

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT PURSUANT TO SECTION 13 OR 15(d)  
OF THE SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of earliest event reported): May 10, 2005

NATURAL GAS SERVICES GROUP, INC.  
(Exact Name of Registrant as Specified in Its Charter)

Colorado (State or other jurisdiction of Incorporation or organization)	1-31398 (Commission File Number)	75-2811855 (IRS Employer Identification No.)
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2911 South County Road 1260 Midland, Texas (Address of Principal Executive Offices)	79706 (Zip Code)
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432-563-3974  
(Registrant's telephone number, including area code)

Not Applicable  
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 1.01. Entry into a Material Definitive Agreement.

On May 10, 2005, Natural Gas Services Group, Inc., as borrower, and Western National Bank, as lender, entered into a First Modification to Fourth Amended and Restated Loan Agreement, dated effective as of May 1, 2005 (the "Loan Modification Agreement"). The Loan Modification Agreement amends the "Consolidated Current Ratio" definition in the Fourth Amended and Restated Loan Agreement, dated March 14, 2005 (the "Loan Agreement"), between Natural Gas and Western National Bank, by expanding the assets considered in the calculation of such ratio to include restricted cash held by Natural Gas. In addition, under the Loan Modification Agreement, we are required to maintain a Consolidated Current Ratio of 1.4 to 1.00 from month to month, versus 1.5 to 1.00 as originally required under the Loan Agreement.

As previously reported, the indebtedness extended to Natural Gas by Western National Bank under the Loan Agreement is evidenced by the following promissory notes (collectively, the "Notes"):

- (1) Multiple Advance Term Promissory Note, dated March 14, 2005, in the original principal amount of \$1,500,000.00, payable by Natural Gas Services Group, Inc. to the order of Western National Bank, bearing interest at a current annual rate of 7.00% and maturing on April 1, 2010 (the "\$1,500,000.00 Multiple Advance Term Note");

(2) Multiple Advance Term Promissory Note, dated March 14, 2005, in the original principal amount of \$10,000,000.00, payable by Natural Gas Services Group, Inc. to the order of Western National Bank, bearing interest at a current annual rate of 7.00% and maturing on April 1, 2011 ("\$10,000,000.00 Multiple Advance Term Note");

(3) Term Promissory Note, dated January 3, 2005, in the original principal amount of \$8,000,000.00, payable by Natural Gas Services Group, Inc. to the order of Western National Bank, bearing interest at a current annual rate of 7.00% and maturing on January 1, 2012 ("the \$8,000,000.00 Term Note");

(4) Revolving Line of Credit Promissory Note, dated January 3, 2005, in the original principal amount of \$2,000,000.00, payable by Natural Gas Services Group, Inc. to the order of Western National Bank, bearing interest at a current annual rate of 7.00% and maturing on January 1, 2006 (the "Revolving Line of Credit Note");

(5) Term Promissory Note, dated November 3, 2003, in the original principal amount of \$7,521,109.00, payable by Natural Gas Services Group, Inc. to the order of Western National Bank, bearing interest at a current annual rate of 7.00% and maturing on September 15, 2007, as modified in a Modification Agreement, dated January 3, 2005 (the "\$7,521,109.00 Term Note");

(6) Advancing Line of Credit Promissory Note, dated November 3, 2003, in the original principal amount of \$10,000,000.00, payable by Natural Gas Services Group, Inc. to the order of Western National Bank, bearing interest at a current annual rate of 7.00% and maturing on November 15, 2009, as modified in a Modification Agreement, dated December 15, 2004 (the "Advancing Line of Credit Note"); and

(7) Term Promissory Note, dated January 3, 2005, in the original principal amount of \$1,415,836.00, payable by Screw Compression Systems, Inc. to the order of Western National Bank, bearing interest at a current annual rate of 7.00% and maturing on January 1, 2010 (the "\$1,415,836.00 Term Note").

Concurrently with the our execution and delivery of the Loan Modification Agreement, we also entered into the following note modification agreements (collectively, the "Note Modification Agreements"):

(1) Modification Agreement, dated effective as of May 1, 2005, by and between Natural Gas Services Group, Inc. and Western National Bank, modifying the \$1,500,000.00 Multiple Advance Term Note;

(2) Modification Agreement, dated effective as of May 1, 2005, by and between Natural Gas Services Group, Inc. and Western National Bank, modifying the \$10,000,000.00 Multiple Advance Term Note;

(3) Modification Agreement, dated effective as of May 1, 2005, by and between Natural Gas Services Group, Inc. and Western National Bank, modifying the \$8,000,000.00 Term Note;

(4) Modification Agreement, dated effective as of May 1, 2005, by and between Natural Gas Services Group, Inc. and Western National Bank, modifying the Revolving Line of Credit Note;

(5) Second Modification Agreement, dated effective as of May 1, 2005, by and between Natural Gas Services Group, Inc. and Western National Bank, modifying the \$7,521,109.00 Term Note;

(6) Second Modification Agreement, dated effective as of May 1, 2005, by and between Natural Gas Services Group, Inc. and Western National Bank, modifying the Advancing Line of Credit Note; and

(7) Modification Agreement, dated effective as of May 1, 2005, by and between Natural Gas Services Group, Inc. and Western National Bank, modifying the \$1,415,836.00 Term Note.

