

AUDIT COMMITTEE CHARTER

Organization:

The Board of Directors of K-Sea General Partner GP LLC, a Delaware limited liability company (“K-Sea GP LLC”) and general partner of the general partner of K-Sea Transportation Partners L.P. (the “Company”), shall designate annually an audit Committee comprised of three or more Directors, who may be removed by the Board of Directors in its discretion. Each member of the Audit Committee shall be, as determined and disclosed by the Board of Directors, (1) “independent” as determined in accordance with the rules and regulations of the New York Stock Exchange (“NYSE”) and (2) sufficiently financially literate to enable him or her to discharge the responsibilities of an Audit Committee member. Additionally, at least one member of the Audit Committee shall have accounting or related financial management expertise and qualify as an “audit committee financial expert”, as defined in applicable rules and regulations of the Securities and Exchange Commission (“SEC”). Audit Committee members shall not simultaneously serve on the audit committees of more than two other public companies. The member so the Audit Committee shall comply with and satisfy the rules and regulations of the SEC, applicable securities laws, the rules and regulations of the NYSE and all other applicable laws, rules and regulations. The Audit Committee shall report regularly to the Board of Directors.

A Chairman of the Audit Committee shall be elected annually by the Board of Directors. The Audit Committee shall review its own performance not less than annually.

Purpose:

The primary purpose of the Audit Committee is to assist the Board of Directors oversight of (1) the integrity of the Company’s financial statements, (2) the independent auditor’s qualifications, independence, and performance, (3) the performance of the Company’s internal controls and procedures and internal audit function, and (4) the Company’s compliance with legal and regulatory requirements. The Audit Committee shall also function as the Company’s qualified legal compliance committee (QLCC) as defined under applicable SEC rules and regulations.

While the Audit Committee recognizes the importance of its role, it is not the responsibility of the Audit Committee to plan or conduct audits, to determine that the Company’s financial statements are in all material respects complete, accurate and prepared in accordance with generally accepted accounting principles (“GAAP”), or to certify the Company’s financial statements. Management is responsible for the preparation of the Company’s financial statements and the independent auditors are responsible for auditing those financial statements. It is also not the responsibility of the Audit Committee to guarantee the independent auditor’s report. The Audit Committee shall assist the Board of directors in overseeing management’s fulfillment of its responsibilities in the financial reporting process of the Company. The Audit Committee also shall be directly responsible for the oversight of the independent auditor’s fulfillment of its responsibilities to the financial reporting process of the Company.

Meetings:

The Audit Committee shall meet at least four times each year, or more frequently as it deems necessary or appropriate, to carry out its responsibilities and may, in its sole discretion, form and

delegate authority to subcommittees (comprised only of Audit Committee members) in furtherance of such responsibilities. Meetings of the Audit Committee shall be called by the Chairman of the Audit Committee, the Chairman of the Board of Directors, or the Chief Executive Officer of K-Sea GP LLC. All such meetings shall be held pursuant to the limited liability company agreement of K-Sea GP LLC with regard to notice and waiver thereof, and written minutes of each such meeting shall be duly filed in the records of K-Sea GP LLC. In order to foster open communications, the Audit Committee shall meet periodically with senior management, the person responsible for the Company's internal controls and procedures, and the independent auditor in separate, private sessions to discuss any matters that the Audit Committee or any such persons believe appropriate and may also ask members of management or others to attend Audit Committee meetings and provide pertinent information as necessary.

Relationship With Independent Auditors:

The Audit Committee shall have the sole authority to appoint, retain and terminate the Company's independent auditor, which shall report directly to the Audit Committee. The Audit Committee shall be directly responsible for the evaluation, compensation (including as to fees and terms) and oversight of the work of the Company's independent auditor (including resolution of disagreements between management and the independent auditor regarding financial reporting) for the purpose of preparing or issuing an audit report or related work. All related fees and costs of the independent auditor, as determined by the Audit Committee, shall be paid promptly by the Company in accordance with its normal business practices. All auditing services and permitted non-audit services performed for the Company by the independent auditor shall be pre-approved by the Audit Committee subject to applicable laws, rules and regulations. The Audit Committee may form and delegate to a subcommittee the authority to grant pre-approvals with respect to auditing services and permitted non-auditing services, provided that any such grant of pre-approval shall be reported to the full Audit Committee at its next meeting.

Powers and Responsibilities:

A. Oversight of the Company's Financial Statements and Disclosures Practices:

The Audit Committee shall:

- 1) Discuss with management and the independent auditor the Company's annual audited financial statements, including the Company's disclosures made under "Management's Discussion and Analysis of Financial Condition and Results of Operations" and recommend to the Board of Directors whether such audited financial statements should be included in the Company's annual report on Form 10-K.
- 2) Discuss with management and the independent auditor the Company's quarterly financial statements, including the Company's disclosures made under "Management's Discussion and Analysis of Financial Condition and Results of Operations".
- 3) Review the Company's disclosure controls and procedures, internal controls and procedures for financial reporting and the certifications required to be made by any officer of the Company in each of the Company's quarterly reports on Form 10-Q and the Company's annual report on Form 10-K ("periodic reports")

