

## **BRIGHAM EXPLORATION COMPANY AUDIT COMMITTEE CHARTER**

### **I. Composition of the Audit Committee**

The Audit Committee of the Board of Directors of Brigham Exploration Company (the “Company”) shall be comprised of at least three directors as appointed by the Board of Directors. None of the members of the Audit Committee shall be an officer or employee of the Company or its subsidiaries, nor have any relationship that, in the opinion of the Board of Directors, would interfere with the exercise of independent judgment in carrying out the responsibilities of a director. Each member of the Audit Committee shall otherwise satisfy the applicable membership, independence and experience requirements under the rules of the National Association of Securities Dealers, Inc., as such requirements are interpreted by the Board of Directors in its business judgment, and all applicable federal laws. All members of the Audit Committee should be able to read and understand financial statements and at least one member of the Audit Committee shall be a financial expert as defined by the rules and regulations of the Securities and Exchange Commission. Members of the Audit Committee shall receive no compensation other than payment for board or committee service.

### **II. Purposes of the Audit Committee**

The purposes of the Audit Committee are to assist the Board of Directors in fulfilling its oversight over:

1. the integrity of the financial statements, internal accounting, financial controls, disclosure controls and financial reporting processes of the Company;
2. the independent auditor’s qualifications and independence;
3. the Company’s compliance and legal and regulatory requirements; and
4. the performance of the independent auditors and the Company’s internal audit function (if applicable).

The function of the Audit Committee is oversight. The management of the Company is responsible for the preparation, presentation and integrity of the Company’s financial statements. Management is responsible for maintaining appropriate accounting and financial reporting principles and policies and internal controls and procedures designed to assure compliance with accounting standards and applicable laws and regulations. The independent auditors are responsible for planning and carrying out a proper audit of the Company’s annual financial statements, reviews of the Company’s quarterly financial statements prior to the filing of each Quarterly Report on Form 10-Q, and other procedures. In fulfilling their responsibilities hereunder, it is recognized that members of the Audit Committee are not full-time employees of the Company. As such, it is not the duty or responsibility of the Audit Committee or its members to conduct “field work” or other types of auditing or accounting reviews or procedures, and each member of the Audit Committee shall be entitled to rely on (i) the integrity of those persons and organizations within and outside the Company from which it receives information, (ii) the accuracy of the financial and other information provided to the Audit Committee by such persons or organizations absent actual knowledge to the contrary (which shall be promptly

reported to the Board of Directors) and (iii) representations made by management as to any information technology, internal audit and other non-audit services provided by the auditors to the Company.

### III. Meetings of the Audit Committee

The Audit Committee shall meet as often as it determines, but not less frequently than quarterly, to discuss with management the annual audited financial statements and quarterly financial statements. The chairman of the Audit Committee shall be designated by the Board of Directors, or if no such delegation is made, shall be selected by the affirmative vote of the majority of the Audit Committee members. The Audit Committee should meet separately at least quarterly with management, the independent auditors, the internal auditor (if applicable) and as a committee. The Audit Committee may request on an unrestricted basis any officer or employee of the Company or the Company's outside counsel or independent auditors to attend a meeting of the Audit Committee or to meet with any members of, or consultants to, the Audit Committee. Members of the Audit Committee may participate in a meeting of the Audit Committee by means of conference call or similar communications equipment by means of which all persons participating in the meeting can hear each other. The majority of the members of the Audit Committee shall constitute a quorum. The Audit Committee may also act by unanimous written consent in lieu of a meeting. The chairman may represent the Committee in preliminary reviews of Quarterly Reports on Form 10-Q and other matters, including the approvals required between Audit Committee meeting dates, as agreed by the Committee. Any action taken by the Chairman pursuant to the preceding sentence shall be ratified by the full Audit Committee at the next Audit Committee meeting. The Audit Committee shall report its actions and any recommendations to the Board of Directors after each meeting of the Audit Committee, directly or through the chairman.

### IV. Selection of Independent Auditors

The Audit Committee has the sole authority in the selection, retention and, when appropriate, replacement of the independent auditors of the Company and in the determination and pre-approval of audit engagement fees and non-audit engagements and fees. The independent auditors for the Company are ultimately accountable to the Audit Committee.

### V. Duties and Powers of the Audit Committee

To carry out its purposes, and without limiting the generality of the preceding provisions, the Audit Committee shall have the following duties and powers to the extent it deems necessary or appropriate:

1. with respect to the independent auditor,
  - (i) to appoint, determine funding for, and oversee the outside auditors (including resolving disagreements between management and the outside auditors regarding financial reporting) for the purpose of preparing or issuing an audit report or related work;
  - (ii) to require that the outside auditors prepare and deliver annually a formal written statement delineating all relationships between the outside auditors and the Company ("Statement as to Independence"), consistent with

Independence Standards Board No. 1 (it being understood that the outside auditors are responsible for the accuracy and completeness of the Statement as to Independence);

- (iii) to pre-approve the independent auditors' provision of (a) all audit, review and attest engagements required under the securities laws; and (b) all permitted non-audit services to the Company, and to consider the effect on the independence of the independent auditors of any such services (it being understood that the Audit Committee will rely on the accuracy of the information provided by the independent auditors as to the services provided and the fees paid and will rely on the representations of management in connection with such consideration);
- (iv) to review a formal written statement, received from the outside auditors annually, of the fees billed for each of the following categories of services rendered by the outside auditors:
  - the audit of the Company's annual financial statements for the most recent fiscal year and the reviews of the financial statements included in the Company's Quarterly Reports on Form 10-Q for that fiscal year;
  - tax services for the most recent fiscal year, in the aggregate and by each service; and
  - all other services rendered by the outside auditors for the most recent fiscal year, in the aggregate and by each service;
- (v) to instruct the independent auditors that the independent auditors are ultimately responsible to, and shall report directly to, the Audit Committee;
- (vi) to assess the independent auditor's qualifications, performance and independence, including the opinion of management and the internal auditor (if applicable). Audit firm rotation (including discussion of the qualifications of other major accounting firms) and lead partner rotation should also be discussed. The results of the process set forth in the two preceding sentences should be reported to the entire Board of Directors.
- (vii) to receive in its private meetings the opinion of the independent auditors on their evaluation of the quality of accounting principles used and the reasonableness of significant judgments made by management as it falls within the scope of their duties, and discuss any problems or difficulties that were encountered during the audit and any significant disagreements with management, including any waived audit adjustments.
- (viii) at least annually, receive a report by the independent auditors describing:
  - the firm's internal quality-control procedure;

