



NOMINATING COMMITTEE CHARTER

Purpose

The purpose of the Nominating Committee is to (1) identify qualified individuals to become members of Allis-Chalmers Energy Inc.'s (the "Company") Board of Directors, and (2) select the director nominees to be presented for election at each annual meeting of stockholders.

Committee Membership and Organization

The Committee shall be composed of at least two directors, all of whom satisfy the definition of "independent" under the listing standards of The American Stock Exchange ("AMEX") and applicable law. The Committee members shall be appointed by the Board and may be removed by the Board in its discretion. **[The Chairman of the Committee shall be designated by the Board.]**

Meetings

The Committee shall meet as often as its members deem necessary to perform the Committee's responsibilities.

Committee Responsibilities and Authority

The Committee shall have the following authority and responsibilities:

- Prior to each annual meeting of stockholders, following determination by the Board of the number of directors to be elected at such meeting, the Committee shall identify individuals qualified to stand for re-election or to become new members of the Board, consistent with any qualifications, expertise and characteristics which may have been approved by the Board or determined by the Committee from time to time; the Committee shall evaluate incumbent directors whose terms are expiring at the meeting and consider their qualifications to stand for re-election; and the Committee shall evaluate nominees for election to the Board submitted by stockholders in accordance with procedures adopted by the Committee, the By-laws of the Company, and applicable law.

- In the event of a vacancy on the Board, following determination by the Board that such vacancy shall be filled, the Committee shall identify individuals qualified to fill such vacancy, consistent with any qualifications, expertise and characteristics which may have been approved by the Board or determined by the Committee from time to time.

- Before selecting any nominee for director, the Committee shall review the candidate's availability and willingness to serve.

The Committee shall have the authority, to the extent it deems necessary or appropriate, to retain any search firm to assist in identifying and evaluating director candidates and to retain independent legal counsel and any other advisors. The Company shall provide adequate funding,

as determined by the Committee, for payment of compensation for any advisors retained by the Committee.

The Committee shall make regular reports to the Board and will propose any necessary action to the Board.

The Committee shall review and reassess the adequacy of this charter annually and recommend any proposed changes to the Board.

The Committee shall annually evaluate the Committee's own performance and provide a report on such evaluation to the Board.