



## COMPENSATION COMMITTEE CHARTER

### NEW CONCEPT ENERGY

The Compensation Committee (the “Committee”) of the Board of Directors (the “Board”) of New Concept Energy Incorporated (the “Company”) shall be comprised of at least two directors who are independent of management and the Company. Each member of the Compensation Committee must be determined to be independent by the Board under the Corporate Governance Guidelines on Director Independence adopted by the Board and under the American Stock Exchange (“AMEX”) standards for non-employee directors in Rule 1 6b3(b)(3)(i) of the rules and regulations promulgated under the Securities and Exchange Act of 1934, as amended (the “Exchange Act”), and the requirements for “outside directors” set forth in Treasury Regulations Section 27(e)(3). Each member shall be free of any relationship that, in the judgment of the Board from time to time, may interfere with the exercise of his or her independent judgment. Each Committee member shall be appointed annually, subject to removal at any time by the Board. Each Committee member shall serve until his or her Committee appointment is terminated by the Board.

#### **Committee Purposes**

The purposes of the Compensation Committee is to oversee the policies of the Company relating to compensation to be paid by the Company to the Company’s principal executive officer (“CEO”) and any other officers designated by the Board and make recommendations to the Board with respect to such policies, produce necessary reports on executive compensation for inclusion in the Company’s proxy statement, in accordance with applicable rules and regulations, and monitor the development and implementation of succession plans for the CEO and other key executives, and make recommendations to the Board with respect to such plans.

#### **Procedures**

The Committee shall hold at least two regular meetings each year and any additional meetings as may be required. Meetings may be called by the Chair of the Committee, the Chairman of the Board or any two members of the Committee. Meetings may be held at any time, in any place and in any manner permitted by applicable provisions of the Bylaws of the Company. The presence in person or by telephone of the lesser of two members or a majority of the Committee shall constitute a quorum. The Committee may also act by unanimous written consent. Any member of the Board of Directors who is not a member of the Committee may attend any Committee meeting with the concurrence of the Committee Chair or a majority of the members of the Committee. To the extent practicable, the meeting agenda, draft minutes from the prior meeting and supporting materials shall be provided to members of the Committee prior

to each meeting to allow time for review. The Committee shall have authority to create and delegate such tasks to such standing or ad hoc subcommittees as it may determine to be necessary or appropriate for the discharge of its responsibilities, as long as the subcommittee has at least the minimum number of directors necessary to meet any regulatory requirements for results of the meetings shall be reported to the full Board.

## **Committee Responsibilities**

In addition to the purposes set forth above, the following is a listing of the primary responsibilities of the Committee:

1. **Overall Policy.** The Committee shall conduct a periodic review of the Company's general executive compensation policies and strategies and report and make any recommendations to the Board with respect thereto, including:

(a) Ensuring that the Company's executive compensation programs are designed to enable it to recruit, retain and motivate a large group of talented and diverse domestic and international executives.

(b) Ensuring that Company's executive compensation programs are appropriately competitive, satisfy organization objectives and shareholder interests, and ensure a pay for performance linkage.

(c) Reviewing and reporting to the Board for its consideration any cash incentive compensation plans, option plans or other equity-based plans that provide for payment in the Company's stock or are based on the value of the Company's stock, subject to any approvals required by the shareholders.

(d) Overseeing the design, financing and administration of all employee benefit plans and similar programs of the Company, its subsidiaries and divisions, including the authority to (i) adopt, amend and terminate such plans and programs (unless approval by the Board or shareholders is required by law) and (ii) name and monitor the fiduciaries of the Company's employee benefit plans that are subject to the Employees Retirement Income Security Act ("ERISA").

2. **Executive Performance.** The Committee shall review and approve corporate goals and objectives relevant to compensation of the CEO, and any other officers specifically designated by the Board from time to time (which may include the Chief Operating Officer and/or the President and any other executive officers), and shall periodically evaluate the respective performances of the CEO and any other specified officers in light of such goals and objectives. The Committee shall have authority, either as a committee or a group together with

the other independent members of the Board (as directed by the Company) with respect to all matters relating to compensation of the CEO to determine the compensation of the CEO (and any other specifically designated officers) based on this evaluation.

**3. Section 162(m) Executives.** The Committee shall identify, in consultation with management of the Company, persons subject to Section 162(m) of the Internal Revenue Code and/or Section 16(b) of the Exchange Act ("162(m) Executives").

**4. Executive Salaries.** Subject to the terms of any existing employment contracts, the Committee shall establish the salaries of the CEO (and any other specifically designated officers) and approve the salaries of those who are specifically designated by the Board.

**5. Bonuses.** Subject to the terms of any existing employment contracts, the Committee shall (a) set performance targets for eligibility for bonuses, in the case of Senior Executive, and (b) approve bonus awards, including any equity-based bonuses to 162(m) Executives and all other eligible executive officers.

**6. Contracts:** The Committee shall review and approve employment contracts and compensation arrangements, for each of the following:

- (i) Corporate officers who are members of the Board, regardless of salary.
- (ii) All executive officers, and the head(s) (chairman and/or president) of each division or subsidiary reporting to the Company's CEO, the Chief Operating Officer and/or President, regardless of salary; and
- (iii) Other employees of the Company whose salary paid by the Company in the initial year is equal to or greater than \$100,000.

**7. Total Compensation.** Recommend for Board approval, on an annual basis, the individual elements of total compensation for the named executive officers (the "Section 16 Officers"), other than the CEO.

**8. Succession.** Recommend for Board approval, CEO and key executive succession plans, including plans in the event of an emergency or retirement of the CEO.

**9. Criteria.** Communicate in the annual Compensation Committee Report to shareholders the factors and criteria on which the compensation for the CEO and other named Section 16 Officers was based.

**10. Director Compensation.** The Committee shall recommend to the Board compensation policy for outside directors.

**11. Professional Development Policies.** In connection with its executive compensation responsibilities, the Committee shall review and make recommendations regarding the Company's policies and practices with respect to the professional development of executive personnel, including policies and practices with respect to professional training and executive succession within the Company's business segments. Notwithstanding the foregoing, executive succession planning with respect to the principal senior officers of the Company shall remain within direct purview of the Board as a whole, as provided in the Corporate Governance Guidelines.

**12. Additional Assignments.** Undertake such other responsibilities or tasks as the Board may delegate or assign to the Committee from time to time.

**13. Performance Review.** Annually assess and report to the Board on the performance and effectiveness of the Committee.

**14. Charter Review.** Review this Charter on an annual basis, update it as appropriate, and submit it for the approval of the Board when updated.

**15. Authority.** The Committee shall be given the resources and assistance necessary to discharge its responsibilities, including unrestricted access to Company personnel documents. The Committee shall also have the authority to engage outside advisors as it deems necessary or appropriate. The Committee shall have sole authority to retain or terminate any consultant or firm retained to advise the Committee on matters within the sphere of responsibility, including sole authority to approve the firm's fees and other retention terms.

Adopted by the Board of Directors  
October 20, 2004