



INVESTOR RELATIONS

Compensation Committee

GENERAL

The Board of Directors of Union Drilling, Inc. (the "Company") has constituted and established a compensation committee (the "Committee") with authority, responsibility and specific duties as described in this charter. The primary purpose of the Committee shall be to:

- fix, from time to time the salaries of the executive officers of the Company and grant such bonuses and awards pursuant to the Company's compensation plans, or otherwise, to officers and employees of the Company as it deems appropriate;
- establish, or recommend the establishment of, compensation plans for officers and employees of the Company as it deems appropriate; and
- oversee the general compensation policies of the Company

POWERS

The Committee will have the resources and the authority necessary to discharge its duties and responsibilities, the Committee may draw on the expertise of management and the corporate staff and, if appropriate, retain outside counsel, accountants and other experts or advisors to assist the Committee with its work.

In addition, the Committee shall have sole authority, at the Company's expense, to retain and terminate any compensation consultant or consultants who assist in the evaluation of the compensation of the Chief Executive Officer or senior executives, including sole authority to approve the consultant's fees and other retention terms.

MEMBERSHIP

The Committee shall consist of at least three Directors. Each member of the Committee shall (1) be independent and qualified under standards established by applicable law and the listing standards of the Nasdaq Stock Market, (2) qualify as an "outside director" under Section 162(m) of the Internal Revenue Code, as amended, and (3) meet the requirements of a "non employee director" for purposes of Section 16 of the Securities Exchange Act of 1934, as amended.

Notwithstanding the foregoing, to the extent that the Board of Directors, in its sole discretion, shall at any time determine that there is an available exception or cure period to compliance with the independence or experience requirements of Committee members under applicable law (including, without limitation, applicable rules of the U.S. Securities and Exchange Commission and Nasdaq Stock Market), then any non-compliance with, or failure to satisfy, the foregoing independence and/or experience requirements during any such period of exemption or cure shall not be deemed a violation or breach of this terms, provisions and conditions of this Charter. From the date of the adoption of this Charter until the earlier of (i) the date that the Board of Directors determines, in its sole discretion, to comply fully with the independence and experience requirements of Committee members under applicable law (including, without limitation, applicable rules of the U.S. Securities and Exchange Commission and Nasdaq Stock Market) or (ii) the date that any currently available exception to such independence or other requirements is no longer available to the Company under applicable law, the Company shall be excused from compliance with the above requirements to the extent of any available exceptions under applicable law, including, without limitation, the "controlled company exception," the "best interests exception" and the "IPO exception."

Committee members shall be appointed by the Board of Directors annually and as vacancies occur on the recommendation of the Corporate Governance and Nominating Committee. Committee members may be removed by the Board at any time. The Board shall appoint one member of the Committee as chairperson. He or she shall be responsible for leadership of the Committee, including overseeing the agenda, presiding over the meetings and reporting to the Board of Directors. If the chair of the Committee is not present at a meeting, the members of the Committee may designate a chair.

RESPONSIBILITIES

The following functions shall be the common recurring activities of the Committee in carrying out its duties and responsibilities. In addition to any other responsibilities which may be properly assigned by the Board, the Committee will have the following authorities and responsibilities.

A. Review and approve corporate goals and objectives relevant to the compensation of the Chief Executive Officer; evaluate the Chief Executive Officer's performance at least annually in light of those goals and objectives; and to determine the Chief Executive Officer's compensation level based on this evaluation, subject to ratification by the Company's independent Directors. In determining the long term incentive component of Chief Executive Officer's compensation, the Committee should consider the Company's performance and relative shareholder return, the value of similar incentive awards to chief executive officers at comparable companies, the awards given to the Company's Chief Executive Officer in past years and such other factors as the Committee deems appropriate and in the best interest of the Company. Nothing in this Charter should be construed as precluding discussion of the Chief Executive Officer's compensation with the Board generally.

B. Fix the (i) annual base salary level, (ii) annual incentive compensation, (iii) long-term incentive compensation, (iv) employment, severance and change-in-control agreements, if any, and (v) any other compensation, ongoing perquisites or special benefit items, in each case, pursuant to the Company's compensation plans or otherwise, to the executive officers of the Company.

C. Grant stock options and other stock and stock based awards to the Company's officers, employees and others when permitted to do so by the terms of the Company's compensation plans ; provided that the Committee may delegate to one or more officers of the Company the authority to make grants and awards of stock rights or options to any officer of the Company not subject to Section 16 of the Securities Exchange Act of 1934 under such of the Company's incentive-compensation or other equity-based plans as the Committee deems appropriate and in accordance with the terms of such plans.

D. Establish, or recommend the establishment of, compensation plans for officers and employees of the Company as it deems appropriate.

E. Review and approve the Company's employee benefit programs, including reviewing and approving any incentive-compensation and equity-based plans of the Company that are subject to Board approval. In reviewing such compensation and benefits policies, the Committee may consider the recruitment, development, promotion, retention and compensation of executive officers and other employees of the Company and any

other factors that it deems appropriate. The Committee shall report the results of such review and any action it takes with respect to the Company's compensation and benefits policies to the Board.

F. Produce a Compensation Committee report on executive compensation as required by the U.S. Securities and Exchange Commission to be included in the Company's annual proxy statement filed with the Securities and Exchange Commission.

G. Establish, or recommend to the Board the establishment of, compensation policies and philosophies.

H. Meet regularly and at such times as may be determined by the Committee or its Chairman, and report regularly to the Board.

I. Delegate any of its responsibilities to a subcommittee comprised of one or more members of the Committee when it deems appropriate and in the best interests of the Company.

Notwithstanding the foregoing, the Committee may fix bonuses and stock and non stock awards, with or without ratification by the Board, to the extent the Committee deems it necessary that it, rather than the Board of Directors, do so in order to qualify such compensation under Section 162(m) of the U.S. Internal Revenue Code or comply with the provisions of a compensation program approved by the Company's shareholders.

ANNUAL EVALUATION

The Committee shall conduct a self evaluation of its performance at least annually. The Committee shall report to the Board of Directors or such committee of the Board of Directors as the Board may designate the results of its evaluation.

REVIEW AND AMENDMENT

The Committee shall review and reassess the adequacy of this Charter periodically and recommend any proposed changes to the Board for approval. This Charter may be amended only by the Board.

PROCEDURES

The Committee shall meet as often as it determines is appropriate to carry out its responsibilities under this Charter. The Chairman of the Committee, in consultation with the other Committee members, shall determine the frequency and length of the Committee meetings and shall set meeting agendas consistent with this Charter. Meetings to determine the compensation of the Chief Executive Officer must be held in executive session. Meetings to determine the compensation of any officer of the Company not subject to Section 16 of the Securities Exchange Act of 1934 other than the Chief Executive Officer may be attended by the Chief Executive Officer, but the Chief Executive Officer may not vote on these matters.