

U.S. ENERGY CORP. & SUBSIDIARIES

COMPENSATION COMMITTEE CHARTER (as initially adopted April 26, 2004, amended on August 9, 2006, and amended and restated on August 5, 2019)

Role of the Compensation Committee

The Compensation Committee (the “Compensation Committee”) of the board of directors (the “Board of Directors” or the “Board”) of U.S. Energy Corp. (the “Company”) is appointed by the Board of Directors to:

- assist the Board in fulfilling its responsibility to oversee the compensation and benefits of the Company’s executive officers and other employees of the Company; and
- prepare any reports on executive compensation required by the Nasdaq Stock Market (“Nasdaq”), or any other stock exchange or market upon which the Company’s securities may be traded, and by the rules and regulations of the United States Securities and Exchange Commission (the “SEC”) for inclusion in the Company’s annual proxy statements, if necessary.

Qualifications and Appointment of Compensation Committee Members

On the recommendation of the Nominating Committee, the Board of Directors shall appoint the Chairman and the other members of the Compensation Committee, having determined the candidate’s qualifications. The members of the Compensation Committee shall serve for such term or terms as the Board may determine or until earlier resignation or death. The Board may remove any member from the Compensation Committee at any time with or without cause.

The Compensation Committee shall consist of no fewer than three members. Each member of the Compensation Committee shall be independent in accordance with the rules of the Nasdaq, or any other stock exchange or market upon which the Company’s securities may be traded, a “Non-Employee Director” for the purposes of Rule 16b-3 under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), and an “outside director” within the meaning of Section 162(m) of the Internal Revenue Code of 1986, as amended.

Structure and Operations

The Board shall designate a member of the Compensation Committee as the chairperson. The Committee shall meet at least two times a year at such times and places, either in person or telephonically, as it deems necessary to fulfill its responsibilities. The Compensation Committee shall report regularly to the Board regarding its actions and make recommendations to the Board as appropriate. The Compensation Committee is governed by the same rules regarding meetings (including meetings in person or by telephone or other similar communications equipment), action without meetings, notice, waiver of notice, and quorum and voting requirements as are applicable to the Board.

The Compensation Committee shall review this Charter at least annually and recommend any proposed changes to the Board for approval.

U.S. ENERGY CORP. & SUBSIDIARIES

Compensation Committee Responsibilities

The Compensation Committee shall have the following authority and responsibilities:

- Oversee the development and administration of the Company's compensation and benefit programs, including equity-based incentive programs, for executive officers and other employees of the Company;
- With respect to the Chief Executive Officer, approve the corporate goals and objectives relevant to the Chief Executive Officer's total compensation;
- Evaluate the Chief Executive Officer's performance in light of such goals and objectives; and endorse, for approval by the full Board of Directors, the Chief Executive Officer's total compensation package, including stock options, stock grants and bonuses, based on such evaluation. In accordance with Nasdaq rule 5605(d)(1), the Chief Executive Officer may not be present during these compensation discussions. The Compensation Committee may, however, at its discretion invite the Chief Executive Officer and/or other senior management team members into the discussions to ask their opinions regarding appropriate compensation levels and evaluation of performance. Actual deliberations approving the compensation package of the Chief Executive Officer will be done solely by the Compensation Committee without the Chief Executive Officer present;
- Review performance, in comparison to previously established goals, of work performed by all Executive Officers and any employees which are compensated in excess of \$100,000 per year or who are required to be disclosed in the annual proxy statement pursuant to Item 402(a)(3) of Regulation S-K. Executive officers, in addition to the Chief Executive Officer, include the President/Chief Operating Officer, Chief Financial Officer, Treasurer, Vice Presidents, and General Counsel. During the review process as well as the recommendation of compensation packages, the Chief Executive Officer of the Company is allowed to participate with the Compensation Committee, subject to Nasdaq rule 5605(d)(1). Although the Chief Executive Officer is allowed to participate in all discussions regarding executive officers and employees compensated in excess of \$100,000 per year, the Chief Executive Officer will recuse himself/herself during the actual setting of compensation packages for any executive officers or employees compensated in excess of \$100,000 per year who are related to the Chief Executive Officer;
- Review and discuss with management the Company's Compensation Discussion and Analysis ("CD&A") and the related executive compensation information, recommend that the CD&A and related executive compensation information be included in the Company's annual report on Form 10-K and proxy statement;
- Review the Company's incentive compensation arrangements to determine whether they encourage excessive risk-taking; review and discuss at least annually the relationship between risk management policies and practices and

