



## **Insider Trading Policy**

Revised as of November 27, 2007

### **Applicability of Policy**

This Insider Trading Policy applies to all directors, officers, and employees of Union Drilling, Inc. and its subsidiaries (collectively the "Company") and their respective family members and other related parties. This Policy is not intended to replace your responsibility to understand and comply with the legal prohibition on insider trading. If you have specific questions regarding this Policy or the applicable law, contact the Company's Compliance Officer or your personal legal advisor.

### **Compliance Officer**

The Company's Compliance Officer is the General Counsel of the Company or, in his or her absence, the Company's Chief Financial Officer.

### **Prohibition Against Insider Trading**

It is a violation of Company policy and federal law for any Company director, officer, or employee to trade in the Company's securities while he or she is aware of material, nonpublic information about the Company. It is also illegal and against Company policy to communicate or "tip" material, nonpublic information to others so that they may trade in Company securities based on that information. This Policy applies to all securities issued by the Company, including its common stock, options to purchase common stock, warrants and any other type of security that the Company may issue or that relate to the Company's securities, such as preferred stock, convertible debentures, and exchange-traded options or other derivative securities.

**Trading.** For purposes of this Policy, the term "trading" means any acquisition or disposition of securities, other than acquisitions or dispositions which occur by operation of law.

### **Material Information**

The materiality of information depends upon the circumstances. Information is considered "material" if there is a substantial likelihood that a reasonable investor would consider it important in deciding whether to buy, sell or hold the Company's securities, or if the information is likely to have a significant effect on the market price of the security. Either positive or negative information may be material. Examples of information that can be material are:

- Financial performance, especially quarterly and year-end earnings and significant changes in financial performance, outlook or liquidity.
- Significant changes in the Company's debt ratings.
- Company projections that significantly differ from external expectations.
- Mergers and acquisitions or the divestiture of significant assets, subsidiaries or business units.
- The loss of a key customer.
- Discoveries or developments related to our business operations.
- Stock splits, public or private securities offerings, or changes in Company dividend policies or amounts.
- Actual or threatened major litigation, or the resolution of such litigation.
- Significant changes in senior management.

## Nonpublic Information

Information is considered to be nonpublic until it has been effectively disclosed to the public and there has been adequate time for the market as a whole to digest that information. Examples of effective, widely disseminated disclosure include the Company's filings with the Securities and Exchange Commission, press releases (through major media such as Dow Jones, The Wall Street Journal, AP or UPI), meetings with members of the press and the public via publicized conference calls or webcasts that are open to the public. It is important to note that the circulation of a rumor concerning the Company, even if accurate and reported in the media, does not constitute effective public dissemination, unless and until the rumor is publicly confirmed or denied by the Company.

## Prohibited Transactions

### Transactions in Company Securities.

When any Company director, officer, or employee knows material, nonpublic information about the Company, he or she may not:

- Trade in Company securities
- Advise others to buy, hold or sell Company securities
- Have others trade for him or her in Company securities
- Disclose the information to anyone else that might then trade (i.e., "tipping")
- Assist anyone in any of these activities

This prohibition applies to a transaction even if it may be necessary or justifiable for independent reasons (such as the need to raise money for an emergency).

**Suspension of Trading.** From time to time, the Company's Compliance Officer may determine that directors, officers, selected employees and others must suspend trading in Company securities because of developments concerning the Company that have not yet been disclosed to the public. All those affected should not trade in Company securities while the suspension is in effect, and should not disclose to others that the Company has suspended trading for certain individuals.

**Transactions in the Securities of Other Companies.** Company directors, officers, and employees also may learn material, nonpublic information about other companies from time to time as a result of their jobs or being a Company director. Prohibitions against insider trading apply equally to transactions in those companies' securities while the Company director, officer or employee is in possession of material, nonpublic information relating to those companies.

**Short Sales.** Short selling is the act of borrowing securities to sell with the expectation of the price dropping and the intent of buying the securities back at a lower price to replace the borrowed securities. Company directors, officers, and employees, regardless of whether or not they are aware of material, nonpublic information about the Company, may not engage in short sales of the Company's securities.

## Special Situations

**Stock Option Plans.** The trading prohibitions and restrictions of this Policy apply to the exercise of Company stock options only if the director, officer or employee exercising his or her stock option receives cash in lieu of shares of Company stock at the time of such exercise. Company directors, officers or employees who exercise their Company stock options and opt to receive only shares of Company stock are not subject to the trading prohibitions and restrictions of this Policy with respect to the option exercise itself. This is because the other party to the transaction is the Company itself and the price does not vary with the market but is fixed by the terms of the option agreement.