- 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 on by the firm, and any steps taken to deal with any such issues; and
  - all relationships between the independent auditors and the Company in order to assess the independent auditors' independence.
- (ix) to set policies for the Company's hiring of employees or former employees of the independent auditors who were engaged on the Company's account.
- (x) Obtain immediate notification of any matter referred to the national office of the independent auditors and receive a quarterly report on matters discussed by the independent auditors with its national office during the quarter regarding the Company.
2. with respect to financial reporting processes, principles and policies and internal controls and procedures,
- (i) to advise management and the independent auditors that they are expected to provide to the Audit Committee a timely analysis of significant financial reporting issues and practices;
- (ii) to discuss all related party transactions;
- (iii) to discuss any reports or communications (and management's responses thereto) submitted to the Audit Committee by the independent auditors required by or referred to in SAS 61, as may be modified or supplemented. In addition, discuss the management letter provided by the independent auditor and the Company's response to that letter.
- (iv) to inquire about significant business risks and exposure, if any, and the steps taken to monitor and minimize such risks.
- (v) prior to approving the filing of the Company's Annual Report on Form 10-K or Quarterly Reports on Form 10-Q and related earnings releases, to meet with management and the independent auditors in order to:
- (a) discuss the results of the annual audit and timely quarterly reviews by the independent auditors, and review the form of opinion the independent auditors propose to render to the Board of Directors of the Company;
- (b) discuss the development, selection and disclosure of critical accounting estimates and critical accounting policies, and any significant changes to the Company's auditing and accounting principles, policies, controls, procedures and practices proposed or contemplated by the independent auditors or management;

- (c) discuss alternative accounting treatments that were discussed with management (including their ramifications and the independent auditor's preferred treatment), and analyses of the effect of alternate assumptions, estimates or GAAP methods on the Company's financial statements; and
  - (d) discuss other written communications between the independent auditor and management;
  - (e) discuss significant financial reporting issues and judgments made in connection with the preparation of the Company's financial statements;
  - (f) discuss any issues as to the adequacy of the Company's internal controls and any special audit steps adopted in light of material control deficiencies;
  - (g) discuss the scope of and plan for the annual audit;
  - (h) discuss any other significant matters arising from any audit, report or communication, whether by management or the independent auditors, relating to the Company's financial statements, accounting, internal controls or audit matters;
  - (i) review disclosures made to the Audit Committee by the Company's CEO and CFO, during their certification process for the Annual Report on Form 10-K and Quarterly Reports on 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;
  - (j) obtain from the independent auditors assurance that the audit was conducted in a manner consistent with Section 10A of the Securities Exchange Act of 1934, as amended, which sets forth certain procedures to be followed in any audit of financial statements required under the Securities Exchange Act of 1934; and
  - (k) discuss with the Company's legal counsel any significant legal matters that may have a material effect on the financial statements, the Company's compliance policies, including material notices to or inquiries received from governmental agencies;
3. with respect to any concerns submitted by employees or others pursuant to the Company's Code of Business Conduct and Ethics or otherwise regarding accounting, internal accounting controls or auditing matters,

- (i) to establish procedures for the receipt, retention, investigation and treatment of complaints received by the Company; and to have full and independent access to such;
  - (ii) to ensure the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters; and
  - (iii) to discuss on a regular basis the need for an internal audit department and how the internal audit function is being fulfilled in the absence of a formal internal audit department.
4. with respect to reporting and recommendations,
- (i) to review this Charter at least annually and recommend any changes to the full Board of Directors for approval;
  - (ii) to discuss with the board of directors the Company's policies and procedures regarding compliance with applicable laws and regulations and with the Company's code of business conduct and ethics;
  - (iii) to prepare any report or other disclosures, including any recommendation of the Audit Committee, required by the rules of the SEC;
  - (iv) to report its activities to the full board of directors on a regular basis and to make such recommendations with respect to the above and other matters as the Audit Committee may deem necessary and appropriate, including recommending to the board of directors whether the audited financial statements should be included in the Company's Annual Report on Form 10-K; and
  - (v) to discuss earnings press releases and financial information provided to analysts and rating agencies, at least generally, but not necessarily in advance of each release of information.
5. with respect to the foregoing, to perform any other activities consistent with this Audit Committee Charter, the Company's governing documents, the rules of the National Association of Securities Dealers, Inc., and governing law as the Audit Committee or the Board of Directors deems necessary or appropriate.

## VI. Resources and Authority of the Audit Committee

The Audit Committee shall have the resources and authority appropriate to discharge its responsibilities, including the authority to engage independent auditors for special audits, reviews, investigations and other procedures and to retain *its own* special *legal* counsel and other experts or consultants as it deems necessary or appropriate to assist in the full performance of its functions. The Company shall provide for appropriate funding, as determined by the Audit Committee, for payment of any costs incurred by the Audit Committee. The Audit Committee is empowered to investigate any matter brought to its attention with full access to all books, records, facilities and personnel of the Company.