



**CHARTER OF COMPENSATION COMMITTEE**  
**Gasco Energy, Inc. (“the Company”)**

1. Statement of Purposes. The Compensation Committee is established by the Board of Directors of the Company for the following purposes and such other purposes as the Board may from time to time direct:

- 1.1 to assist the Board in its responsibility relating to fair and competitive compensation of key employees of the Company;
- 1.2 to assure that key employees ( which includes all officers) are compensated in a manner consistent with the compensation philosophy and strategy of the Board and in compliance with the requirements of appropriate regulatory bodies and of any exchange rules to which the Company may be subject,;
- 1.3 to review and approve the Company’s compensation philosophy and its compensation programs, plans, and awards;
- 1.4 to administer the Company’s long and short term incentive plans and stock option plans; and
- 1.5 to review and approve company’s general employee benefit plans as needed.

2. Membership Composition. The Compensation Committee shall consist of three to five members of the Board, all of whom shall be outside Directors. The members shall be appointed by the Board each year at the first meeting of the Board following the next annual meeting of the Company and shall serve until the first meeting of the Board following the next annual meeting unless they earlier resign from the Committee or the Board. Further, the Board at anytime may appoint new members to either replace resigning members or to expand the Committee up to five members, and such new members shall serve until the first meeting of the Board following the next annual meeting of the Company.

3. Meetings. The Committee shall meet at least once a year and otherwise as called, on at least three days notice, by the Chairman or any other members as is necessary in order to fulfill the Committee's purposes as set forth by the Board. A minimum of three members will be required to be present in person or by telephone to constitute a quorum. The Chairman shall appoint a secretary to keep minutes or may request the Secretary of the Company to attend a meeting and keep minutes. The Committee may also act through unanimous written consent with the same authority as if through a regularly called meeting.

4. General Compensation Oversight. The Committee shall exercise general oversight over the Company's compensation practices and shall have the following prerogatives:

- 4.1 To review the Company's executive compensation strategy and philosophy and consult with the CEO regarding the strategy's effect on achievement of company goals;
- 4.2 to assure that total compensation paid to key employees is appropriate and consistent with Company's compensation philosophy;
- 4.3 annually to review market and industry data to assess the Company's competitive position with respect to compensation;
- 4.4 to have the right to retain a compensation consultant in the Committee's sole discretion;
- 4.5 to administer the Company's incentive compensation or option plan and stock related plans through:
  - approving option guidelines and size of grants;
  - making grants;
  - interpreting the plans;
  - determining the rules and regulations relating to the plans;
  - modifying or canceling existing grants and substituting new grants (with the consent of the grantees);
  - designating employees eligible to participate in the plans; and
  - imposing limitations, restrictions, and conditions upon any award as permitted under the applicable plan;
- 4.6 to monitor the proposed awards for conformance with any restrictions placed thereon by the Board and the shareholders and advise the Board if any conflict exists;
- 4.7 to review with the CEO matters related to management succession;

- 4.8 periodically to review and make recommendations to the Board regarding the Company's stock ownership guidelines; and
- 4.9 to delegate authority and responsibility to a subcommittee or subcommittee as is deemed proper;

5. Non-CEO Compensation Oversight. The Committee shall have the following prerogatives with respect to compensation of officers other than the Chief Executive Officer:

- 5.1 To review with the CEO the CEO's recommendations for the compensation of other key employees;
- 5.2 annually to review and make recommendations to the Board regarding the compensation made to the Company's key employees;
- 5.3 annually to review and make recommendations to the Board regarding the benefit and prerequisites made to the Company's key employees;
- 5.4 to review and make recommendations to the Board regarding agreements proposed to be entered into with the Company's key employees;
- 5.5 to review and make recommendations to the Board regarding any deferred compensation arrangement proposed to be entered into with the Company's key employees; and
- 5.6 to review and make appropriate recommendations to the Board regarding the competitiveness and appropriateness of compensation paid to the executive officers of subsidiaries.

6. CEO Compensation Oversight. The Committee shall have the following prerogatives with respect to the compensation of the CEO:

- 6.1 Annually to review and approve the compensation made to the CEO considering the following variables:
  - The Company's performance during good and bad economic cycles;
  - Relative shareholder returns;
  - Value of incentive award to CEOs at comparable companies;
  - Proper balance between long and short term incentives;
  - Differences in compensation at various levels of the company's management; and
  - Achievement of the corporate goals and objectives that were reviewed and approved by the Committee the previous year;

- 6.2 annually to review and make recommendations to the Board regarding the benefits and prerequisites offered to the CEO;
- 6.3 to review and make recommendations to the Board regarding agreements proposed to be entered into with the CEO;
- 6.4 to review and make recommendations to the Board regarding any deferred compensation arrangement proposed to be entered into with the CEO;
- 6.5 to approve in advance any salary adjustment for CEO and explain such adjustment in writing to the Board.

7. Directors Compensation Oversight. The Committee shall have the following responsibilities with respect to the compensation of Directors:

- 7.1 Annually to review and make recommendations to the Board regarding the compensation made to the Company's Directors.
- 7.2 to monitor the amount of compensation proposed to be paid to any Director, its effect on Director independence and for compliance with the Company's equity compensation plans.

8. Reports and Assessments. The Committee shall make reports as follows:

- 8.1 From time to time to the Board on Committee actions and fulfillment of Committee's responsibilities;
- 8.2 an annual review and self-assessment of performance;
- 8.3 an annual report to Board regarding the propriety of the compensation arrangements and whether the compensation arrangements met their stated purposes and served the interests of the Company; and
- 8.4 to prepare an annual report as required by SEC rules and regulations and submit it to the Board for inclusion in the Company's proxy statement.