



C&J ENERGY SERVICES, INC.
CHARTER OF THE AUDIT COMMITTEE
OF THE BOARD OF DIRECTORS
(Amended and Adopted December 14, 2017)

The Board of Directors (the “Board”) of C&J Energy Services, Inc. (the “Company”) has established the Audit Committee of the Board (the “Committee”) with authority, responsibility and specific duties as described in this Audit Committee Charter (the “Charter”).

I. Purposes

The purposes of the Committee are to:

- A. Assist the Board in fulfilling its oversight responsibilities regarding the:
 - 1. Quality, integrity and reliability of the Company’s financial statements, and the Company’s accounting and financial reporting processes and financial statement audits;
 - 2. Effectiveness and performance of the Company’s systems of disclosure controls and procedures, and internal controls over financial reporting;
 - 3. Effectiveness and performance of the Company’s external audit function, including monitoring the qualifications, independence and performance of the independent registered public accounting firm (the “independent auditor”) engaged by the Company for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Company;
 - 4. Effectiveness and performance of the Company’s internal audit function;
 - 5. The Company’s policies with respect to risk assessment and risk management; and
 - 6. The Company’s compliance with legal and regulatory requirements, as well as with the Company’s ethical standards and significant corporate policies, procedures and practices, including through the establishment of reporting procedures.
- B. Encourage continuous improvement and foster adherence to the Company’s policies, procedures and practices at all levels.
- C. Provide for and foster open communication between and among itself, the Company’s independent auditor, financial and senior management, internal auditor and the Board, always emphasizing that the independent auditor and the internal auditor is accountable to the Committee, and determining that all parties are aware of their responsibilities;
- D. Annually prepare an Audit Committee Report as required by Item 407(d)(3) of Regulation S-K for inclusion in, and publish the report in, the Company’s proxy statements for its annual shareholders meetings, in accordance with applicable rules and regulations; and
- E. Perform such other functions as the Board may assign to the Committee from time to time.

II. Composition and Membership

The Committee shall consist of three or more directors. The members of the Committee and its chairperson shall be selected annually by the Board, on the recommendation of the Nominating & Governance Committee, and shall serve at the pleasure of the Board until their successors are appointed. 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. Any vacancy on the Committee shall be filled by, and any member of the Committee may be removed by, the Board.

Each Committee member must meet the applicable standards of independence, including pursuant to the rules of the U.S. Securities and Exchange Commission (“SEC”) and the New York Stock Exchange (“NYSE”). The determination of independence will be made by the Board.

Each Committee member must also comply with the applicable financial literacy requirements. To help meet these requirements, the Committee will provide its members with annual continuing education opportunities in financial reporting and other areas relevant to the Committee. Additionally, at least one member of the Committee must have accounting or related financial management expertise as required by the NYSE and at least one Committee member must qualify as an “audit committee financial expert” as defined and required by the SEC. The determination of such financial literary and audit committee financial expert qualifications will be made by the Board.

Committee members shall not simultaneously serve on the Audit Committees of more than two other public companies.

Notwithstanding the foregoing membership requirements, and subject to applicable law, no action of the Committee shall be invalid by reason of any such requirement not being met at the time such action is taken.

III. Authority and Responsibilities

The Committee is delegated all authority of the Board as may be required or advisable to fulfill the purposes of the Committee and carry out the responsibilities outlined in this Charter. The Committee’s principal responsibility is one of oversight.

Without limiting the generality of the preceding statements, the Committee shall have the authority, and is entrusted with the responsibility for, the following matters, in accordance with its purpose. The Committee may undertake additional activities within the scope of its purpose as the Committee or the Board may from time to time determine necessary and appropriate, including in connection with changes in applicable regulatory requirements.

