

## **STALLION OILFIELD HOLDINGS, INC.**

### **POLICY FOR EMPLOYEE COMPLAINT PROCEDURES FOR ACCOUNTING AND AUDITING MATTERS**

#### **Policy Statement**

Stallion Oilfield Holdings, Inc. (the “Company”) is committed to the highest ethical principles in all aspects of its business, including the reporting of its financial results and the accounting principles used by it in reporting such results.

The Board of Directors (the “Board”) of the Company has constituted and established an Audit Committee (the “Committee”) with the authority, responsibility and specific duties as described in the Company’s Audit Committee Charter. Pursuant to the Audit Committee Charter, the Committee is required to establish the procedures for (1) the receipt, retention, treatment and investigation of complaints received by the Company regarding accounting, internal accounting controls or auditing matters (“Accounting Matters”) and (2) the confidential, anonymous submission by employees of concerns regarding questionable Accounting Matters. In order to facilitate the reporting of employee complaints, the Committee has adopted this Policy for Employee Compliant Procedures for Accounting and Auditing Matters (this “Policy”).

Pursuant to this Policy, any employee of the Company may submit a good faith complaint regarding Accounting Matters to the Company’s management without fear of dismissal or retaliation of any kind.

#### **Scope of Matters Covered by These Procedures**

These procedures cover employee complaints relating to any questionable Accounting Matter, including, without limitation, the following:

- Fraud or deliberate error in the preparation, evaluation, review or audit of any of the Company’s financial statements;
- Fraud or deliberate error in the recording and maintaining of the Company’s financial records;
- Deficiencies in or noncompliance with the Company’s internal accounting controls;
- Misrepresentation or a false statement to or by a senior officer or accountant regarding a matter contained in the Company’s financial records, financial statements or audit reports;
- Deviation from full and fair reporting of the Company’s financial condition; and
- Violations of SEC rules and regulations applicable to the Company and related to accounting, internal accounting controls and auditing matters.

## **Receipt of Complaints**

If an employee of the Company or non-employee or agent has a reasonable basis to believe that the Company has engaged in, or proposes to engage in, a questionable accounting practice or is aware of any other event or circumstance which could distort the Company's financial reports, he or she shall promptly notify the Chairman of the Audit Committee (the "Chairman") in writing, describing in sufficient detail the practice, event or circumstance at issue, by sending the notice to the attention of the Chairman, c/o Stallion Oilfield Holdings, Inc., 950 Corbindale, Suite 300, Houston, Texas 77024, or to the Company's designated recipient (the "Designated Recipient") in the manner described on the Company's website ([www.stallionoilfield.com](http://www.stallionoilfield.com)). Upon receipt of such a complaint by the Designated Recipient, he will promptly ensure that a record of such complaint is made, and will forward any such complaint to the Chairman and, if appropriate, to the Company's Chief Executive Officer and Chief Financial Officer. Any person may submit such report anonymously. If the reporting person submits the report and does not indicate that such person shall remain anonymous, the Chairman will keep such identity in confidence, unless the reporting person has expressly permitted otherwise or such identity is apparent from the substance of the complaint itself.

## **Treatment of Complaints**

Upon receipt of a report, the Chairman will instruct the Company's General Counsel to evaluate the report. Following a review of the General Counsel's initial evaluation, the Chairman will determine whether a more expansive review is warranted. The Chairman has the ability to retain, at the Company's expense, special legal, accounting, or other consultants or experts he deems necessary or appropriate in the performance of his duties and responsibilities set forth herein. If the Chairman determines an expanded review is warranted, he will promptly instruct the Company's independent auditor or such other outside advisor that has been retained by the Audit Committee to:

- evaluate such report as to gravity and credibility;
- initiate an informal inquiry or a formal investigation with respect thereto;
- prepare a report of such inquiry or investigation, including recommendations as to the disposition of such matter;
- make the results of such inquiry or investigation available to the Audit Committee for consideration and action; and
- if there is merit to the reporting person's report, recommend changes to the Company's accounting practices necessary or desirable to prevent such practices.

The Company will provide appropriate funding, as determined by the Chairman, for compensation to any advisers that the Chairman chooses to engage and for ordinary administrative expenses of the Audit Committee that are necessary or appropriate in carrying out its duties set forth herein.

Except for those officers, employees, agents or representatives of the Company that are called on to investigate these reports, confidentiality will be maintained to the fullest extent possible.

The Company will not discharge, demote, suspend, threaten, harass or in any manner discriminate against any employee in the terms and conditions of employment based upon any lawful actions of the employee with respect to good faith reporting of complaints regarding Accounting Matters in accordance with this policy. Retaliatory action against any person who submits a report pursuant hereto is strictly prohibited.

### **Reporting and Retention of Complaints and Investigations**

The Company's General Counsel will maintain a log of all complaints, tracking their receipt, investigation and resolution and shall prepare a periodic summary report for the Audit Committee. Copies of the complaints and the log will be maintained in accordance with the Company's document retention policy, which is set forth in the Company's Code of Ethics and Business Conduct.

### **Amendments**

The Committee may amend these procedures at any time, consistent with requirements of applicable laws, rules and regulations.