

**Western Gas Equity Partners, LP**  
**Western Gas Equity Holdings, LLC**  
**Audit Committee Charter**

**As Amended and Restated by the Board of Directors on November 20, 2013**

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The Board of Directors (the “Board”) of Western Gas Equity Holdings, LLC (the “General Partner”), acting in its capacity as the general partner of Western Gas Equity Partners, LP (the “Partnership” and, together with its subsidiaries, the “Partnership Group” and, together with the General Partner, the “Company Group”), has established the Audit Committee (the “Committee”) as a standing committee of the Board with the authority, responsibilities and specific duties described in this Audit Committee Charter (this “Charter”).

**Purpose**

The Committee’s primary purpose is to represent and assist the Board in its oversight of: (1) the integrity of the Company Group’s financial statements and internal controls; (2) the Company Group’s compliance with legal and regulatory requirements; (3) the qualifications and independence of the independent registered public accounting firm engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Company Group (the “independent auditor”); and (4) the performance of the Company Group’s internal audit function and independent auditor.

**Committee Membership**

The Committee shall consist of three or more members of the Board, each of whom must satisfy the independence and experience requirements of the New York Stock Exchange (“NYSE”) and the applicable rules and regulations of the Securities and Exchange Commission (“SEC”). Each member of the Committee must be able to read and understand fundamental financial statements, including the Partnership’s balance sheet, income statement and cash flow statement, and at least one member of the Committee shall be an “audit committee financial expert” as defined by applicable SEC rules.

The members of the Committee shall be selected annually by the Board and shall serve until their successors are duly elected and qualified. A majority vote of the Board may remove a Committee member at any time, with or without cause. Unless a Chairperson is elected by the full Board, the Committee may designate a Chairperson by majority vote of all the Committee members.

**Authority and Responsibilities**

The Committee is delegated all the authority of the Board as may be required or advisable to fulfill the purposes of the Committee. As such, the Committee shall have the sole authority to appoint, retain, compensate, evaluate and terminate the independent auditor, and shall have sole authority to approve all audit engagement letters, including fees and terms and all non-audit engagements with the independent auditor. The independent auditor shall report directly to the Committee. Any independent auditor selected by the Committee shall be a “registered public

accounting firm” within the definition contained in Section 2 of the Sarbanes-Oxley Act of 2002, as required by law.

The Committee is empowered to investigate any matter brought to its attention with full access to all books, records, facilities and personnel of the Company Group. The Committee shall have the authority, to the extent it deems necessary or appropriate to carry out its duties, to retain legal, accounting or other advisors. The Company Group shall provide the Committee with appropriate funding, as determined by the Committee, for payment of: (1) compensation to any independent auditor engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Company Group; (2) compensation to any legal, accounting or other advisors engaged by the Committee; and (3) ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties. The Committee may delegate to its Chairperson or any of its members the responsibility for any particular matters, or one or more subcommittees (including a subcommittee consisting of a single member), as it deems appropriate from time to time under the circumstances.

Unless he or she believes to the contrary (in which case, he or she will advise the Committee of such belief), each member of the Committee shall be entitled to assume and rely on: (1) the integrity of those persons and organizations within and outside the Company Group from which it receives information; and (2) the accuracy of the financial, operational, legal, safety, health and environment, and other information provided to the Committee by such persons or organizations.

Without limiting the generality of the preceding statements, the Committee shall have authority, and is entrusted with the responsibility, to take the following actions:

#### **A. Financial Reporting Oversight**

1. Prior to public dissemination of the annual audited and quarterly unaudited financial statements, review and discuss with management and the independent auditor such financial statements, including any major issues regarding accounting, disclosure, and auditing or review procedures and practices, and the adequacy of internal controls over financial reporting that could materially affect such financial statements. In addition, the review should include the disclosure under “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in the Partnership’s Annual Report on Form 10-K (“Form 10-K”) or Quarterly Report on Form 10-Q (“Form 10-Q”), as applicable. In the case of the annual review, the Committee shall recommend to the Board whether to include the audited financial statements in the Partnership’s Form 10-K.

2. Prior to their release, review and discuss with management and the independent auditor the types of information to be disclosed and the type of presentation to be made in all earnings press releases, financial restatements or Current Reports on Form 8-K relating to any financial reports of the Partnership (including use of “pro forma” or “adjusted” non-GAAP information).

3. Periodically review and discuss with management the types of information to be disclosed and the type of presentation to be made to analysts and rating agencies regarding financial information and earnings guidance.

4. Review and discuss with management and the independent auditor: (a) any significant financial reporting issues, use of estimates and judgments made in connection with the preparation of the Company Group's financial statements, including any significant changes in the Company Group's selection or application of accounting principles; (b) the adequacy of the Company Group's internal control over financial reporting and any corrective actions or procedures adopted in light of material control deficiencies; (c) the development, selection and disclosure of critical accounting estimates; and (d) analyses of the effect of alternative assumptions or estimates, or applications of generally accepted accounting principles in the United States ("GAAP"), on the Company Group's financial statements.