A. Authority

The Committee shall have the authority to take the following actions:

1. Be directly responsible for the appointment, compensation, retention and oversight of the independent auditor;
2. Conduct or authorize investigations as to any matter within the scope of the responsibilities delegated to the Committee as it deems appropriate, including, but not limited to, complaints relating to financial reporting, internal accounting controls, independent audit, internal audit, ethical or compliance matters;

3. Meet with and seek any information it requires from any other directors, Company officers and employees, external accountants and auditors, independent legal counsel, advisors or other external parties as necessary or appropriate to perform its duties and fulfill its responsibilities, including in connection with any investigation;
4. Retain and determine funding (which shall be borne by the Company) to compensate the independent auditor, independent legal counsel, accounting experts and other advisors as necessary or appropriate to perform its duties and fulfill its responsibilities, including in connection with any investigation; the Committee may also utilize the services of the Company's regular independent legal counsel or other experts and advisors to the Company;
5. Provide appropriate funding (which shall be borne by the Company), as determined necessary or appropriate by the Committee, for payment of ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties; and
6. Delegate to its chairperson, any one of its members or any subcommittee it may form, the responsibility and authority for any particular matter, as it deems appropriate from time to time under the circumstances. However, subcommittees do not have the authority to engage independent legal counsel, accounting experts or other advisors unless expressly granted such authority by the Committee. Each subcommittee shall keep minutes and routinely report to the Committee.

B. *Responsibilities*

The Committee shall be responsible for and is empowered to:

1. Financial Statements and Financial Reporting
 - a. In consultation with the independent auditor and the internal audit function, review the integrity of the Company's financial reporting processes.
 - b. Review and discuss with management and the independent auditor: (i) significant issues regarding accounting principles, financial statement presentations and reporting issues, including any significant changes in the Company's selection or application of accounting principles and any complex or unusual transactions and highly judgmental areas; (ii) any analyses prepared by management or the independent auditor 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 financial information within GAAP on the Company's financial statements; and (iii) the effect of regulatory, professional and accounting initiatives and pronouncements, as well as off-balance sheet structures, on the Company's financial statements.

- c. Review and discuss with management and the independent auditor the results of the annual audit, including any difficulties encountered, any major issues as to the adequacy of the Company's internal controls and any special audit steps adopted in light of material control deficiencies.
- d. Review and discuss with management and the independent auditor the development of interim financial information and reports.
- e. Review and discuss with management and the independent auditor the matters required to be communicated to the Committee under generally accepted auditing standards, as then in effect.
- f. Review and discuss with management and the independent auditor all internal control reports (or summaries thereof), including the Company's report on internal control over financial reporting prior to filing the Company's Annual Report on Form 10-K.
- g. Review and discuss with management and the independent auditor, the Company's audited annual financial statements or quarterly financial statements, as applicable, and consider whether they are complete, consistent with information known to Committee members, and reflect appropriate accounting principles.
- h. Review and discuss with management and the independent auditor other sections of the Company's Annual Reports on Form 10-K or Quarterly Reports on Form 10-Q, as applicable, specifically including the Company's disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations."
- i. Review and discuss with management and the independent auditor other relevant reports or financial information submitted by the Company to any governmental body or the public, including the management certifications required by required by Rule 13a-14(a) of the Securities Exchange Act of 1934, as amended.
- j. Review and discuss with management the Company's earnings press releases, including the type and presentation of information (paying particular attention to any use of "pro forma" or "adjusted" non-GAAP information), as well as other financial information and earnings guidance provided to analysts and rating agencies. Such discussions may be in general terms (i.e. discussion of the types of information to be disclosed and the type of presentations to be made).
- k. Based on the review and discussions outlined in this Section III(B)(1), and the review and discussions outlined in Section III(B)(2) of this Charter, recommend to the Board that the audited financial statements be included in the Company's Annual Report on Form 10-K.

- l. Review and discuss with management, the internal auditor and the independent auditor, the effectiveness of the Company's internal control system, including management's ability to override the Company's internal controls, and matters related to the Company's internal control over financial reporting.
- m. Review and discuss with the independent auditor the scope of its review of the Company's internal control over financial reporting, and obtain and review the regular internal reports to management (or summaries thereof), and management's responses.
- n. Review and discuss with management, the internal auditor and the independent auditor, as appropriate, any disclosures from the Company's Chief Executive Officer and Chief Financial Officer made in connection with the certification process for the Company's Annual Report on Form 10-K and Quarterly Reports on Form 10-Q about any significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting and any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal controls.

