

**GAS NATURAL INC.
COMPENSATION COMMITTEE CHARTER**

September 9, 2015

Introduction

This Compensation Committee Charter (the “**Charter**”), approved by the Board of Directors (the “**Board**”) of Gas Natural Inc. (the “**Company**”), governs the operations of the Company’s Compensation Committee (the “**Committee**”).

Membership

The Committee shall consist of two or more directors. Each member of the Committee shall be independent in accordance with the provisions of Rule 10C-1(b)(1) under Securities Exchange Act of 1934, as amended (the “**Exchange Act**”), and the rules of the NYSE MKT Company Guide.

Each member of the Committee must qualify as “non-employee directors” for the purposes of Rule 16b-3 under the Exchange Act, and as “outside directors” for the purposes of Section 162(m) of the Internal Revenue Code, as amended. “Non-employee directors” are those who (1) are not currently an officer or employee of the Company or any of its subsidiaries; (2) do not receive compensation in excess of the amount that would be required to be disclosed under Item 404(a) of SEC Regulation S-K, either directly or indirectly, from the Company or any of its subsidiaries, for services rendered as a consultant or in any capacity other than as a director; and (3) does not possess an interest in any other transaction for which disclosure would be required under Item 404(a) of SEC Regulation S-K. “Outside directors” are those who (i) are not a current employee of the Company; (ii) are not a former employee of the Company who receives compensation for prior services (other than benefits under a qualified retirement plan); (iii) have not been an officer of the Company; and (iv) do not receive remuneration (including any payment in exchange for goods or services) from the Company, either directly or indirectly, in any capacity other than as a director.

The members of the Committee shall be appointed by the Board. The members of the Committee shall be appointed for one-year terms and 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 Committee at any time with or without cause.

The Chairman of the Committee shall be appointed from the Committee membership by the Board.

Structure and Operations

The Committee shall meet a minimum of twice a year and may hold additional meetings as frequently as the Committee deems necessary and at such times and places as it deems necessary to fulfill its responsibilities. The Committee shall produce meeting minutes and report regularly to the Board regarding its actions and make recommendations to the Board as appropriate. The 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 Committee may invite such members of management to its meetings as it deems appropriate. However, the Committee shall meet regularly without such members present, and in all cases the CEO and any other such officers shall not be present at meetings at which their compensation or performance is discussed or determined.

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

Purpose

The purpose of the Committee is to carry out the responsibilities delegated by the Board relating to the review and determination of executive compensation. Accordingly, the Committee is responsible for approving compensation for our executive officers, including our chief executive officer (“CEO”), and making recommendations to the Board regarding incentive compensation plans. Further, the Committee is responsible for

- reviewing and approving our compensation philosophies,
- evaluating each of our executive officers,
- reporting to the Board on compensation matters,
- reviewing and approving the Company’s goals and objectives relevant to the compensation of our executive officers, including our CEO,
- reviewing director compensation for service on the Board and Board committees,
- establishing performance goals and certifying results of the same,
- reviewing and approving the CEO’s recommendations regarding the compensation of senior management,
- recommending incentive compensation and equity-based plans to the Board, and
- as necessary and appropriate, engaging a compensation consultant to assist the Committee in carrying out its duties.

Duties and Responsibilities

Nothing in this Charter is intended to preclude or impair the protections and obligations of Ohio Revised Code Section 1701.59 regarding reliance by the Committee on information, opinions, reports, or statements, including financial statements and other financial data, that are prepared and presented by one or more directors, officers, or employees of the corporation, counsel, public accountants, or another committee of the Board.

The following shall be the principal duties and responsibilities of the Committee. These are set forth as a guide with the understanding that the Committee may supplement them as appropriate.

To review and approve annually the corporate goals and objectives applicable to the compensation of the CEO, evaluate at least annually the CEO's performance in light of those goals and objectives, and determine and approve the CEO's compensation level based on this evaluation. In determining the long-term incentive component of CEO compensation, the Committee may consider the Company's performance and relative stockholder return, the value of similar incentive awards given to CEOs at comparable companies and the awards given to the Company's CEO in past years. The CEO cannot be present during any voting or deliberations by the Committee on his or her compensation.

To approve the compensation of the CEO and all other executive officers.

To review, approve and, when appropriate, recommend to the Board for approval, incentive compensation plans and equity-based plans, and where appropriate or required, recommend for approval by the stockholders of the Company, which includes the ability to adopt, amend and terminate such plans. The Committee shall also have the authority to administer the Company's incentive compensation plans and equity-based plans, including designation of the employees to whom the awards are to be granted, the amount of the award or equity to be granted and the terms and conditions applicable to each award or grant, subject to the provisions of each plan.