Under the Note Modification Agreements, the annual rate at which each Note bears interest was reduced by 0.50%, and with the exception of the \$7,521,109.00 Term Note and the Advancing Line of Credit Note, the floor rate of each Note was reduced from 6.25% to 6.00%. The floor rate of the \$7,521,109.00 Term Note and the Advancing Line of Credit Note remains at 5.25%.

The remaining terms and provisions of the Loan Agreement and the Notes remain in full force and effect.

(c) Exhibits.

Exhibit No. -----	Description -----
*10.1	First Modification to Fourth Amended and Restated Loan Agreement, dated effective as of May 1, 2005, by and among Natural Gas Services Group, Inc. and Western National Bank.
*10.2	Modification Agreement, dated effective as of May 1, 2005, by and between Natural Gas Services Group, Inc. and Western National Bank.
*10.3	Modification Agreement, dated effective as of May 1, 2005, by and between Natural Gas Services Group, Inc. and Western National Bank.
*10.4	Modification Agreement, dated effective as of May 1, 2005, by and between Natural Gas Services Group, Inc. and Western National Bank.
*10.5	Modification Agreement, dated effective as of May 1, 2005, by and between Natural Gas Services Group, Inc. and Western National Bank.
*10.6	Second Modification Agreement, dated effective as of May 1, 2005, by and between Natural Gas Services Group, Inc. and Western National Bank.
*10.7	Second Modification Agreement, dated effective as of May 1, 2005, by and between Natural Gas Services Group, Inc. and Western National Bank.
*10.8	Modification Agreement, dated effective as of May 1, 2005, by and between Natural Gas Services Group, Inc. and Western National Bank.

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\* Filed herewith

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

NATURAL GAS SERVICES GROUP, INC.

By: /s/ Stephen C. Taylor

-----  
Stephen C. Taylor, President

Dated: May 10, 2005

EXHIBIT INDEX

Exhibit No.	Description
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\* Filed herewith

FIRST MODIFICATION TO  
FOURTH AMENDED AND RESTATED  
LOAN AGREEMENT

This First Modification to Fourth Amended and Restated Loan Agreement (the "First Modification") is made and entered into effective May 1, 2005, by and among Natural Gas Services Group, Inc. ("Borrower"), Screw Compression Systems, Inc. ("Guarantor"), and Western National Bank ("Lender")

RECITALS

WHEREAS, Borrower, Guarantor, and Lender entered into that certain Fourth Amended and Restated Loan Agreement dated March 14, 2005 (the "Loan Agreement"); and

WHEREAS, Borrower, Guarantor, and Lender now desire to modify the definition of "Consolidated Current Ratio" as set out in the Loan Agreement and to modify certain other related provisions of the Loan Agreement.

NOW THEREFORE, in view of the foregoing and in consideration of the mutual covenants and agreements hereinafter contained, Borrower, Guarantor, and Lender hereby agree as follows:

ARTICLE 1  
Modification of Loan Agreement  
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The Loan Agreement is hereby amended on the effective date of this amendment in the following respects:

1. Paragraph 1.1 Defined Terms is amended in the following respects:

"Consolidated Current Ratio" means the ratio of (i) the sum of the current assets and restricted cash of the Borrower and its Subsidiaries to (ii) the sum of the current liabilities of the Borrower and its Subsidiaries, all determined on a consolidated basis."

2. Paragraph 6.1(a) Consolidated Current Ratio is amended in the following respects:

"(a) Consolidated Current Ratio. Permit the Consolidated Current Ratio, as defined herein and calculated pursuant to Exhibit S hereto, to be less than 1.4 to 1.0 as of February 28, 2005, and as of the end of each month thereafter."

1

3. Exhibit S - Consolidated Current Ratio Calculation, Paragraph 1 is amended in the following respects:

"1. Sum of current assets and restricted cash of Borrower and its consolidated Subsidiaries"

ARTICLE 2  
Miscellaneous  
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1. The provisions of this First Modification to Fourth Amended and Restated Loan Agreement shall be binding upon and shall inure to the benefit of the parties hereto and are incorporated by reference into the Loan Agreement as if set out verbatim therein.

2. The Loan Agreement, as amended herein, is hereby ratified, adopted and confirmed by Borrower and the Guarantor. Each agreement, representation, warranty and covenant made by Borrower and Guarantor in the Loan Agreement is hereby ratified, adopted, and confirmed by Borrower and Guarantor on the date of execution hereof.

