



Natural Gas Services Group Agrees To Purchase Selected Compression Assets From Hy-Bon Engineering Company

March 4, 2003

Assets Consist of 28 Compressor Packages

MIDLAND, Texas — Natural Gas Services Group, Inc. (NGSG) (Amex: NGS, NGS.WS), a provider of equipment and services to the natural gas and oil industry, today announced that its subsidiary, NGE Leasing, Inc., has agreed to purchase 28 natural gas compressor packages from Hy-Bon Engineering Company, Inc.

The compressors are currently leased to third parties by Hy-Bon Rotary Compression LLC, a limited liability company owned jointly by Hy-Bon and NGE Leasing. NGSG will utilize bank debt to finance the transaction. Management of NGSG said the transaction is expected to be accretive to earnings per share in Fiscal 2003.

Wayne Vinson, president and CEO of NGSG, said, "This transaction represents the accomplishment of one of our key near-term strategic objectives. Exclusive ownership of these compressors – all of which are under lease and operating in the Ft. Worth Basin – significantly expands our presence within one of our primary operating areas. We believe this expansion will enhance both our revenue stream and the effectiveness of our sales and marketing efforts within the Basin."

NGE Leasing, will assume control of the purchased assets and will dissolve Hy-Bon Rotary Compression, the jointly owned business. The transaction is expected to close on or before March 31, 2003, and will be effective January 1, 2003. As of January 1, 2003, Hy-Bon Rotary Compression consisted of 39 compression packages contributed by NGE Leasing and the 28 packages owned by Hy-Bon Engineering. Both companies split the operating expenses, and profits were divided in proportion to the number of compressors contributed.

NGSG manufactures, fabricates, sells, leases and services natural gas compressors that enhance the production of oil and gas wells. The Company also manufactures and sells flare systems and flare ignition systems for plant and production facilities. For more information on NGSG, please visit the Company's website at www.ngsgi.com.

Except for historical information contained herein, the statements in this release are forward-looking and made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Forward-looking statements involve known and unknown risks and uncertainties, which may cause NGSG's actual results in future periods to differ materially from forecasted results. Those risks include, among other things, the loss of market share through competition or otherwise; the introduction of competing technologies by other companies; a prolonged, substantial reduction in oil and gas prices which could cause a decline in the demand for NGSG's products and services; and new governmental safety, health and environmental regulations which could require NGSG to make significant capital expenditures. The forward-looking statements included in this press release are only made as of the date of this press release, and NGSG undertakes no obligation to publicly update such forward-looking statements to reflect subsequent events or circumstances. A discussion of these factors is included in the Company's registration statement filed with the Securities and Exchange Commission.

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