In evaluating and determining CEO compensation, the compensation of all other executive officers, and incentive compensation plans and equity-based plans, including whether to adopt, amend or terminate any such plans, the Committee shall consider the results of the most recent stockholder advisory vote on executive compensation ("**Say on Pay Vote**") required by Section 14A of the Exchange Act.

To review and discuss with management the Company's Compensation Discussion and Analysis ("**CD&A**") and the related executive compensation information, approve the CD&A and related executive compensation information to be included in the Company's annual report on Form 10-K and proxy statement and produce the compensation committee report on executive officer compensation required to be included in the Company's proxy statement or annual report on Form 10-K.

To review, approve and, when appropriate, recommend to the Board for approval, any employment agreements and any severance arrangements or plans, including any benefits to be

provided in connection with a change in control, for the CEO and other executive officers, which includes the ability to adopt, amend and terminate such agreements, arrangements or plans.

To determine stock ownership guidelines, if any, for the CEO, other executive officers and directors, and monitor compliance with such guidelines.

To review the Company's incentive compensation arrangements to determine whether they encourage excessive risk-taking, to review and discuss at least annually the relationship between risk management policies and practices and compensation, and to evaluate compensation policies and practices that could mitigate any such risk.

To 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 stockholder 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.

To review director compensation for service on the Board and Board committees at least once a year and to recommend any changes to the Board.

To perform any other activities consistent with this Charter, the Company's corporate governance documents, the NYSE MKT Company Guide, or other applicable listing standards, the SEC rules, and federal or state legislation, and report to the Board the items addressed by the Committee at each meeting at which such matters are addressed.

Delegation of Authority

The Committee shall have the authority to delegate any of its responsibilities, along with the authority to take action in relation to such responsibilities, to one or more subcommittees as the Committee may deem appropriate in its sole discretion.

Outside Advisors

The Committee shall have the authority, in its sole discretion, to retain and obtain the advice and assistance of outside counsel and such other advisors as it deems necessary to fulfill its duties and responsibilities under this Charter. The Committee shall set the compensation, and oversee the work, of its outside counsel and other advisors. The Committee shall receive appropriate funding from the Company, as determined by the Committee in its capacity as a committee of the Board, for the payment of compensation to its consultants, outside counsel and any other advisors.

The 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 Committee shall set the compensation, and oversee the work, of the compensation consultant.

The Committee shall not be required to implement or act consistently with the advice or recommendations of its compensation consultant, outside counsel or other advisor, and the authority granted in this Charter shall not affect the ability or obligation of the Committee to exercise its own judgment in fulfillment of its duties under this Charter.

The compensation consultant(s), outside counsel and any other advisors retained by, or providing advice to, the Committee (other than the Company's in-house counsel) shall be independent as determined in the discretion of the Committee after considering the factors specified in NYSE MKT Company Guide Section 805(c)(4). Pursuant to NYSE MKT Company Guide Section 805(c)(4), the Committee may take into consideration all relevant factors, including, but not limited to:

- The provision of other services to the Company by the person that employs the compensation consultant(s), outside counsel and any other advisors;
- The amount of fees received from the Company by the person that employs the compensation consultant(s), outside counsel and any other advisors, as a percentage of the total revenue of the person that employs the compensation consultant(s), outside counsel and any other advisors;
- The policies and procedures of the person that employs the compensation consultant(s), outside counsel and any other advisors that are designed to prevent conflicts of interest;
- Any business or personal relationship of the compensation consultant(s), outside counsel and any other advisors with a member of the Committee;
- Any stock of the Company owned by the compensation consultant(s), outside counsel and any other advisors; and
- Any business or personal relationship of the compensation consultant(s), outside counsel and any other advisors, or the person employing the compensation consultant(s), outside counsel and any other advisors, with an executive officer of the Company.

The Committee is not required to assess the independence of any compensation consultant or other advisor that acts in a role limited to consulting on any broad-based plan that does not discriminate in scope, terms or operation in favor of executive officers or directors and that is generally available to all salaried employees or providing information that is not customized for a particular company or that is customized based on parameters that are not developed by the consultant or advisor, and about which the consultant or advisor does not provide advice.

The 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. Any compensation consultant retained by the Committee to assist with its responsibilities relating to executive compensation shall not be retained by the Company for any compensation or other human resource matters.

Performance Evaluation

The Committee shall conduct an annual evaluation of the performance of its duties under this Charter and shall present the results of the evaluation to the Board. The Committee shall conduct this evaluation in such manner as it deems appropriate.

Adoption

This Compensation Committee charter has been reviewed and approved by the Board of Directors of Gas Natural Inc. on September 9, 2015.