

DELTA NATURAL GAS COMPANY, INC.

CORPORATE GOVERNANCE AND COMPENSATION COMMITTEE CHARTER

Approved by the Board of Directors
August 16, 2005

Purpose

The Corporate Governance and Compensation Committee (the “Committee”) of the Board of Directors (the “Board”) of Delta Natural Gas Company, Inc. (the “Company”) is responsible for identifying individuals qualified to become Board members and recommending to the Board the Director nominees for the next annual meeting of stockholders.

The Committee is also responsible for recommending to the Board the compensation for the Board of Directors and the Officers of the Company and reviewing the compensation structure for the Company, in accordance with guidelines established by the Committee from time to time.

Membership

The members of the Committee shall meet the independence requirements of the listing standards of any exchange or market where Delta’s stock is traded, and any other applicable laws, rules and regulations governing independence. Members of the Committee and the Committee Chair shall be appointed by the Board.

Responsibilities

The Committee shall have the following responsibilities:

- Review the appropriateness of the size of the Board relative to its various responsibilities. Review the overall composition of the Board, taking into consideration such factors as independence, business experience and specific areas of expertise of each Board member, and make recommendations to the Board.
- Recommend to the Board the slate of nominees for election to the Board at the Company’s annual meeting of stockholders.
- Recommend to the Board persons to fill vacancies that occur on the Board as the need arises.

- Recommend to the Board those persons to be elected annually to each officer position.
- Recommend to the Board persons to fill vacancies that occur in officer positions as the need arises.

The Committee members, through their own business and personal contacts, shall identify suitable candidates for nominations to the Board. The Committee will consider recommendations for new Board members by current Board members, Company officers, employees and shareholders.

Shareholder recommendations for Board membership must be made in writing and addressed to the Company at its principal office. For the recommendation to be considered at the Company's annual meeting, it must be received at the Company's principal office not less than 120 calendar days before the date of the Company's proxy statement released to shareholders in connection with the previous year's annual meeting. Shareholders are encouraged to include biographical information for each of their recommendations.

In considering candidates for the Board, including those recommended by shareholders, the Committee shall give due consideration to the intelligence, integrity, education and business experience of each candidate and the amount of time each candidate can reasonably be expected to devote to Board responsibilities. The Committee's recommendations to the Board shall be consistent with maintaining a high quality, diverse and actively engaged Board of Directors.

In addition, the Committee shall have the following responsibilities:

- Conduct periodic performance evaluations of the CEO, each director and the Board as a whole.
- Periodically review and recommend to the Board the compensation for directors for Board and committee service.
- Review the Committee's performance, periodically assess the adequacy of its charter and recommend changes to the Board.
- Regularly report to the Board on the Committee's activities.
- Obtain advice and assistance, as needed, from internal or external legal, accounting, executive compensation consultants and other advisors.
- Annually review the base salary and any other compensation for all officers. Recommend to the Board the specific compensation for each officer.
- In consultation with and based upon the advice of outside counsel, monitor the disclosure regarding compensation matters in the Company's proxy statement.

- Annually review and recommend to the Board the overall percentage increase in compensation to be budgeted for employee pay increases.
- Review any proposed new or materially altered employee benefit plans and make recommendations to the Board regarding changes.
- Keep written minutes of its meetings. The minutes shall be maintained with the books and records of the Company.