider and affiliated party transactions. Advise the Board with respect to the Company's policies and procedures regarding compliance with applicable laws and regulations and with the Company's Code of Business Conduct and Ethics.

25. Establish procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters, and the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters.

26. Discuss with management and the independent auditors any correspondence with regulators or governmental agencies and any published reports which raise material issues regarding the Company's financial statements or accounting policies.

27. Discuss with the Company's internal or outside counsel legal matters that may have a material impact on the financial statements or the Company's compliance policies.

### ***Other Matters***

28. Prepare the annual Committee report required by SEC rules to be included in the Company's annual proxy statement.

29. Review the adequacy of this Charter each year and recommend any proposed changes to the Board for approval.

30. Review and evaluate its own performance each year and submit itself to the review and evaluation of the Board.

31. Perform any other activities consistent with this Charter, the Company's Amended and Restated Certificate of Incorporation and Amended and Restated Bylaws (each as may be amended), the rules of the New York Stock Exchange applicable to domestic listed companies, and governing law as the Committee or the Board deems necessary or appropriate.

### **Limitation of Committee's Role**

The Committee's responsibilities are limited to oversight. While the Committee has the responsibilities and powers set forth in this Charter, it is not the duty of the Committee to plan or conduct audits or to determine that the Company's financial statements and disclosures are complete and accurate and are in accordance with generally accepted accounting principles and applicable rules and regulations. These are the responsibilities of management, the internal auditor and the independent auditors.

### **Procedural Matters; Fees**

***Conflicts with Bylaws.*** This Charter shall in no way alter, amend or repeal any provision of the Company's bylaws. To the extent that this Charter conflicts with any provision of the Company's bylaws, the bylaws shall govern.

***Meetings.*** The Committee shall meet at the call of its chairperson, two or more members of the Committee or the Chairman of the Board but no less frequently than quarterly. Meetings may, at the discretion of the Committee, include members of the Company's management, independent consultants and such other persons as the Committee or its chairperson may determine. The Committee shall meet periodically with management, internal audit and the independent auditors in separate executive sessions. The Committee may request any officer or employee of the Company or the Company's outside counsel to attend a meeting of the Committee or to meet with any members of, or consultants to, the Committee. The Committee may meet in person, by telephone conference call or in any other manner in which the Board or the Committee is permitted to meet under law and the Company's bylaws. The Committee may also act by unanimous written consent in lieu of a meeting.

***Transaction of Business.*** A majority of the members of the Committee constitute a quorum for the transaction of business. A majority of the members of the Committee present at

any meeting at which a quorum is present are competent to act. Except as expressly provided in this Charter or in the Company's bylaws or corporate governance guidelines, the Committee may determine additional rules and procedures to govern it or any of its subcommittees, including designation at any meeting of a chairperson pro tempore in the absence of the chairperson and of a secretary (who need not be a member of the Committee) for that meeting.

***Minutes; Reports to the Board.*** The Committee shall keep minutes of all meetings and of all actions taken by the Committee and file such minutes with the Secretary of the Company. The Committee, either directly or through its chairperson, shall provide the Board with regular reports on its activities and any recommendations by the Committee to the Board.

***Fees; Reimbursement of Expenses.*** Each member of the Committee shall be paid the fees set by the Board for his or her services as a member or chairperson of the Committee. Subject to the Company's corporate governance guidelines and other policies, members of the Committee shall be reimbursed by the Company for all reasonable expenses incurred in connection with their duties as members of the Committee.

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*While the Committee members have the duties and responsibilities set forth in this Charter, nothing contained in this Charter is intended to create, or should be construed as creating, any responsibility or liability of the Committee members, except to the extent otherwise provided under applicable federal or state law. Further, nothing in this Charter is intended to preclude or impair the protection provided in Section 141(e) of the Delaware General Corporation Law for good faith reliance by Committee members on reports or other information provided by others.*