



Far East Energy Corporation

-- Partners in Clean Energy

CHARTER OF THE COMPENSATION COMMITTEE OF THE BOARD OF DIRECTORS

Adopted as of April 14, 2007

Purpose

The primary purpose of the committee is to have direct responsibility to:

- Review and approve corporate goals and objectives relevant to the chief executive officer's compensation;
- Evaluate the CEO's performance in light of those goals and objectives;
- The committee will determine and approve the CEO's compensation based on this evaluation;
- The committee will determine and approve compensation of executive officers; and
- Produce an annual report on executive officer compensation for inclusion in the company's proxy statement; and
- Review the company's Compensation Discussion & Analysis required by SEC rules to be included in the company's proxy statement and annual report on Form 10-K.

Composition

At Least Two Members. The committee must consist of at least two directors. The board of directors (the "board") may designate a committee member as the chairperson of the committee, or if the board does not do so, the committee members will appoint a committee member as chairperson by a majority vote of the authorized number of committee members.

Independence. All committee members must have been determined by the board to be independent as defined in the Nasdaq listing standards, as they may be amended from time to time (the "listing standards"). In addition, all committee members must qualify as "non-employee directors" within the meaning of SEC Rule 16b-3, and as "outside directors" within the meaning of Section 162(m) of the Internal Revenue Code of 1986.

Appointment. Subject to any requirements of the listing standards, the board may appoint and remove committee members in accordance with the company's bylaws. Committee members will serve for such terms as the board may fix, and in any case at the board's will, whether or not a specific term is fixed.

Duties and responsibilities

Compensation Goals. The committee will review and approve corporate goals and objectives relevant to the compensation of the CEO.

Determination of Executive Officer Compensation. The committee will:

- Evaluate at least annually the performance of the company's executive officers in light of the corporate goals and objectives. For purposes of this charter, "executive officers" means the individuals classified by the company as officers for purposes of SEC rules under Section 16 of the Securities Exchange Act of 1934.
- At least annually, the committee will determine and approve the compensation of the company's executive officers, including individual elements of salary, bonus, supplemental retirement, incentive and equity compensation, and determine the appropriate allocation among the individual elements in light of the corporate goals and objectives and the performance evaluations.
- Review, as the committee considers appropriate in setting executive officer compensation, company performance and relative stockholder return, compensation at comparable companies, past years' compensation to the company's executive officers, tax and accounting treatments and other relevant factors.
- Review and approve all executive officers' employment agreements, separation and severance agreements, and other compensatory contracts, arrangements, perquisites and payments.
- In any deliberations or voting to determine the compensation of the CEO, the CEO must not be present; however, in any deliberations or voting to determine the compensation of other executive officers, the committee may elect to invite the CEO to be present but not vote.

Succession Planning. The committee will review and assist the board in developing succession plans for the executive officers and other appropriate management personnel.

Non-employee Director Compensation. The committee will recommend to the board compensation programs for non-employee directors, committee chairpersons, and committee members, consistent with any applicable requirements of the listing standards for independent directors and including consideration of cash and equity components of this compensation.

Equity Plan Awards. The committee will grant stock options and restricted stock outside of company stock option and other equity incentive plans, to the extent permitted under the Bylaws. The committee will also grant stock options, restricted stock and other discretionary awards under the company's stock option and other equity incentive plans, and otherwise exercise the authority of the board with respect to the administration of the company's stock-based and other incentive compensation plans. To the extent permitted by law, the committee may delegate to one or more officers designated by the committee the authority to make grants of options and restricted stock to eligible individuals other than directors and executive officers, provided that the committee shall have fixed the exercise price or a formula for determining the exercise price for each grant, approved the vesting schedule, authorized any alternative provisions as are necessary or desirable to facilitate legal compliance or to ensure the effectiveness or tax-qualified status of the award under the laws of countries outside the U.S. when grants are made to non-U.S. employees, approved the form of documentation evidencing each grant, and determined the number of shares or the basis for determining such number of shares by position, compensation level or category of personnel. Any officer to whom such authority is delegated must regularly report to the committee the grants so made.

Evaluate and Approve Stock and Incentive Plans. The committee will periodically review and make recommendations to the board concerning the company's stock and incentive compensation plans. The committee will approve all equity arrangements and plans, and amendments to these arrangements or plans, that may be exempt from the general requirement of the listing standards to obtain stockholder approval of equity arrangements, plans and amendments, or for which approval by the committee is otherwise appropriate or required under applicable laws or listing standards.

Committee Report in Proxy Statement. The committee will timely prepare and approve a committee report on executive compensation for inclusion in the company's proxy statement and Form 10-K as required by the SEC.

Compensation Discussion & Analysis ("CD&A"). The committee will review and discuss with the company's management the company's CD&A prepared in accordance with SEC regulations and determine whether to recommend to the board that the CD&A be included in the company's proxy statement and Form 10-K.

Other Functions. The committee may perform any other activities consistent with this charter, the company's corporate governance documents and applicable listing standards, laws and regulations as the committee or the board considers appropriate.

Meetings, reports and resources

Meetings. The committee will meet as often as it determines is necessary, but not less than annually. The committee may also hold special meetings or act by unanimous written consent as the committee may decide consistent with the company's bylaws. The committee may meet in separate executive sessions with other directors, the CEO and other company employees, agents or representatives invited by the committee.

Procedures. The committee may establish its own procedures, including the formation and delegation of authority to subcommittees, in a manner not inconsistent with this charter, the company's bylaws and other corporate governance documents, applicable laws or regulations, or the listing standards. Meetings may be called in a manner not inconsistent with the company's bylaws and charter. A majority of the authorized number of committee members will constitute a quorum for the transaction of committee business, and the vote of a majority of the committee members present at a meeting at which a quorum is present will be the act of the committee, unless in either case a greater number is required by this charter, the bylaws or the listing standards. The committee will keep written minutes of its meetings and deliver copies of the minutes to the corporate secretary for inclusion in the corporate records.

Reports. The committee will provide to the board at an appropriate time, before the preparation of the company's proxy statement for its annual meeting, the report of the compensation committee that must be included in the proxy statement. The committee will further report to the board on the major items covered by the committee at each committee meeting, and provide additional reports to the board as the committee may determine to be appropriate.

Committee Access and Information. The committee is at all times authorized to have direct, independent and confidential access to the company's other directors, management and personnel to carry out the committee's purposes. The committee is authorized to obtain at the company's expense compensation surveys, reports on the design and implementation of compensation programs for the company's directors, officers and employees, and other data and documentation as the committee considers appropriate.

Committee Advisers and Funding. The committee will have sole authority to retain at the company's expense and terminate any compensation consulting firm, independent counsel or other advisers to the committee and to approve the related fees and other retention terms.

Reliance on Others. Nothing in this charter is intended to preclude or impair the protection provided in NRS 78.138 of the Nevada Administrative Code for good faith reliance by members of the committee on reports or other information provided by others.