3. The effective date of this First Modification to Fourth Amended and Restated Loan Agreement shall be May 1, 2005, at which time the provisions of

this First Modification to Fourth Amended and Restated Loan Agreement shall become operative and are incorporated into the Loan Agreement.

THIS WRITTEN AGREEMENT REPRESENTS THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES.

Executed on May 5, 2005, but effective as of May 1, 2005.

BORROWER:  
-----

Natural Gas Services Group, Inc.

By: /s/ Stephen C. Taylor  
-----  
Stephen C. Taylor, President



GUARANTOR:

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Screw Compression Systems, Inc.

By /s/ Paul D. Hensley

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Paul D. Hensley, President

LENDER:

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Western National Bank

By /s/ Scott A. Lovett

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Scott A. Lovett, Executive Vice President

MODIFICATION AGREEMENT

This Modification Agreement ("Modification Agreement") is effective as of May 1, 2005. The parties to the Modification Agreement are Natural Gas Services Group, Inc. ("Borrower") and Western National Bank ("Lender").

RECITALS

On March 14, 2005, Borrower executed and delivered to Lender that certain Multiple Advance Term Promissory Note in the original principal sum of \$1,500,000.00, bearing interest at the rate stated therein, with a stated final maturity date of April 1, 2010 (the "Note"), pursuant to that certain Fourth Amended and Restated Loan Agreement dated March 14, 2005 (the "Loan Agreement"). All liens, security interests and assignments securing the Note are collectively called the "Liens". Terms defined in the Note or the Loan Agreement and not otherwise defined herein shall have the same meanings here as in those documents.

At Borrower's request, Borrower and Lender have agreed to enter into this Modification Agreement to modify the interest provisions of the Note and to ratify the Liens. Said modified interest provisions shall be effective as of May 1, 2005.

AGREEMENT

1. Modification of Interest Provisions of the Note. In lieu of the following provisions which were contained in the first paragraph of the Note:

"...at a rate per annum which shall from day to day be equal to the lesser of (a) a rate per annum (the "Established Rate") equal to the greater of (i) one percent (1%) over the Prime Rate in effect from day to day, or (ii) six and one-quarter percent (6.25%), or (b) the Highest Lawful Rate, in each case calculated on the basis of actual days elapsed, but computed as if each calendar year consisted of 360 days."

such provisions of the Note are changed to read in their entirety as follows:

"...at a rate per annum which shall from day to day be equal to the lesser of (a) a rate per annum (the "Established Rate") equal to the greater of (i) one-half percent (0.5%) over the Prime Rate in effect from day to day, or (ii) six and one-quarter percent (6.25%), or (b) the Highest Lawful Rate, in each case calculated on the basis of actual days elapsed, but computed as if each calendar year consisted of 360 days."

1

3. Ratification of Liens. Borrower and Lender further agree that all Liens securing the Note shall continue and carry forward until the Note and all indebtedness evidenced thereby is paid in full. Borrower further agrees that such Liens are hereby ratified and affirmed as valid and subsisting against the collateral described therein, and that this Modification Agreement shall in no manner vitiate, affect or impair the Note or the Liens (except as expressly modified in this Modification Agreement) and that such Liens shall not in any manner be waived, released, altered or modified.

4. Miscellaneous.

(a) As modified hereby, the provisions of the Note and the Liens shall continue in full force and effect, and Borrower acknowledges and affirms its liability to Lender thereunder. In the event of an inconsistency between this Modification Agreement and the terms of the Note or of the Liens, this Modification Agreement shall govern.

(b) Borrower hereby agrees to pay all costs and expenses incurred by Lender in connection with the execution and administration

of this Modification Agreement.

- (c) Any default by Borrower in the performance of its obligations herein contained shall constitute a default under the Note and the Liens and shall allow Lender to exercise any or all of its remedies set forth in such Note and Liens or at law or in equity.
- (d) Lender does not, by its execution of this Modification Agreement, waive any rights it may have against any person not a party hereto.
- (e) All terms, provisions, covenants, agreements, and conditions of the Note and the Liens are unchanged, except as provided herein. Borrower agrees that this Modification Agreement and all of the covenants and agreements contained herein shall be binding upon Borrower and shall inure to the benefit of Lender and each of their respective heirs, executors, legal representatives, successors, and permitted assigns.

THIS MODIFICATION AGREEMENT REPRESENTS THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES.

Borrower:  
-----

Natural Gas Services Group, Inc.

By: /s/ Stephen C. Taylor  
-----  
Stephen C. Taylor, President

Lender:  
-----

Western National Bank

By /s/ Scott A. Lovett  
-----  
Scott A. Lovett, Executive Vice President

STATE OF TEXAS       ss.  
                          ss.  
COUNTY OF MIDLAND   ss.