5. Review and discuss with management (including the head of internal audit) and the independent auditor, management's assessment of internal control over financial reporting and the independent auditor's report on the Company Group's internal control over financial reporting prior to the filing of the Partnership's Form 10-K.

6. Discuss with management the Partnership Group's significant financial risk exposures and the steps management has taken to identify, monitor and mitigate such exposures, including the Company Group's risk assessment framework and risk management guidelines and policies.

7. Discuss with management and the independent auditor the effect on the Partnership's financial statements of regulatory and accounting initiatives as well as off-balance sheet structures.

8. Communicate at least annually with the independent auditor the matters required to be discussed by Auditing Standard No. 16 (or any successor standard thereof), relating to the conduct of the audit, including: (a) the adoption of, or changes to, the Company Group's significant accounting policies and practices; (b) the management letter provided by the independent auditor and the Company Group's response to that letter; (c) any difficulties encountered in the course of the audit work, including any restrictions on the scope of activities or access to requested information, and any significant disagreements with management; and (d) such other matters as the SEC, the Public Company Accounting Oversight Board ("PCAOB") and the NYSE may direct by rule or regulation.

9. Obtain quarterly assurances from management that the Company Group's internal control over financial reporting is adequate and effective. Obtain annual attestation from management that the Company Group's internal control over financial reporting is adequate and effective. Obtain annually a report from the independent auditor of the adequacy and effectiveness of the internal control over financial reporting.

10. Review the disclosures made by the General Partner's CEO and CFO during their certification process for each Form 10-K and Form 10-Q regarding any significant deficiencies in the design or operation of internal control over financial reporting or material weaknesses therein and any fraud involving management or other employees who have a significant role in the Company Group's internal control over financial reporting.

## **B. Independent Auditor Oversight**

1. Be directly responsible for the appointment, retention, oversight, compensation and, when necessary, termination of the independent auditor, including resolution of disagreements between management and the independent auditor regarding financial reporting in connection with preparing or issuing an audit report or related work. The Committee and the independent auditor will discuss the independent auditor's responsibilities and the responsibilities of management in the audit process.

2. Review, at least annually, the qualifications, performance and independence of the independent auditor. In conducting such review of the independence of the independent auditor, the Committee shall (a) require the independent auditor to submit on a periodic basis (but at least annually) to the Committee a formal written statement in accordance with applicable requirements of the PCAOB, describing all relationships between the independent auditor or its affiliates and the Company Group or persons in financial reporting oversight roles at the Company Group, (b) discuss with the independent auditor the potential effects of any such relationships on the independence of the independent auditor, and (c) cause the independent auditor to affirm, in writing, to the Committee that it is independent and in compliance with applicable requirements of the PCAOB. The substance of such discussions shall be documented in writing. The Committee shall present its conclusions with respect to the independent auditor to the Board.

3. Review the experience and qualifications of the senior members of the independent auditor team.

4. Assure the regular rotation of the lead audit partner of the independent auditing firm as required by law or as determined by the Committee in its sole discretion, and consider whether, in order to assure continuing auditor independence, there should be regular rotation of the independent auditing firm itself.

5. Periodically set and review clear hiring policies for employees or former employees of the independent auditor.

6. At least annually, obtain and review a report by the independent auditor describing: (a) the firm's internal quality-control procedures; (b) any material issues raised within the preceding five years by the most recent internal quality-control review, or peer review, of the firm, or by any inquiry or investigation by governmental or other authority relating to any independent audit conducted by the firm; (c) any steps taken to deal with any such issues; and (d) registration of the independent auditor with the PCAOB.

7. Meet with management, internal audit and the independent auditor prior to the initiation of the annual audit to discuss: (a) the scope and procedures to be followed and staffing for the audit; (b) the independent auditor's process for identifying and responding to key audit and internal control risks; and (c) the scope and approach of the annual audit to assure completeness of coverage of key business controls and risk areas.

8. Instruct the independent auditor to report directly to the Committee any problems or difficulties incurred in connection with the audit, including any restrictions on the

scope of activities or access to required information, or any disagreements with management and resolve any disagreements between management and the independent auditor regarding financial reporting that are brought to the attention of the Committee.

9. Review with the independent auditor at the completion of the annual audit: (a) the independent auditor's audit of the financial statements and internal control over financial reporting and their reports thereon; (b) any significant changes required in the independent auditor's audit plan; (c) the existence of significant estimates and judgments underlying the financial statements, including the rationale behind those estimates as well as the details on material accruals and reserves; (d) the critical accounting policies used in the financial statements; (e) an analysis of the effect of alternative methods of applying GAAP on the Partnership's financial statements; (f) material written communications between the independent auditor and the Company Group's management; (g) any schedules of unadjusted audit differences and a listing of adjustments and reclassifications not recorded, if any; and (h) other matters related to the conduct of the audit, which are to be communicated to the Committee under generally accepted auditing standards.

10. Establish policies and procedures for the pre-approval, as appropriate, of all audit services and all permitted audit-related, tax and other non-audit services to be performed for the Company Group by the independent auditor, subject only to the *de minimis* exceptions for permitted non-audit services. The Committee may delegate to one or more members of the Committee the authority to pre-approve such additional services that arise between regularly scheduled Committee meetings, provided that such pre-approvals are reported to the full Committee at its next regularly scheduled meeting.

