

PATTERSON-UTI ENERGY, INC.

CHARTER OF THE COMPENSATION COMMITTEE

The purpose of the Compensation Committee of the Board is to discharge the Board's responsibilities relating to compensation of the Company's executives, and to produce an annual report on executive compensation for inclusion in the Company's proxy statement. This Charter sets out the structure and responsibilities of the Compensation Committee.

I. Structure and Qualifications

The Compensation Committee shall consist of at least three directors all of whom shall be independent. The members of the Committee shall be appointed by the Board and may be removed by the Board at any time.

To be considered independent the director must meet the requirements of the definition of "Independent Director" under Rule 5605(a)(2) of the NASDAQ Stock Market Rules and the requirements of Rule 5605(d)(2)(A) of the NASDAQ Stock Market Rules and Rule 10A-3(b)(1) and Rule 10C-1(b)(1) of the rules and regulations under the Securities Exchange Act of 1934, as amended.

The Compensation Committee may delegate any of its powers and responsibilities to a subcommittee of the Committee.

II. Meetings

The Compensation Committee shall meet at least one time a year.

III. Responsibilities

1. Review, approve and report to the Board regarding the Company's overall compensation policy, including compensation philosophy and strategy, short-term and long-term incentive plans and programs, stock ownership plans, and employee benefit plans.
2. Review and approve corporate goals and objectives relevant to CEO compensation, evaluate the CEO's performance in light of those goals and objectives, and determine and approve the CEO's compensation level based on this evaluation. The CEO may not be present during voting or deliberations with respect to the CEO's compensation.
3. Review and approve the compensation to be paid to all other executive officers of the Company.
4. Serve as the committee to administer the incentive compensation plans, including stock option plans, unless the Board specifically provides otherwise.

5. Make recommendations to the Board with respect to incentive-compensation plans and equity based plans.
6. Possess the sole authority to select, retain and terminate a compensation consultant, legal counsel or other adviser to advise the Committee, at the expense of the Company, and to approve the terms of any such engagement and the fees of any such consultant, legal counsel or adviser. In selecting a compensation consultant, legal counsel or other adviser, the Committee will take into account factors it considers appropriate or as may be required by applicable law or listing standards.
7. Produce a report on executive compensation as required by the rules and regulations of the Securities and Exchange Commission to be included in the Company's annual proxy statement or annual report on Form 10-K.
8. Conduct an annual performance evaluation of the Committee.
9. Report to the Board at least annually and at the Board meeting immediately following each meeting of the Committee.