

**APPROACH RESOURCES INC.**  
**COMPENSATION AND NOMINATING COMMITTEE CHARTER**  
**Revised as of February 1, 2008**

**Purpose**

The purpose of the Compensation and Nominating Committee (the “Committee”) of the Board of Directors (the “Board”) of Approach Resources Inc. (the “Company”) shall be to (1) oversee the Company’s executive and director compensation, (2) oversee and administer the Company’s stock incentive plans, (3) assist the Board by identifying individuals qualified for election and re-election as Board members and to recommend to the Board the director nominees for each annual meeting of stockholders, subject to the provisions of any stockholder or similar agreement binding on the Company, (4) recommend to the Board director nominees for each committee of the Board, subject to the provisions of any stockholder or similar agreement binding on the Company, and (5) act on specific matters within its delegated authority, as determined by the Board from time to time.

**Committee Membership**

The Committee shall be composed of two or more directors as determined by resolution of the Board, and in accordance with any independence requirements imposed by law, regulation or The NASDAQ Stock Market Marketplace Rules (the “NASDAQ Marketplace Rules”), if and as applicable. Each member of the Committee shall be a “non-employee director” within the meaning of Rule 16b-3(b)(3)(i) promulgated under the Securities Exchange Act of 1934, as amended, and an “outside director” within the meaning of Section 162(m) of the Internal Revenue Code of 1986, as amended, as defined by Treasury Regulation 1.162-27(e)(3)(i).

The members of the Committee shall be elected by the Board to serve until their successors shall be duly elected and qualified. Unless the Board elects a Chair to the Committee, a Chair may be designated by a majority vote of the full Committee. Any vacancy on the Committee shall be filled by majority vote of the Board at the next meeting of the Board following the occurrence of the vacancy or by resolution of the Board. No member of the Committee shall be removed except by majority vote of the Board.

**Meetings**

The Committee may determine its own rules of procedure, which shall be consistent with the bylaws of the Company and this Compensation and Nominating Committee Charter (this “Charter”). The Committee shall meet at least twice a year and as often as it determines appropriate and may hold special meetings as circumstances require. A majority of the Committee members participating in a meeting shall constitute a quorum. The Committee may form and delegate authority to subcommittees when appropriate. Minutes shall be kept for each meeting of the Committee. The Committee may ask members of management and others to play an active role in the director nominating process by making candidate recommendations to the Committee, discussing such candidates with the Committee and actively participating in recruiting candidates. It is anticipated that the Chief Executive Officer and President of the Company will be particularly active in this regard.

## **Committee Authority and Responsibilities**

### **A. *Compensation of Executive Officers***

The Committee shall have the following responsibilities with respect to the compensation of executive officers of the Company:

1. The Committee shall review and approve on at least an annual basis corporate goals and objectives with respect to compensation for the Chief Executive Officer (“CEO”). The Committee shall evaluate at least once a year the CEO’s performance in light of these established goals and objectives and based upon these evaluations shall recommend to the Board the CEO’s annual compensation, including salary, bonus, incentive and equity compensation. The CEO shall not be present during such evaluation.
2. The Committee shall review and approve on at least an annual basis the evaluation process and compensation structure for the Company’s executive officers. The Committee shall receive and review the CEO’s reports and recommendations regarding the performance and recommended compensation of the executive officers and key employees of the Company and shall recommend to the Board the annual compensation, including salary, bonus, incentive and equity compensation, for such officers and key employees. Unless otherwise determined by the Committee, the CEO may be present during discussions evaluating and setting the compensation levels of the Company’s key employees and executive officers except himself but may not vote on such deliberations.
3. The Committee shall review the Company’s incentive compensation and other stock-based plans and recommend new plans and changes in existing plans to the Board as needed. The Compensation Committee shall have and shall exercise all the authority of the Board with respect to the administration of such plans.

### **B. *Compensation of Directors***

The Committee shall review on at least an annual basis director compensation and make a recommendation to the Board regarding the form and amount of director compensation. Directors who are employees of the Company shall not receive any additional compensation for service on the Board.

### **C. *CD&A and Engagement of Professional Advisers***

1. The Committee will meet with management to review and discuss the Compensation Discussion and Analysis (the “CD&A”) required by the Securities and Exchange Commission’s (the “SEC”) rules and regulations. The Committee will recommend to the Board whether the CD&A should be included in the Company’s proxy statement or other applicable SEC filings. The Committee will prepare a “Report of the Compensation and Nominating Committee” for inclusion

in the Company's applicable filings with the SEC. The report will state whether the Committee reviewed and discussed with management the CD&A, and whether, based on such review and discussion, the Committee recommended to the Board that the CD&A be included in the Company's proxy statement or other applicable SEC filings.

2. The Committee shall engage and determine funding for such independent professional advisers and counsel as the Committee determines are appropriate to carry out its functions hereunder, the cost of which shall be borne by the Company.

**D. *Board Candidates***

The Committee shall have the following responsibilities with respect to Board candidates:

1. The Committee shall establish procedures for evaluating the suitability of potential director nominees proposed by directors, management (including the CEO) or stockholders. The Committee shall have the sole authority to retain and terminate any search firm to be used to identify director candidates and shall have sole authority to approve the search firm's fees and other retention terms.
2. The Committee shall recommend to the Board the director nominees for election by the stockholders or appointment by the Board, as the case may be, pursuant to the bylaws of the Company, which recommendations shall be consistent with the Board's criteria for selecting new directors and independence requirements imposed by law, regulation or NASDAQ Marketplace Rules, as applicable.
3. The Committee shall review the suitability for continued service as a director of each Board member when his or her term expires and when he or she has a significant change in status, including but not limited to an employment change, and recommend whether the director should be re-nominated.

**E. *Board Composition and Procedures***

The Committee shall have the following responsibilities with respect to the composition and procedures of the Board as a whole:

1. The Committee shall review as it deems appropriate with the Board the composition of the Board as a whole and recommend, if necessary, measures to be taken so that the Board contains at least the minimum number of independent directors as may be required by law, regulation or NASDAQ Marketplace Rules, as applicable, and reflects the balance of knowledge, experience, skills, expertise, integrity and ability to carry out the Board's duties that the Committee deems appropriate.

2. The Committee shall review periodically the size of the Board and recommend to the Board any appropriate changes, subject to the bylaws of the Company.

**F. *Other***

1. The Committee shall make regular reports to the Board.
2. The Committee shall review such other matters within the scope of its responsibilities as the Committee shall determine from time to time, and make such recommendations to the Board with respect thereto as the Committee deems appropriate.
3. The Committee and the Board shall review and reassess on at least an annual basis the adequacy of this Charter and make appropriate changes.