11. Ensure that the independent auditor has full access to the Committee and the Board to report on any and all appropriate matters.

### **C. Internal Audit Oversight**

1. Review and concur in the appointment and replacement of the senior internal audit executive.

2. Review the activities, objectivity, organizational structure, staff qualifications, budget and responsibilities of the internal audit function.

3. Review the significant reported issues to management prepared by the internal audit function and management's responses.

4. Review the internal audit process for establishing the annual internal audit plan.

### **D. Compliance Oversight Responsibilities**

1. Obtain from the independent auditor assurance that it has complied with the requirements applicable to it under Section 10A of the Securities Exchange Act of 1934, as amended.

2. Obtain reports from management and/or the independent auditor regarding whether the Company Group and/or its foreign affiliated entities are in conformity with applicable legal requirements, including disclosure of affiliated party transactions.

3. Review reports and disclosures of insider and affiliated-party transactions.

4. Discuss with management and the independent auditor any correspondence from or with regulators or governmental agencies and any employee complaints or published reports that raise material issues regarding the Company Group's financial statements, internal control over financial reporting, accounting policies, or internal audit function.

5. Discuss with management and the independent auditor any pending legal or compliance matters that may have a material impact on the financial statements or the Company Group's compliance policies.

6. Establish procedures for: (a) the receipt, retention and treatment of complaints received by the General Partner or the Committee regarding accounting, internal accounting controls or auditing matters; and (b) the confidential, anonymous submission by employees of the Company Group of information regarding questionable accounting, internal controls or auditing matters. The Committee may investigate at its discretion any complaint brought to its attention, which investigation may include reviewing the books, records and facilities of the Company Group and interviewing Company Group officers or employees.

7. Obtain reports from management on the General Partner's conformity with its Code of Business Conduct and Ethics. Monitor compliance with the General Partner's Code of Business Conduct and Ethics and, as appropriate, review the procedures that the General Partner has implemented regarding such compliance.

8. Review with management, the independent auditor and internal audit the adequacy and integrity of the Company Group's accounting policies and procedures and internal accounting controls, and the extent to which changes or improvements in financial or accounting practices have been implemented.

9. Following completion of the annual financial statement audit, review separately with each of management, the independent auditor and internal audit any significant difficulties encountered during the course of the audit, including any restrictions on the scope of work or access to required information.

#### **E. Other Responsibilities**

1. Prepare and publish a report in the Partnership's annual report or proxy statement as required by the SEC's rules and regulations.

2. Review and reassess the adequacy of this Charter at least annually, and recommend any proposed changes to the Board for its approval.

3. Submit this Charter to the Board for approval, and cause the General Partner to have the Charter posted on the Partnership's website.
4. Report regularly to the Board about matters related to the Committee's function.
5. Conduct an annual evaluation of the Committee's performance.

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

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 Partnership's financial statements and disclosures are complete, accurate and in accordance with GAAP and applicable rules and regulations. These are the responsibilities of the General Partner's management, or as applicable the independent auditor.

### **Meetings**

The Committee shall meet at least four times annually or more frequently as circumstances dictate. Meetings may be called at the request of the Chairperson, two or more members of the Committee, or the Chairman of the Board. Meetings of the Committee shall be held at such time and place, and upon such notice, as the Chairperson may from time to time determine. Meetings of the Committee may be in person, by conference call, or by any other means permitted by law or otherwise in accordance with the General Partner's limited liability company agreement (as may be amended from time to time). The Committee shall meet in separate executive sessions with management, internal audit and the independent auditor (but not less than annually, in the case of management, and not less than quarterly, in the case of the independent auditor and internal audit) to foster free and open communication. Meetings may, at the discretion of the Committee, include members of the General Partner's management, independent consultants, and such other persons as the Committee or the Chairperson may determine. Members of the Committee may conduct informal inquiries without the necessity of formal meetings. The Committee shall have a designated secretary (who need not be a member of the Committee) and shall keep written minutes of its meetings, which shall be recorded or filed with the books and records of the Company Group. Any member of the Board shall be provided with copies of such minutes if requested. The Committee shall keep such other records of its meetings as it deems appropriate.

A majority of the members of the Committee shall constitute a quorum. Concurrence of a majority of the members of the Committee shall be required to take formal action of the Committee. The Committee may also act by unanimous written consent in lieu of a meeting.

The Chairperson shall be responsible for leadership of the Committee, including approving the agenda, presiding over Committee meetings, making Committee assignments and reporting the Committee's actions to the Board from time to time (but at least once each year) as requested by the Board. The Committee will discuss with the Board any issues that arise with respect to the quality or integrity of the Partnership's financial statements, the Company Group's compliance with legal or regulatory requirements, the performance and independence of the independent auditor, or the performance of the internal audit function.

Except as specifically provided in this Charter, the provisions of the General Partner's limited liability company agreement (as may be amended from time to time) with respect to committees of the Board shall apply to the Committee.