This instrument was acknowledged before me on May 10, 2005, by Stephen C. Taylor, President of Natural Gas Services Group, Inc., a Colorado corporation, on behalf of said corporation.

/s/ Deborah K. Tullos  
-----  
Notary Public, State of Texas

STATE OF TEXAS       ss.  
                          ss.  
COUNTY OF MIDLAND   ss.

This instrument was acknowledged before me on May 11, 2005, by Scott A. Lovett, Executive Vice President of Western National Bank, a national banking association, on behalf of said association.

/s/ Deborah K. Tullos  
-----  
Notary Public, State of Texas

MODIFICATION AGREEMENT

This Modification Agreement ("Modification Agreement") is effective as of May 1, 2005. The parties to the Modification Agreement are Natural Gas Services Group, Inc. ("Borrower") and Western National Bank ("Lender").

RECITALS

On March 14, 2005, Borrower executed and delivered to Lender that certain Multiple Advance Term Promissory Note in the original principal sum of \$10,000,000.00, bearing interest at the rate stated therein, with a stated final maturity date of April 1, 2011 (the "Note"), pursuant to that certain Fourth Amended and Restated Loan Agreement dated March 14, 2005 (the "Loan Agreement"). All liens, security interests and assignments securing the Note are collectively called the "Liens". Terms defined in the Note or the Loan Agreement and not otherwise defined herein shall have the same meanings here as in those documents.

At Borrower's request, Borrower and Lender have agreed to enter into this Modification Agreement to modify the interest provisions of the Note and to ratify the Liens. Said modified interest provisions shall be effective as of May 1, 2005.

AGREEMENT

1. Modification of Interest Provisions of the Note. In lieu of the following provisions which were contained in the first paragraph of the Note:

"...at a rate per annum which shall from day to day be equal to the lesser of (a) a rate per annum (the "Established Rate") equal to the greater of (i) one percent (1%) over the Prime Rate in effect from day to day, or (ii) six and one-quarter percent (6.25%), or (b) the Highest Lawful Rate, in each case calculated on the basis of actual days elapsed, but computed as if each calendar year consisted of 360 days."

such provisions of the Note are changed to read in their entirety as follows:

"...at a rate per annum which shall from day to day be equal to the lesser of (a) a rate per annum (the "Established Rate") equal to the greater of (i) one-half percent (0.5%) over the Prime Rate in effect from day to day, or (ii) six and one-quarter percent (6.25%), or (b) the Highest Lawful Rate, in each case calculated on the basis of actual days elapsed, but computed as if each calendar year consisted of 360 days."

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3. Ratification of Liens. Borrower and Lender further agree that all Liens securing the Note shall continue and carry forward until the Note and all indebtedness evidenced thereby is paid in full. Borrower further agrees that such liens are hereby ratified and affirmed as valid and subsisting against the collateral described therein, and that this Modification Agreement shall in no manner vitiate, affect or impair the Note or the Liens (except as expressly modified in this Modification Agreement) and that such Liens shall not in any manner be waived, released, altered or modified.

4. Miscellaneous.

(a) As modified hereby, the provisions of the Note and the Liens shall continue in full force and effect, and Borrower acknowledges and affirms its liability to Lender thereunder. In the event of an inconsistency between this Modification Agreement and the terms of the Note or of the Liens, this Modification Agreement shall govern.

(b) Borrower hereby agrees to pay all costs and expenses incurred by Lender in connection with the execution and administration of this Modification Agreement.

- (c) Any default by Borrower in the performance of its obligations herein contained shall constitute a default under the Note and the Liens and shall allow Lender to exercise any or all of its remedies set forth in such Note and Liens or at law or in equity.
- (d) Lender does not, by its execution of this Modification Agreement, waive any rights it may have against any person not a party hereto.
- (e) All terms, provisions, covenants, agreements, and conditions of the Note and the Liens are unchanged, except as provided herein. Borrower agrees that this Modification Agreement and all of the covenants and agreements contained herein shall be binding upon Borrower and shall inure to the benefit of Lender and each of their respective heirs, executors, legal representatives, successors, and permitted assigns.

THIS MODIFICATION AGREEMENT REPRESENTS THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES.

Borrower:  
-----

Natural Gas Services Group, Inc.

By: /s/ Stephen C. Taylor  
-----  
Stephen C. Taylor, President

Lender:  
-----

Western National Bank

By /s/ Scott A. Lovett  
-----  
Scott A. Lovett, Executive Vice President

STATE OF TEXAS ss.  
ss.  
COUNTY OF MIDLAND ss.

This instrument was acknowledged before me on May 10, 2005, by Stephen C. Taylor, President of Natural Gas Services Group, Inc., a Colorado corporation, on behalf of said corporation.

