

NUEVO ENERGY COMPANY

Charter of the Compensation Committee of the Board of Directors

1. Purpose

The Compensation Committee is appointed by the Board of Directors (the "Board") to discharge the Board's responsibilities relating to compensation of the Company's directors and officers. The Committee has overall responsibility for approving and evaluating the director and officer compensation plans, policies and programs of the Company.

The Compensation Committee is also responsible for producing an annual report on executive compensation for inclusion in the Company's proxy statement.

2. Committee Membership

The Compensation Committee shall consist of no fewer than three members of the Board. The members of the Compensation Committee shall meet the independence requirements of the New York Stock Exchange and any other regulatory body having jurisdiction over the Company.

Annually, or more often if vacancies occur, the Chairman of the Board shall make recommendations to the Board as to the composition of the Committee. The members of the Compensation Committee and its Chairman shall be appointed by the full Board. Compensation Committee members may be replaced by the Board.

3. Committee Authority and Responsibilities

3.1 Consultants

The Compensation Committee shall have authority to retain and terminate any compensation consultant to be used to assist the committee in the evaluation of director, CEO or senior executive compensation and shall have sole authority to approve the consultant's fees and other retention terms for such matters. The Compensation Committee shall also have authority to obtain advice and assistance from internal or external legal, accounting or other advisors.

3.2 Director Compensation

The Compensation Committee shall periodically review and make recommendations to the Board with respect to the compensation of all directors.

3.3 Executive Compensation

The Compensation Committee shall annually review and approve, for the CEO and the senior executives of the Company, (a) the annual base salary level, (b) the annual incentive opportunity level, and (c) the long-term incentive opportunity level. In determining the incentive component of executive compensation, the Compensation Committee may consider such factors as the Company's performance relative to its peer group, performance against plan objectives on such factors as G&A, LOE, production or reserve replacement or such other measures as deemed appropriate by the committee. Periodically, the Compensation Committee shall review employment agreements, severance arrangements, and change in control agreements/provisions and any special or supplemental benefits.

3.4 Non-Executive Employees

The Compensation Committee shall annually review and, where deemed appropriate, approve merit increases and incentive opportunities for non-executive employees of the Company.

3.5 Delegation Authority

The Compensation Committee may form and delegate authority to subcommittees when appropriate.

3.6 Board Reports

The Compensation Committee shall make regular reports to the Board.

3.7 Review of Charter

The Compensation Committee shall review and reassess the adequacy of this Charter annually and recommend any proposed changes to the Board for approval. The Compensation Committee shall annually review its own performance.