- 4) Review all reports from the independent auditor pursuant to applicable laws, rules and regulations concerning:
 - (a) All critical accounting policies and practices to be used;
 - (b) All alternative treatments of financial information within generally accepted accounting principles that have been discussed with management, including ramifications of the use of such alternative disclosures and treatments and the treatment preferred by the independent auditor; and
 - (c) Other material written communications between the independent auditor and management, such as any management letter or schedule of unadjusted differences.
- 5) Discuss with the independent auditor certain matters related to the conduct of the audit pursuant to Statement of Auditing Standards No. 61, as amended, including any:
 - (a) Problems or difficulties encountered by the independent auditor in the course of the audit work;
 - (b) Restrictions on the scope of the independent auditor's activities or access to information;
 - (c) Significant disagreements with management;
 - (d) Communications between the independent auditing team and such team's national office with respect to auditing or accounting issues presented by the engagement;
 - (e) Accounting adjustments noted or proposed by the independent auditor, but not adopted by the Company; and
 - (f) Management or internal control letters issued or proposed to be issued by the independent auditor to the Company's response to that letter.
- 6) Discuss generally with management the types of information to be disclosed and presentations to be made in connection with the Company's (a) issuance of earnings press releases (including the Company's use of "pro forma" or "adjusted" non-GAAP financial information); and (b) disclosure of financial information, earnings releases and earnings guidance to analysts and rating agencies. The Audit Committee need not discuss in advance each earnings release or each instance in which the Company may provide earnings guidance
- 7) Discuss the Company's policies and guidelines which govern the Company's risk assessment and risk management efforts as well as discuss the Company's major financial risk exposures and the steps management has taken to monitor and control such exposures.

- 8) Review and discuss with management and the independent auditor, as it deems necessary or appropriate:
 - (a) Major issues regarding accounting principles and financial statement presentation, including any significant changes in the selection or application of accounting principles and 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;
 - (b) Analyses prepared by management and/or the independent auditor setting forth significant financial reporting issues and judgments made in connection with the preparation of the financial statements, including analyses of the effects of alternative GAAP methods on the Company's financial statements; and
 - (c) The effect of regulatory and accounting initiatives, as well as off-balance sheet structures, on the Company's financial statements.
- 9) Review disclosures made to the Audit Committee by the Company's Chief Executive Officer and Chief Financial Officer during their certification process for the Periodic Reports about 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's internal control over financial reporting.
- 10) Review the appointment and replacement of the senior internal auditing executive.

B. Oversight of the Company's Independent Auditor:

The Audit Committee shall:

- 1) Obtain and review a report from the independent auditor on at least an annual basis describing:
 - (a) The internal quality control procedures of such independent auditor;
 - (b) Any material issues raised by the independent auditors' most recent internal quality control review or peer review and any steps taken to deal with such issues;
 - (c) Any material issues raised by any inquiry or investigation by governmental or professional authorities, within the preceding five years, with respect to one or more independent audits carried out by the independent auditor and any steps taken to address such issues; and
 - (d) All relationships between the independent auditor and the Company.
- 2) Evaluate the qualifications, performance and independence of the independent auditor and report such conclusions to the Board of Directors, taking into account:
 - (a) The foregoing report;

- (b) Discussion with the independent auditor regarding any disclosed relationship with or services provided to the Company that may impact the objectivity and independence of the independent auditor;
 - (c) The services provided by the independent auditor, and
 - (d) The Opinions of management and the Company's internal auditors.
- 3) Evaluate the lead (or coordinating) audit partner having primary responsibility for the audit, taking into account the opinions of management and the Company's internal auditors.
 - 4) Ensure the required rotation of the lead (or coordinating) audit partner having primary responsibility for the audit and the audit partner responsible for reviewing the independent audit, and consider whether it is appropriate or necessary, in order to assure continuing independence, to rotate the Company's independent auditor on a regular basis.
 - 5) Take, or recommend that, the full Board take appropriate action to oversee the independence of the independent auditor.
 - 6) Recommend policies to the Board of Directors with respect to the employment of current and former employees of the independent auditor who were engaged on the Company's account.
 - 7) Review and discuss with management and the independent auditor the proposed plan and overall scope of the Company's annual audit.

C. Oversight of the Company's Compliance with Legal and Regulatory Requirements:

The Audit Committee shall:

- 1) Obtain confirmation from the independent auditors that they have not, in the course of the audit, detected or otherwise become aware of information indicating that an illegal act (whether or not perceived to have a material effect on the financial statements of the Company) has or may have occurred.
- 2) Review with management and the independent auditor the Company's Code of Business Conduct and Ethics ("Code of Conduct") which prohibits unethical or illegal activities by the Company's directors, officers and employees, as well as review the actions taken to monitor compliance with the Code of Conduct.
- 3) To the extent authorized by the Board of Directors, approve any proposed waivers for directors or executive officers and review any material waivers for non-executive officers or employees granted under the Company's Code of Conduct.

- 4) Review with management, the independent auditor, and the Company's counsel any legal, regulatory and environmental matters that may have a material impact on the Company's financial statements or accounting policies.
- 5) Establish procedures for the (a) receipt, retention and treatment of complaints received by the Company regarding the Company's accounting, and (b) confidential, anonymous submission by Company employees of concerns regarding questionable accounting or auditing matters.
- 6) Review and approve all related party transactions.
- 7) Review and assess on an annual basis the compliance with all applicable laws, rules and regulations, including those of the SEC and NYSE, specifically applicable to the composition and responsibilities of the Audit Committee.

Qualified Legal Compliance Committee

The Audit Committee, in its capacity as a QLCC, shall establish written procedures for the privileged and confidential receipt, retention and consideration of reports to the QLCC by attorneys appearing and practicing before the SEC on behalf of the Company.