/s/ Deborah K. Tullos  
-----  
Notary Public, State of Texas

STATE OF TEXAS ss.  
ss.  
COUNTY OF MIDLAND ss.

This instrument was acknowledged before me on May 11, 2005, by Scott A. Lovett, Executive Vice President of Western National Bank, a national banking association, on behalf of said association.

/s/ Deborah K. Tullos  
-----  
Notary Public, State of Texas

\$8,000,000.00 Term Note  
dated January 3, 2005

#### MODIFICATION AGREEMENT

This Modification Agreement ("Modification Agreement") is effective as of May 1, 2005. The parties to the Modification Agreement are Natural Gas Services Group, Inc. ("Borrower") and Western National Bank ("Lender").

#### RECITALS

On January 3, 2005, Borrower executed and delivered to Lender that certain Term Promissory Note in the original principal sum of \$8,000,000.00, bearing interest at the rate stated therein, with a stated final maturity date of January 1, 2012 (the "Note"), pursuant to that certain Third Amended and Restated Loan Agreement dated January 3, 2005, and subsequently amended and restated in that certain Fourth Amended and Restated Loan Agreement dated March 14, 2005 (the "Loan Agreement"). All liens, security interests and assignments securing the Note are collectively called the "Liens". Terms defined in the Note or the Loan Agreement and not otherwise defined herein shall have the same meanings here as in those documents.

At Borrower's request, Borrower and Lender have agreed to enter into this Modification Agreement to modify the interest provisions of the Note and to ratify the Liens. Said modified interest provisions shall be effective as of May 1, 2005.

#### AGREEMENT

1. Modification of Interest Provisions of the Note. In lieu of the following provisions which were contained in the first paragraph of the Note:

"...at a rate per annum which shall from day to day be equal to the lesser of (a) a rate per annum (the "Established Rate") equal to the greater of (i) one percent (1%) over the Prime Rate in effect from day to day, or (ii) six percent (6.0%), or (b) the Highest Lawful Rate, in each case calculated on the basis of actual days elapsed, but computed as if each calendar year consisted of 360 days."

such provisions of the Note are changed to read in their entirety as follows:

"...at a rate per annum which shall from day to day be equal to the lesser of (a) a rate per annum (the "Established Rate") equal to the greater of (i) one-half percent (0.5%) over the Prime Rate in effect from day to day, or (ii) six percent (6.0%), or (b) the Highest Lawful Rate, in each case calculated on the basis of actual days elapsed, but computed as if each calendar year consisted of 360 days."

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3. Ratification of Liens. Borrower and Lender further agree that all Liens securing the Note shall continue and carry forward until the Note and all indebtedness evidenced thereby is paid in full. Borrower further agrees that such liens are hereby ratified and affirmed as valid and subsisting against the collateral described therein, and that this Modification Agreement shall in no manner vitiate, affect or impair the Note or the Liens (except as expressly modified in this Modification Agreement) and that such Liens shall not in any manner be waived, released, altered or modified.

4. Miscellaneous.

(a) As modified hereby, the provisions of the Note and the Liens shall continue in full force and effect, and Borrower acknowledges and affirms its liability to Lender thereunder. In the event of an inconsistency between this Modification Agreement and the terms of the Note or of the Liens, this Modification Agreement shall govern.

(b) Borrower hereby agrees to pay all costs and expenses incurred by Lender in connection with the execution and administration of this Modification Agreement.



- (c) Any default by Borrower in the performance of its obligations herein contained shall constitute a default under the Note and the Liens and shall allow Lender to exercise any or all of its remedies set forth in such Note and Liens or at law or in equity.
- (d) Lender does not, by its execution of this Modification Agreement, waive any rights it may have against any person not a party hereto.
- (e) All terms, provisions, covenants, agreements, and conditions of the Note and the Liens are unchanged, except as provided herein. Borrower agrees that this Modification Agreement and all of the covenants and agreements contained herein shall be binding upon Borrower and shall inure to the benefit of Lender and each of their respective heirs, executors, legal representatives, successors, and permitted assigns.

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Borrower:  
-----

Natural Gas Services Group, Inc.

By: /s/ Stephen C. Taylor  
-----  
Stephen C. Taylor, President

Lender:  
-----

Western National Bank

By /s/ Scott A. Lovett  
-----  
Scott A. Lovett, Executive Vice President

STATE OF TEXAS           ss.  
                                  ss.  
COUNTY OF MIDLAND    ss.

This instrument was acknowledged before me on May 10, 2005, by Stephen C. Taylor, President of Natural Gas Services Group, Inc., a Colorado corporation, on behalf of said corporation.

/s/ Deborah K. Tullos  
-----  
Notary Public, State of Texas

STATE OF TEXAS           ss.  
                                  ss.  
COUNTY OF MIDLAND    ss.

