

**CHARTER OF THE
NOMINATING AND CORPORATE GOVERNANCE COMMITTEE OF
GREENHUNTER ENERGY, INC.**

I. PURPOSE

This Charter (the “Charter”) shall govern the operations of the Nominating and Corporate Governance Committee (the “Committee”) of the Board of Directors (the “Board”) of GreenHunter Energy, Inc., a Delaware corporation (the “Company”). The purpose of this Charter is to assist and direct the Committee in performing the following primary responsibilities:

- General corporate oversight, including oversight of the evaluation of the performance of the Board;
- Identify and interview individuals qualified to become Board members and recommend such individuals to the Board for selection as director nominees for the next annual meeting of stockholders and/or to fill any existing vacancies as they may occur from time to time among the directors;
- Receive and review nominations for positions on the Board of Directors from responsible and interested persons;
- Develop and recommend to the Board a code of business conduct and ethics (the “Code”) applicable to the Company; and a code of ethics for senior financial officers applicable to the Company’s principal executive officer, principal financial officer and principal accounting officer or persons performing similar functions (the “Financial Officers Code”). The Code and the Financial Officers Code, when adopted, will be attached to this Charter;
- Following the adoption of the Guidelines, the Code and the Financial Officers Code, periodically review and reassess the adequacy of the Guidelines, the Code and the Financial Officers Code and recommend any proposed changes to the Board; and
- Recommend changes to the Company’s Certificate of Incorporation and Bylaws as appropriate to the full Board.

II. COMPOSITION

The Committee shall be comprised of three or more directors, and such Committee shall meet the independent director standards as determined by the rules of the American Stock Exchange (the “AMEX”).

Members of the Committee shall be elected by the Board at a special meeting of the Board to serve until their successors are duly elected and qualified. If a member is unable to serve a full term, the Board shall elect a replacement. The Chairman of this Committee shall rotate at intervals no longer than three years, and the selection of a Chairman shall be made by the Committee members. No director shall serve longer than five (5) consecutive years on this Committee.

III. MEETINGS

The Committee shall meet at least twice annually, and more frequently as circumstances dictate in order to accomplish the purposes and goals set forth in this Charter. Committee meetings and communications shall be either in person or by conference telephone call. Minutes shall be prepared for each meeting of the Committee, which minutes shall be submitted to the Committee for approval at a later meeting. The minutes of all meetings of the Committee shall be sent to the Secretary of the Company for filing.

IV. GOALS AND RESPONSIBILITIES

The goals and responsibilities of the Committee are as follows:

Recommendations Regarding Selection of Directors

1. Seek out director candidates who are qualified on the basis of the following selection criteria (the "Director Selection Criteria"): broad experience, wisdom, integrity, ability to make analytical inquiries, industry or other special knowledge, understanding of the Company's business environment and willingness to devote adequate time to Board duties.
2. In its sole authority, (a) retain and terminate any search firm to be used to identify director candidates and (b) approve the search firm's fees and other retention terms.
3. Be available to the Chairman of the Board and other directors for consultation concerning candidates for director positions.
4. Recommend to the Board the names of qualified persons to be nominated for election (or re-election) as directors prior to each annual meeting and to fill vacancies as they occur among the directors, whether the vacancy resulted from a death or resignation of a Board member or from the creation of vacancies due to enlargement of the Board.
5. Recommend to the Board, nominees for election as the chairs and members of the committees of the Board, with the exception of this Committee.

Review of Director Selection Criteria, Basic Corporate Documents and Organizational Issues

6. Review, assess and recommend to the Board changes to the Director Selection Criteria.
7. Annually review and make recommendations to the Board regarding the Company's management structure and organization, management development and succession plans.
8. Review the Company's Articles of Incorporation and Bylaws and make recommendations to the Board regarding any suggested revisions to such documents.
9. Review and assess the adequacy of this Charter, the Guidelines and the Code and make recommendations to the Board regarding any suggested revisions to such documents.

Performance Review of the Board and the Company's Management

10. Recommend to the Board criteria and procedures for assessing the performance of current members of the Board. Those criteria and procedures, when adopted separately or as part of the Guidelines, will be attached to this Charter.

11. Conduct an annual survey of the directors to identify areas of improvement for the Board and its committees.
12. Assess and report at least annually to the Board on the performance of the Board as a whole.
13. Annually perform an evaluation of the Committee's performance, report the results of such evaluation to the Board and receive directions or suggestions from the Board on areas in which the Committee's performance could be improved.
14. To the extent appropriate, discuss with, or provide information to, the Company's Chief Executive Officer in connection with his or her annual certification to the AMEX regarding any violations of the AMEX's corporate governance listing standards.

Miscellaneous

15. Confirm, at least annually, that the members of the Committee continue to meet all AMEX requirements for independence.
16. Report regularly to the Board.
17. Form and delegate authority to subcommittees when appropriate.
18. Obtain advice and assistance from internal or external legal, accounting or other advisors.
19. Cause the Company to (i) maintain on its website copies of this Charter, the respective charters of the Audit Committee and the Compensation Committee, the Guidelines and the Code and (ii) indicate in its annual report that such information is available on the Company's website or in printed form upon request.
20. Make recommendations to the Board regarding mandatory retirement age for members of the Board.
21. Make recommendations to the Board regarding minimum common share ownership for members of the Board and officers of the Company.