Trading in Company securities acquired pursuant to the exercise of a stock option, however, will be subject to the trading prohibitions and restrictions of this Policy.

**Rule 10b5-1 Trading Plans.** Company policy permits directors, officers or employees to trade in Company securities regardless of their awareness of inside information if the transaction is made pursuant to a pre-arranged trading plan that was entered into when the individual was not in possession of material, nonpublic information (a "Rule 10b5-1 Trading Plan"). Company policy requires Rule 10b5-1 Trading Plans to (i) be written, (ii) specify the amount of, date(s) on, and price(s) at which the securities are to be traded or establish a formula for determining such items, and (iii) receive prior approval from the Company's Compliance Officer. Rule 10b5-1 Trading Plans may not be adopted when the individual is in possession of material, nonpublic information about the Company. Furthermore, an individual may amend or replace his or her Rule 10b5-1

Trading Plan only during periods when trading is permitted in accordance with this Policy and when such individual is not otherwise in possession of any material, nonpublic information regarding the Company. The Company and the Company's officers, employees or other representatives will in no event be deemed, by their approval of an individual's Rule 10b5-1 Trading Plan, to have represented that such plan complies with Rule 10b5-1 or to have assumed any liability or responsibility to the individual or any other party if the plan is subsequently determined to not comply with Rule 10b5-1.

### **Trading Rule Applicable to All Persons**

No director, officer or any other Company employee shall engage in any trading of Company securities until, at the earliest, the first full trading day after the expiration of 24 hours from the date and time the Company publicly issues its earnings release for the applicable quarterly or annual period.

### **Additional Trading Rules for Directors, Officers and Certain Employees**

**Trading Windows & Preclearance Procedures for Section 16 Individuals & Other Restricted Persons.** Company directors and certain Company employees who are subject to the reporting provisions and the trading restrictions of Section 16 of the Securities Exchange Act of 1934, as amended ("Section 16 Individuals"), as well as certain other Company employees who, because of their position with the Company, have regular access to material, nonpublic information ("Other Restricted Persons"), may trade in Company securities only at certain times throughout the year ("trading windows") and only after first obtaining prior written approval for a trade from the Compliance Officer at least one (1) calendar day, but no more than ten (10) calendar days, prior to the proposed trade. The Compliance Officer may reject any trading request made by a Section 16 Individual or an Other Restricted Person at his or her sole and reasonable discretion. The Compliance Officer shall seek preclearance for his or her trades from the Chairman of the Company's Board of Directors.

Subject to being precleared by the Compliance Officer (or by the Board Chairman in the case of the Compliance Officer), Section 16 Individuals and Other Restricted Persons may trade in Company securities only during the period beginning on the second full trading day following the Company's widespread public release of quarterly or year-end earnings, and ending fifteen calendar days before the end of the following fiscal quarter (e.g., if the Company releases first quarter earnings after the market close on Tuesday, May 6th or before the market open on Wednesday, May 7th, Section 16 Individuals and Other Restricted Persons will have a trading window that is open from Thursday, May 8th, through June 15th).

#### **Trading Window is not a "Safe Harbor"**

It should be noted, however, that even during a trading window, any person possessing material nonpublic information concerning the Company should not trade in Company securities until the second full trading day after such information has been effectively disclosed to the public, whether or not the Company's Compliance Officer has communicated a suspension of trading to that person. Trading in the Company's securities during a trading window should not be considered a "safe harbor," and all Section 16 Individuals and Other Restricted Persons should use good judgment at all times.

**Hardship Cases.** The Compliance Officer may, on a case-by-case basis, authorize trading in Company securities by Other Restricted Persons outside of the applicable trading windows due to an urgent and unexpected need to generate cash so as to avoid a financial hardship or other hardships, but only if: (i) the person who wishes to trade has, at least two (2) days prior to the anticipated trade date, notified the Compliance Officer in writing of the circumstances of the hardship and the amount and nature of the proposed trade(s) and (ii) the person trading is not in possession of material, nonpublic information concerning the Company and has certified that fact in writing to the Compliance Officer.

**Private Transactions.** The Compliance Officer may, on a case-by-case basis, authorize trading in Company securities by Section 16 Individuals and Other Restricted Persons outside of the applicable trading windows if the proposed trading transaction is a private transaction not made through a broker or other intermediary with a person who has direct face to face privity with the Section 16 Individual or Other Restricted Person, as the case may be. Prior to authorizing such a transaction, the Compliance Officer may impose requirements as the Compliance Officer may deem appropriate under the circumstances to assure compliance with applicable securities laws.