This instrument was acknowledged before me on May 11, 2005, by Scott A. Lovett, Executive Vice President of Western National Bank, a national banking association, on behalf of said association.

/s/ Deborah K. Tullos  
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Notary Public, State of Texas

## MODIFICATION AGREEMENT

This Modification Agreement ("Modification Agreement") is effective as of May 1, 2005. The parties to the Modification Agreement are Natural Gas Services Group, Inc. ("Borrower") and Western National Bank ("Lender").

## RECITALS

On January 3, 2005, Borrower executed and delivered to Lender that certain Revolving Line of Credit Promissory Note in the original principal sum of \$2,000,000.00, bearing interest at the rate stated therein, with a stated final maturity date of January 1, 2006 (the "Note"), pursuant to that certain Third Amended and Restated Loan Agreement dated January 3, 2005, as subsequently amended and restated in that certain Fourth Amended and Restated Loan Agreement dated March 14, 2005 (the "Loan Agreement"). All liens, security interests and assignments securing the Note are collectively called the "Liens". Terms defined in the Note or the Loan Agreement and not otherwise defined herein shall have the same meanings here as in those documents.

At Borrower's request, Borrower and Lender have agreed to enter into this Modification Agreement to modify the interest provisions of the Note and to ratify the Liens. Said modified interest provisions shall be effective as of May 1, 2005.

## AGREEMENT

1. Modification of Interest Provisions of the Note. In lieu of the following provisions which were contained in the first paragraph of the Note:

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such provisions of the Note are changed to read in their entirety as follows:

"...at a rate per annum which shall from day to day be equal to the lesser of (a) a rate per annum (the "Established Rate") equal to the greater of (i) one-half percent (0.5%) over the Prime Rate in effect from day to day, or (ii) six percent (6.0%), or (b) the Highest Lawful Rate, in each case calculated on the basis of actual days elapsed, but computed as if each calendar year consisted of 360 days."

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3. Ratification of Liens. Borrower and Lender further agree that all Liens securing the Note shall continue and carry forward until the Note and all indebtedness evidenced thereby is paid in full. Borrower further agrees that such liens are hereby ratified and affirmed as valid and subsisting against the collateral described therein, and that this Modification Agreement shall in no manner vitiate, affect or impair the Note or the Liens (except as expressly modified in this Modification Agreement) and that such Liens shall not in any manner be waived, released, altered or modified.

4. Miscellaneous.

(a) As modified hereby, the provisions of the Note and the Liens shall continue in full force and effect, and Borrower acknowledges and affirms its liability to Lender thereunder. In the event of an inconsistency between this Modification Agreement and the terms of the Note or of the Liens, this Modification Agreement shall govern.

(b) Borrower hereby agrees to pay all costs and expenses incurred by Lender in connection with the execution and administration of this Modification Agreement.

- (c) Any default by Borrower in the performance of its obligations herein contained shall constitute a default under the Note and the Liens and shall allow Lender to exercise any or all of its remedies set forth in such Note and Liens or at law or in equity.
- (d) Lender does not, by its execution of this Modification Agreement, waive any rights it may have against any person not a party hereto.
- (e) All terms, provisions, covenants, agreements, and conditions of the Note and the Liens are unchanged, except as provided herein. Borrower agrees that this Modification Agreement and all of the covenants and agreements contained herein shall be binding upon Borrower and shall inure to the benefit of Lender and each of their respective heirs, executors, legal representatives, successors, and permitted assigns.

THIS MODIFICATION AGREEMENT REPRESENTS THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES.

Borrower:  
-----

Natural Gas Services Group, Inc.

By: /s/ Stephen C. Taylor  
-----  
Stephen C. Taylor, President

Lender:  
-----

Western National Bank

By /s/ Scott A. Lovett  
-----  
Scott A. Lovett, Executive Vice President

STATE OF TEXAS           ss.  
                                  ss.  
COUNTY OF MIDLAND    ss.

This instrument was acknowledged before me on May 10, 2005, by Stephen C. Taylor, President of Natural Gas Services Group, Inc., a Colorado corporation, on behalf of said corporation.

/s/ Deborah K. Tullos  
-----  
Notary Public, State of Texas

STATE OF TEXAS           ss.  
                                  ss.  
COUNTY OF MIDLAND    ss.

This instrument was acknowledged before me on May 11, 2005, by Scott A. Lovett, Executive Vice President of Western National Bank, a national banking association, on behalf of said association.

/s/ Deborah K. Tullos  
-----  
Notary Public, State of Texas

\$7,521,109.00 Term Note  
dated November 3, 2003

## SECOND MODIFICATION AGREEMENT

This Second Modification Agreement ("Second Modification Agreement") is effective as of May 1, 2005. The parties to the Second Modification Agreement are Natural Gas Services Group, Inc. ("Borrower") and Western National Bank ("Lender").