2. External Audit Function; Independent Auditor

a. *Independent Auditor*

- i. Be directly responsible for appointing (and recommending that the Board submit for shareholder ratification, if applicable), compensating, retaining, and overseeing the work of the independent auditor retained for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Company. This is solely the responsibility of the Committee and the independent auditor shall report directly to the Committee.
- ii. Review and pre-approve both audit and non-audit services to be provided by the independent auditor before the independent auditor is engaged by the Company or its subsidiaries to render such services.
 - (a) The Committee has the authority to establish pre-approval policies and procedures for audit and permitted non-audit services. Committee pre-approval of audit and non-audit services is not required if the engagement for the services is entered into pursuant to pre-approval policies and procedures established by the Committee.
 - (b) The chairperson of the Committee has the authority to grant pre-approvals for audit and permitted non-audit services, provided such approvals are within the pre-

approval policy and presented to the Committee at the subsequent meeting.

- iii. On a regular basis meet separately with the independent auditor to discuss any matters that the Committee or independent auditor believes warrants the Committee's attention and should be discussed privately.
- iv. Oversee the resolution of any disagreements between management and the independent auditor regarding financial reporting if they arise.
- v. At least annually, review the independence, performance and quality control procedures of the independent auditor and the experience and qualifications of the independent auditor's senior personnel that are providing audit services to the Company. The Committee should report its conclusions to the Board. The Committee should remove the independent auditor if circumstances warrant removal.

In conducting its review, the Committee shall:

- (a) Take appropriate actions to assess whether the independent auditor is consistently demonstrating the exercise of objectivity and skepticism in the performance of its work.
- (b) At least annually, obtain and review a report prepared by the independent auditor describing (i) the firm's internal quality-control procedures and (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, involving one or more independent audits carried out by the firm, and any steps taken to address and respond to any such issues.
- (c) Discuss with representatives of the independent auditor its independence from the Company, and obtain and review a written statement prepared by the independent auditor describing all relationships between the independent auditor and the Company, consistent with applicable requirements of the Public Company Accounting Oversight Board ("PCAOB") regarding the independent accountant's communications with the Committee concerning independence, and consider the impact that any relationships (including any relationships with members of the Company's management) or

services may have on the objectivity and independence of the independent auditor.

- (d) If applicable, consider whether the provision by the independent auditor of any permitted information technology services or other non-audit services to the Company is compatible with maintaining the independence of the independent auditor.
- (e) Confirm with the independent auditor that the firm is in compliance with the partner rotation requirements established by the SEC.
- (f) Consider whether, in order to assure continuing independence of the independent auditor, it is appropriate to adopt a policy of rotating the independent auditor on a regular basis.
- (g) Review and evaluate the lead partner of the independent auditor.
- (h) Actively engage in dialogue with the independent auditor with respect to disclosed relationships or services that may affect the independence and objectivity of the independent auditor.
- (i) Request the independent auditor to provide relevant information about any PCAOB inspections into the audit of the Company.
- (j) Discuss with the independent auditor any other matters required to be discussed by applicable auditing standards.

b. *Independent Audit Process.*

- i. Meet with management, the independent auditor and internal audit in connection with each annual audit to discuss the scope, approach, procedures to be followed and staffing of the audit, including the coordination of effort with the internal auditor and the responsibilities of each of the independent auditor, of internal audit and of management in the audit process.
- ii. Review with the independent auditor any problems or difficulties the independent auditor may have encountered during the course of the audit work, including any restrictions on the scope of activities or access to required information or any significant disagreements with management and management's responses to such matters. Among the items that the Committee should consider reviewing with the independent auditor are: (i) any

accounting adjustments that were noted or proposed by the independent auditor but were “passed” (as immaterial or otherwise); (ii) any communications between the audit team and the independent auditor’s national office respecting auditing or accounting issues presented by the engagement; and (iii) any “management” or “internal control” letter issued, or proposed to be issued, by the independent auditor to the Company. The Committee shall obtain from the independent auditor assurances that Section 10A(b) of the Securities Exchange Act of 1934, as amended, has not been implicated. The review should also include discussion of the responsibilities, budget, structure and staffing of the Company’s internal audit function.

