

GREENHUNTER ENERGY, INC.

COMPENSATION COMMITTEE CHARTER

Purpose and Responsibilities

The Compensation Committee of GreenHunter Energy, Inc. is a standing committee of the Board of Directors charged with making recommendations to the Board of Directors relating to compensation of the Company's Chief Executive Officer and all other Company officers and other employees, including salaries, benefits, defined benefit plans, defined contribution plans, and stock based plans, and producing an annual report on executive compensation for inclusion in the Company's proxy statement, in accordance with applicable rules and regulations.

Organization and Functions

- Appointment and Term. The Compensation Committee shall be appointed annually by a majority vote of the Board of Directors. The Board of Directors, by majority vote, may remove any member of the Compensation Committee. Except for the prior resignation or removal, each member of the Compensation Committee shall serve on the Compensation Committee until his or her term of office as a director of the Company expires.
- Composition. The Compensation Committee shall be composed of at least three Independent Directors.
- Qualifications. In addition to meeting the director qualifications set forth in the Company's Corporate Governance Guidelines, the members of the Compensation Committee shall demonstrate an understanding of corporate executive compensation, including aspects such as CEO compensation, long-term incentive compensation and employee benefit plans, and an ability to analyze the Company's performance in order to recommend executive compensation.
- Independence. All members of the Compensation Committee must meet the Independent Director standards as determined by the rules of the Amex.
- Appointment of Chairperson. The Nominating and Corporate Governance Committee shall recommend a Chairperson from among the members of the Compensation Committee to the Board of Directors for approval. It is the responsibility of the Chairperson to schedule all meetings of the Compensation Committee and provide the Compensation Committee, other board members, and the Company's Secretary with a written notice and written agenda for all meetings.
- Meetings. The Compensation Committee shall meet at least twice per year or more frequently as circumstances require. The Compensation Committee may ask

members of management or others to attend the meetings and provide pertinent information as necessary.

- Reporting and Minutes. The Compensation Committee shall report to the entire Board of Directors. All notices, agendas, minutes of meetings shall be provided to the Company's management in order for payment of any applicable meeting fees and expenses and for the Corporate Secretary to maintain a Compensation Committee minute book.
- Access to Management and Consultants. The Compensation Committee shall have unrestricted access to members of management and all information relevant to its responsibilities. The Compensation Committee is authorized and empowered to retain such independent advisors, including counsel that the Nominating Committee may deem necessary in order to carry out its responsibilities.
- Functions regarding CEO Compensation. The Compensation Committee shall review and approve corporate goals and objectives relevant to CEO compensation, evaluate the CEO's performance in light of these goals and objectives, and recommend the CEO's compensation and incentive level based on this evaluation. In making a recommendation regarding the long-term incentive component of CEO compensation, the Compensation Committee should consider the Company's performance and relative shareholder return, the value of similar incentive rewards to CEOs at comparable companies, and the awards given to the Company's CEO in the past.
- Functions regarding other Officers and Non-Officers Compensation. The Compensation Committee shall review the compensation of executive officers, other than the CEO, as recommended by the Company's Chief Executive Officer and make appropriate recommendations to the Board of Directors. The Compensation Committee shall review the general compensation guidelines recommended by the Company's Chief Executive Officer for all non-officer employees and make appropriate recommendations to the Board of Directors.
- Functions regarding Directors Compensation. The Compensation Committee shall review the compensation program for all non-employee directors and propose changes as the Members deem advisable. To become effective, any proposed changes must be approved by the affirmative vote of the Board of Directors.
- Functions regarding Compensation Plans. The Compensation Committee shall make recommendations to the Board of Directors with respect to incentive-compensation plans and equity based plans.
- Functions regarding ESOP/401K Plan. The Compensation Committee shall provide general oversight of the ESOP/401K Administration Committee of the Company and shall meet at least annually with the ESOP/401K Administration Committee regarding the Company's annual contribution into the ESOP/401K Plan.

- Review of Charter. The Compensation Committee shall review its charter on an annual basis and recommend any changes to the Board of Directors for approval.
- Annual Performance Review. The Compensation Committee shall prepare an annual evaluation of the Compensation Committee.
- Annual Compensation Committee Report. The Committee, with the assistance of management and any outside advisors the Committee deems appropriate, shall prepare a report for inclusion in the Company's proxy statement relating to the Company's annual meeting of stockholders.
- Delegation. The Committee may, in its discretion, delegate all or a portion of its duties and responsibilities to a subcommittee or, to the extent permitted by applicable law, to any other body or individual. In particular, the Committee may delegate the approval of certain transactions to a subcommittee consisting solely of members of the Committee who are (a) "non employee directors" within the meaning under Rule 16b-3 of the Securities Act of 1934, and (b) "outside directors" for purposes of section 162(m) of the Internal Revenue.