### RECITALS

On November 3, 2003, Borrower executed and delivered to Lender that certain Term Promissory Note in the original principal sum of \$7,521,109.00, bearing interest at the rate stated therein, with a stated final maturity date of September 15, 2007, as modified in Modification Agreement dated January 3, 2005 (the "Note"). The Note was made pursuant to that certain Second Amended and Restated Loan Agreement dated November 3, 2003, as subsequently amended and restated in that certain Third Amended and Restated Loan Agreement dated January 3, 2005, and that certain Fourth Amended and Restated Loan Agreement dated March 14, 2005 (the "Loan Agreement"). All liens, security interests and assignments securing the Note are collectively called the "Liens". Terms defined in the Note or the Loan Agreement and not otherwise defined herein shall have the same meanings here as in those documents.

At Borrower's request, Borrower and Lender have agreed to enter into this Second Modification Agreement to modify the interest provisions of the Note and to ratify the Liens. Said modified interest provisions shall be effective as of May 1, 2005.

### AGREEMENT

1. Modification of Interest Provisions of the Note. In lieu of the following provisions which were contained in the first paragraph of the Note:

"...at a rate per annum which shall from day to day be equal to the lesser of (a) a rate per annum (the "Established Rate") equal to the greater of (i) one percent (1%) over the Prime Rate in effect from day to day, or (ii) five and one-quarter percent (5.25%), or (b) the Highest Lawful Rate, in each case calculated on the basis of actual days elapsed, but computed as if each calendar year consisted of 360 days."

such provisions of the Note are changed to read in their entirety as follows:

"...at a rate per annum which shall from day to day be equal to the lesser of (a) a rate per annum (the "Established Rate") equal to the greater of (i) one-half percent (0.5%) over the Prime Rate in effect from day to day, or (ii) five and one-quarter percent (5.25%), or (b) the Highest Lawful Rate, in each case calculated on the basis of actual days elapsed, but computed as if each calendar year consisted of 360 days."

1

2. Ratification of Liens. Borrower and Lender further agree that all Liens securing the Note shall continue and carry forward until the Note and all indebtedness evidenced thereby is paid in full. Borrower further agrees that such liens are hereby ratified and affirmed as valid and subsisting against the collateral described therein, and that this Second Modification Agreement shall in no manner vitiate, affect or impair the Note or the Liens (except as expressly modified in this Second Modification Agreement) and that such Liens shall not in any manner be waived, released, altered or modified.

3. Miscellaneous.

(a) As modified hereby, the provisions of the Note and the Liens shall continue in full force and effect, and Borrower acknowledges and affirms its liability to Lender thereunder. In the event of an inconsistency between this Second Modification Agreement and the terms of the Note or of the

Liens, this Second Modification Agreement shall govern.

- (b) Borrower hereby agrees to pay all costs and expenses incurred by Lender in connection with the execution and administration of this Second Modification Agreement.
- (c) Any default by Borrower in the performance of its obligations herein contained shall constitute a default under the Note and the Liens and shall allow Lender to exercise any or all of its remedies set forth in such Note and Liens or at law or in equity.
- (d) Lender does not, by its execution of this Second Modification Agreement, waive any rights it may have against any person not a party hereto.
- (e) All terms, provisions, covenants, agreements, and conditions of the Note and the Liens are unchanged, except as provided herein. Borrower agrees that this Second Modification Agreement and all of the covenants and agreements contained herein shall be binding upon Borrower and shall inure to the benefit of Lender and each of their respective heirs, executors, legal representatives, successors, and permitted assigns.

THIS SECOND MODIFICATION AGREEMENT REPRESENTS THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES.

THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES.

Borrower:  
-----

Natural Gas Services Group, Inc.

By: /s/ Stephen C. Taylor  
-----  
Stephen C. Taylor, President

Lender:  
-----

Western National Bank

By /s/ Scott A. Lovett  
-----  
Scott A. Lovett, Executive Vice President

STATE OF TEXAS        ss.  
                          ss.  
COUNTY OF MIDLAND   ss.

This instrument was acknowledged before me on May 10, 2005, by Stephen C. Taylor, President of Natural Gas Services Group, Inc., a Colorado corporation, on behalf of said corporation.

      /s/ Deborah K. Tullos  
-----  
Notary Public, State of Texas

STATE OF TEXAS        ss.  
                          ss.  
COUNTY OF MIDLAND   ss.

This instrument was acknowledged before me on May 11, 2005, by Scott A. Lovett, Executive Vice President of Western National Bank, a national banking association, on behalf of said association.

      /s/ Deborah K. Tullos  
-----  
Notary Public, State of Texas



## SECOND MODIFICATION AGREEMENT

This Second Modification Agreement ("Second Modification Agreement") is effective as of May 1, 2005. The parties to the Second Modification Agreement are Natural Gas Services Group, Inc. ("Borrower") and Western National Bank ("Lender").

