

PETROQUEST ENERGY, INC.

COMPENSATION COMMITTEE CHARTER

(Adopted as of November 14, 2005)

(Amended May 15, 2007)

1. Purpose

The Compensation Committee (the “Committee”) will establish and monitor the implementation of the Corporation’s compensation system.

2. Composition

The Committee will be composed of at least three directors, all of whom satisfy the definition of “independent” under the listing standards of the New York Stock Exchange. All Committee members shall also be “non-employee directors” as defined by Rule 16b-3 under the Securities Exchange Act of 1934 and “outside directors” as defined by Section 162(m) of the Internal Revenue Code. The Committee members will be appointed by the Board and may be removed by the Board in its discretion. The Board will appoint one member of the Committee as chairperson. The chairperson shall be responsible for leadership of the Committee, including overseeing the agenda, presiding over the meetings and reporting to the Board. The Committee shall have the authority to delegate any of its responsibilities to subcommittees as the Committee may deem appropriate, provided the subcommittees are composed entirely of independent directors.

3. Meetings

The Committee will meet from time to time as necessary to carry out its responsibilities, which the Board believes will generally be twice per year. A majority of the members of the Committee shall constitute a quorum of the Committee. A majority of the members in attendance shall decide any question brought before any meeting of the Committee.

4. Committee Resources

The Committee will have the authority, to the extent it deems necessary or appropriate, to obtain advice and seek assistance from internal and external legal, accounting, compensation and other advisors. The Committee shall have the sole authority to retain and terminate any compensation consultant to be used to evaluate director, CEO or executive officer compensation, including sole authority to approve the consulting firm’s fees and other retention terms.

5. Responsibilities

The Committee’s basic objective is to develop an executive compensation system that is competitive with the Company’s peers and encourages both short-term and long-term performance in a manner beneficial to the Company and its operations. In achieving these objectives, the Committee will have the following responsibilities:

- Establish compensation policies that effectively attract, retain and motivate executive officers to successfully lead and manage the Company;
- Review and approve corporate goals and objectives relevant to CEO compensation, evaluate the CEO's performance in light of those goals and objectives, and set the CEO's compensation level based on this evaluation;
- Consider the Company's performance and relative stockholder return, the value of similar incentive awards to CEOs at comparable companies, and the awards given to the Company's CEO in past years when determining the long-term component of the CEO's compensation;
- Review, evaluate and approve all compensation of directors and executive officers, including salary adjustments, bonuses, stock awards, stock option grants, perquisites and other benefits;
- Review and make recommendations to the Board with respect to the adoption, amendment and termination of the Company's compensation plans, oversee their administration and discharge any duties imposed on the Committee by any such plans;
- Establish and monitor compliance with stock ownership guidelines for directors and executive officers;
- Review, evaluate and make recommendations to the Board with respect to the approval of the employment agreements of executive officers;
- Prepare the report required to be included in the Company's proxy statement, in accordance with applicable rules and regulations;
- Perform any other activities consistent with this charter, the Company's bylaws and governing law as the Committee or the Board deems appropriate.

6. Performance Evaluation

The Committee will conduct an evaluation of the Committee's performance and charter at least annually, and will report to the Board the results of such evaluation and any recommended changes to this charter.

7. Disclosure of Charter

This charter will be made available on the Company's website.