U.S. ENERGY CORP. & SUBSIDIARIES

compensation; and evaluate compensation policies and practices that could mitigate any such risk;

- On behalf of the Board of Directors, oversee the administration of the Company's compensation and benefit programs;
- Exercise sole authority to retain, terminate and approve the fees and other retention terms of any compensation consultant retained to assist the Committee in evaluating Chief Executive Officer or senior executive officer compensation;
- Review and recommend to the Board for approval the frequency with which the Company will conduct Say-on-Pay votes, taking into account the results of the most recent shareholder advisory vote on frequency of Say-on-Pay votes required by Section 14A of the Exchange Act, and review and approve the proposals regarding the Say-on-Pay vote and the frequency of the Say-on-Pay vote to be included in the Company's proxy statement; and
- Make regular reports to the Board of Directors about the Committee's activities.

The Compensation Committee may delegate to a subcommittee or to the Chief Executive Officer or other officer of the Company such of its duties and responsibilities as the Committee deems to be in the best interests of the Company, provided such delegation is not prohibited by law or Nasdaq rules.

Annual Committee Report to Shareholders

Annually, the Compensation Committee shall produce, if necessary, any report on executive compensation that is required by the rules and regulations of the SEC for inclusion in the Company's proxy statement in accordance with applicable rules and regulations of the SEC.

Annual Evaluation of the Compensation Committee's Performance

Annually, the Compensation Committee shall conduct an evaluation of its performance.

Pursuant to the Nominating Committee Charter, it is the responsibility of the Compensation Committee to determine participation in executive compensation and retirement plans (collectively, "Plans") for any newly appointed executive officers.

The Compensation Committee can evaluate each newly appointed executive officer and determine to what level he/she is allowed to participate in established Plans. The criteria on which the Compensation Committee should determine participation are (1) professional credentials, (2) education, (3) industry experience, (4) special skills within the field of expertise, (5) years of service to the Company, and (6) recommendations of the Nominating Committee.

U.S. ENERGY CORP. & SUBSIDIARIES

All Plans are governed by the specific terms of each Plan. The Compensation Committee is not allowed to change the terms of any Plan except with the unanimous consent of the full Board of Directors.

Outside Advisors

The Compensation Committee shall have the authority, in its sole discretion, to select, retain and obtain the advice of a compensation consultant as necessary to assist with the execution of its duties and responsibilities as set forth in this Charter. The Compensation Committee shall set the compensation, and oversee the work, of the compensation consultant. The Compensation Committee shall have the authority, in its sole discretion, to retain and obtain the advice and assistance of outside legal counsel and such other advisors as it deems necessary to fulfill its duties and responsibilities under this Charter. The Compensation Committee shall set the compensation, and oversee the work, of its outside legal counsel and other advisors. The Compensation Committee shall receive appropriate funding from the Company, as determined by the Compensation Committee in its capacity as a committee of the Board, for the payment of compensation to its compensation consultants, outside legal counsel and any other advisors. However, the Compensation Committee shall not be required to implement or act consistently with the advice or recommendations of its compensation consultant, legal counsel or other advisor to the compensation committee, and the authority granted in this Charter shall not affect the ability or obligation of the Compensation Committee to exercise its own judgment in fulfillment of its duties under this Charter.

The Compensation Committee shall evaluate whether any compensation consultant retained or to be retained by it has any conflict of interest in accordance with Item 407(e)(3)(iv) of Regulation S-K.