- iii. Discuss with the independent auditor the report that such firm is required to make to the Committee regarding: (i) all accounting policies and practices to be used that the independent auditor identifies as critical; (ii) all alternative treatments of financial information within GAAP for policies and practices related to material items that have been discussed among management and the independent auditor, including the ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the independent auditor; and (iii) all other material written communications between the independent auditor and management of the Company, such as any management letter, management representation letter, reports on observations and recommendations on internal control over financial reporting, the independent auditor’s engagement letter, the independent auditor’s independence letter, schedule of unadjusted audit differences and a listing of adjustments and classifications not recorded, if any.

3. Internal Audit Function

- a. On an annual basis, review and make recommendations to the Board on the organizational structure of the internal audit function, as well as the qualifications of its personnel.
- b. On an annual basis, review and advise the Board on the appointment or removal of the internal audit lead executive and/or internal audit firm, and review and concur with the lead audit executive’s compensation arrangement.
- c. On an annual basis, review and approve the annual internal audit plan, including scope, staffing, and budget, and subsequently approve all major changes to the plan.
- d. Periodically meet with the internal auditor to review and discuss the internal auditor’s function, activities and performance relative to the plan, as well as the effectiveness, responsibilities, resources, budget, and

staffing of the internal audit function and the performance of the internal audit lead executive.

- e. Routinely review and discuss with management and the internal auditor any significant reports to management prepared by the internal audit and any responses from management.
- f. Periodically meet separately with the internal auditor to discuss any significant difficulties, disagreements with management, or scope restrictions encountered in the course of internal audit's work and performance of its responsibilities, as well as any other issues that the internal audit lead executive and/or internal audit firm believes warrant the Committee's attention and should be discussed privately.

4. Risk Management, Ethical and Legal & Regulatory Compliance

- a. Review and discuss with management the Company's guidelines, policies and procedures with respect to risk assessment and risk management practices and guidelines, particularly those risks relating to financial reporting, internal controls and accounting matters, legal, tax and regulatory compliance and the internal audit function.
- b. Review and discuss with management the Company's significant financial risk exposures and the actions management has taken to monitor and control such exposures.
- c. In consultation with the Company's General Counsel and/or independent legal counsel as necessary, establish a policy and related procedures for the receipt, retention, review and treatment of concerns or complaints received by the Company regarding (i) potential violations of applicable laws and regulations, the Company's ethical standards and significant corporate policies, procedures and practices, and other unethical or unlawful conduct; and (ii) the Company's financial statements and financial reporting matters, system of disclosure controls and procedures and internal controls over financial reporting, financial statement audits and other auditing or accounting matters.
- d. Review at least annually with the Company's General Counsel, the effectiveness of the Company's process for monitoring, and senior management's enforcement of, compliance with applicable laws and regulations, the Company's ethical standards and significant corporate policies, procedures and practices, including the Corporate Code of Business Conduct and Ethics and Financial Code of Ethics, and a report of any violations (or allegations thereof) and/or waivers of the foregoing.
- e. Review and discuss with management and the independent auditor any correspondence from or with regulators or governmental agencies, any employee complaints or any published reports that raise significant issues regarding the Company's financial statements, accounting and financial

reporting processes, system of disclosure controls and procedures and internal controls over financial reporting, financial statement audits and other auditing or accounting matters.