**Additional Prohibited Transactions.** The Company considers it improper and inappropriate for any Section 16 Individual or Other Restricted Person to engage in speculative transactions in the Company's securities. It is therefore the Company's policy that, in addition to the prohibited transactions described above, Section 16 Individuals and Other Restricted Persons may not engage in any of the following transactions with respect to the Company's securities: (i) publicly traded options and (ii) hedging transactions (such as zero-cost collars and forward sales contracts).

**Compliance Officer's Duties** The duties of the Compliance Officer include:

- Determining who the Section 16 Individuals and Other Restricted Persons are and notifying them.

- Preclearing all securities transactions by Section 16 Individuals and Other Restricted Persons to determine compliance with this Policy, insider trading laws and other applicable securities laws and regulations.
- Assisting Section 16 Individuals in the preparation and filing of Section 16 reports (Forms 3, 4 and 5).
- Serving as the Company's designated recipient of copies of reports filed by Section 16 Individuals with the Securities and Exchange Commission.
- Reminding all Section 16 Individuals periodically of their reporting obligations.
- Performing periodic cross-checks of available materials, which may include Forms 3, 4 and 5, Forms 144, Schedules 13D and G, officers' and directors' questionnaires, and reports received from the Company's stock administrator and transfer agent, to determine trading activity by officers, directors and others who have, or may have, access to material nonpublic information.
- Circulating this Policy to all employees, including Section 16 Individuals, and providing this Policy and other appropriate materials to new officers, directors and employees.
- Assisting the Company's Board of Directors in implementation of this Policy.

### **Applicability of Policy to Directors' and Employees' Family Members and Related Parties**

This Policy applies not only to Company directors and employees but also to Company directors' and employees' spouses, minor children, other relatives who live in their households and trusts and similar entities with respect to which directors and employees are trustees or otherwise enjoy beneficial ownership (each, a "Related Party"). For example, (i) a Related Party of a Company employee may not purchase Company securities while the employee is in possession of material, nonpublic information, even if the employee does not actually "tip" the Related Party regarding such information, and (ii) a Related Party of a Section 16 Individual or an Other Restricted Person is subject to the preclearance and trading window restrictions set forth in this Policy.

### **Applicability of Policy to Former Section 16 Individuals**

This Policy's prohibitions against insider trading will continue to apply to transactions in Company securities by any former Section 16 Individuals and their Related Parties until the end of the fiscal quarter during which the Section 16 Individual ceases to serve on the Company's Board of Directors or serve as an executive officer of the Company.

### **Reporting Violations**

Any employee who becomes aware of a violation of this Policy should promptly report such violation to the Compliance Officer, anonymously if desired.

### **Legal Review**

Whenever any person has any questions about a transaction or compliance with this Policy or seeks an exception from this Policy, he or she should consult with the Compliance Officer before the transaction takes place. Although his or her advice should not be considered investment advice or a guarantee that no legal liability will arise, all decisions by the Compliance Officer with respect to this Policy itself will be final.

### **Penalties for Insider Trading**

An employee's failure to comply with this Policy may subject the employee to Company-imposed sanctions, including dismissal, regardless of whether or not the employee's failure to comply with this Policy results in a violation of law. In addition, Company directors and employees who engage in insider trading may be subject to criminal prosecution and civil liability. Under current federal securities laws, violators could be subject to imprisonment for up to 10 years (25 years if their actions constitute fraud), civil fines of up to three times the profit gained or loss avoided through the trade, and criminal fines of up to \$1 million. In addition, violations may subject the Company and its managers to a civil fine of up to the greater of \$1 million or three times the profit gained or loss avoided as a result of the employee's insider trading violations and a criminal penalty of up to \$2.5 million.

### **ACKNOWLEDGMENT CONCERNING INSIDER TRADING POLICY**

By my signature below, I acknowledge that I have read and understand Union Drilling's Insider Trading Policy (revised as of November 27, 2007) and that I agree to abide by its provisions.

Signature: \_\_\_\_\_

Name (printed): \_\_\_\_\_

Date: \_\_\_\_\_

**Union Drilling, Inc. Preclearance Request Form**

To: Union Drilling, Inc. Compliance Officer (via email)

From: \_\_\_\_\_

Pursuant to the Insider Trading Policy of Union Drilling, Inc., I would like clearance for the following proposed transactions in securities of the Company:

[Check Applicable Item]

\_\_\_\_ Purchase UDI common shares

\_\_\_\_ Sell UDI common shares

\_\_\_\_ Cashless stock option exercise (i.e., shares sold immediately after option exercise)

\_\_\_\_ Other (please provide details) \_\_\_\_\_.