- f. Review and discuss with the Company's General Counsel and/or independent legal counsel as necessary, ethical and legal and regulatory compliance matters that could have a significant impact on the Company's financial statements.
- g. Review at least annually the Company's Corporate Code of Business Conduct and Ethics and Financial Code of Ethics and recommend any proposed changes to the Board for approval in accordance with the process established by the Company's Corporate Governance Guidelines and the Board.
- h. Review, approve or ratify related party transactions as set forth in the Company's Related Persons Transactions Policy or as otherwise identified to the Committee by the independent auditor or management.
- i. Request assurances from management, internal audit and/or the independent auditor that any foreign subsidiaries and/or foreign affiliated entities, if any, are in conformity with applicable legal requirements, including disclosure of affiliated party transactions

5. Other Responsibilities

- a. Annually prepare the "Audit Committee Report" required by Item 407(d)(3) of Regulation S-K for inclusion in the Company's proxy statements for its annual shareholder meeting, in accordance with the applicable rules and regulations of the SEC.
- b. Review with management at least annually the Company's finance function, including organization, quality of personnel and adequacy of succession planning for the Company's senior accounting and financial personnel, with any recommendations promptly presented to the chairperson of the Nominating & Governance Committee.
- c. Set clear hiring policies for employees or former employees of the Company's independent auditor.

IV. Procedures, Other Matters

- A. **Meetings.** The Committee shall meet on at least a quarterly basis (prior to the filing of the Company's Quarterly Reports on Form 10-Q and Annual Report on Form 10-K with the SEC) and may meet more frequently as circumstances dictate. The Committee shall meet at the call of its chairperson, two or more members of the Committee or the chairperson of the Board. The Committee chairperson will approve the agenda for the Committee's meetings and any member may suggest items for consideration. Meetings of the Committee may be in person, by teleconference or by unanimous written consent, in

accordance with the Company's Bylaws. 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 appropriate. All Committee members are expected to attend each meeting, in person or via teleconference. The Committee shall keep such records of its meetings as it deems appropriate.

Meetings may, at the discretion of the Committee, include other directors (including non-independent directors), members of the Company's management, independent advisors and consultants, representatives of the Company's independent auditor, members of the Company's internal audit department, any other financial personnel employed or retained by the Company 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.

The Committee will endeavor to have each regularly scheduled meeting conclude with an executive session of the Committee, which may, at the discretion of the Committee, include other non-executive directors.

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

- B. ***Quorum and Approval.*** 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.
- C. ***Rules.*** 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.
- D. ***Reports.*** The Committee shall maintain minutes of its meetings and make regular oral or written reports to the Board, directly or through its chairperson, regarding the execution of the Committee's duties and responsibilities, activities, any issues encountered, and any related recommendations. These reports shall include a discussion of any issues that arise with respect to (i) the Company's financial reporting process; (ii) the Company's system of internal controls; (iii) the audit process, including the Company's independent auditor; (iv) the Company's internal audit function; (v) the Company's compliance with legal, tax and/or regulatory requirements, as well as with the Company's significant corporate codes, policies and procedures; or (vi) any other matter the Committee determines is necessary or advisable to report to the Board.
- E. ***Review of Charter.*** On an annual basis, the Committee shall review this Charter and recommend any proposed changes to the Board for approval in accordance with the process established by the Company's Corporate Governance Guidelines and the Board.

- F. ***Performance Review.*** On an annual basis, the Committee shall review and evaluate the performance of the Committee and that of its individual members, and report such assessment to the Board for review and evaluation in accordance with the process established by the Company's Corporate Governance Guidelines and the Board.

- G. ***Fees; Reimbursement of Expenses.*** Each member of the Committee as well as the chairperson shall be paid the fee set by the Board for such person's services as a member, or chairperson, as the case may be, of the Committee. Subject to the Company's Corporate Governance Guidelines and other policies, Committee members, including the chairperson, will be reimbursed by the Company for all reasonable expenses incurred in connection with their duties as Committee members or as chairperson.

V. Posting Requirement

The Company shall make this Charter available on or through the Company's website as required by applicable rules and regulations. In addition, the Company shall disclose in its proxy statement for its annual meeting of shareholders or in its Annual Report on Form 10-K, as applicable, that a copy of this Charter is available on the Company's website and provide the website address.

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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 Delaware law.