## RECITALS

On November 3, 2003, Borrower executed and delivered to Lender that certain Advancing Line of Credit Promissory Note in the original principal sum of \$10,000,000.00, bearing interest at the rate stated therein, with a stated final maturity date of November 15, 2009, as modified in Modification Agreement dated December 15, 2004 (the "Note"). The Note was made pursuant to that certain Second Amended and Restated Loan Agreement dated November 3, 2003, as subsequently amended and restated in that certain Third Amended and Restated Loan Agreement dated January 3, 2005, and that certain Fourth Amended and Restated Loan Agreement dated March 14, 2005 (the "Loan Agreement"). All liens, security interests and assignments securing the Note are collectively called the "Liens". Terms defined in the Note or the Loan Agreement and not otherwise defined herein shall have the same meanings here as in those documents.

At Borrower's request, Borrower and Lender have agreed to enter into this Second Modification Agreement to modify the interest provisions of the Note and to ratify the Liens. Said modified interest provisions shall be effective as of May 1, 2005.

## AGREEMENT

1. Modification of Interest Provisions of the Note. In lieu of the following provisions which were contained in the first paragraph of the Note, as modified in Modification Agreement dated December 15, 2004:

"...at a rate per annum which shall from day to day be equal to the lesser of (a) a rate per annum (the "Established Rate") equal to the greater of (i) one percent (1%) over the Prime Rate in effect from day to day, or (ii) five and one-quarter percent (5.25%), or (b) the Highest Lawful Rate, in each case calculated on the basis of actual days elapsed, but computed as if each calendar year consisted of 360 days."

such provisions of the Note are changed to read in their entirety as follows:

"...at a rate per annum which shall from day to day be equal to the lesser of (a) a rate per annum (the "Established Rate") equal to the greater of (i) one-half percent (0.5%) over the Prime Rate in effect from day to day, or (ii) five and one-quarter percent (5.25%), or (b) the Highest Lawful Rate, in each case calculated on the basis of actual days elapsed, but computed as if each calendar year consisted of 360 days."

1

2. Ratification of Liens. Borrower and Lender further agree that all Liens securing the Note shall continue and carry forward until the Note and all indebtedness evidenced thereby is paid in full. Borrower further agrees that such liens are hereby ratified and affirmed as valid and subsisting against the collateral described therein, and that this Second Modification Agreement shall in no manner vitiate, affect or impair the Note or the Liens (except as expressly modified in this Second Modification Agreement) and that such Liens shall not in any manner be waived, released, altered or modified.

3. Miscellaneous.

(a) As modified hereby, the provisions of the Note and the Liens shall continue in full force and effect, and Borrower acknowledges and affirms its liability to Lender thereunder. In the event of an inconsistency between this Second Modification Agreement and the terms of the Note or of the

Liens, this Second Modification Agreement shall govern.

- (b) Borrower hereby agrees to pay all costs and expenses incurred by Lender in connection with the execution and administration of this Second Modification Agreement.
- (c) Any default by Borrower in the performance of its obligations herein contained shall constitute a default under the Note and the Liens and shall allow Lender to exercise any or all of its remedies set forth in such Note and Liens or at law or in equity.
- (d) Lender does not, by its execution of this Second Modification Agreement, waive any rights it may have against any person not a party hereto.
- (e) All terms, provisions, covenants, agreements, and conditions of the Note and the Liens are unchanged, except as provided herein. Borrower agrees that this Second Modification Agreement and all of the covenants and agreements contained herein shall be binding upon Borrower and shall inure to the benefit of Lender and each of their respective heirs, executors, legal representatives, successors, and permitted assigns.

THIS SECOND MODIFICATION AGREEMENT REPRESENTS THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES.

THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES.

Borrower:  
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Natural Gas Services Group, Inc.

By: /s/ Stephen C. Taylor  
-----  
Stephen C. Taylor, President

Lender:  
-----

Western National Bank

By /s/ Scott A. Lovett  
-----  
Scott A. Lovett, Executive Vice President

STATE OF TEXAS       ss.  
                          ss.  
COUNTY OF MIDLAND   ss.

This instrument was acknowledged before me on May 10, 2005, by Stephen C. Taylor, President of Natural Gas Services Group, Inc., a Colorado corporation, on behalf of said corporation.

/s/ Deborah K. Tullos  
-----  
Notary Public, State of Texas

STATE OF TEXAS       ss.  
                          ss.  
COUNTY OF MIDLAND   ss.

This instrument was acknowledged before me on May 11, 2005, by Scott A. Lovett, Executive Vice President of Western National Bank, a national banking association, on behalf of said association.

/s/ Deborah K. Tullos  
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Notary Public, State of Texas

\$1,415,836.00 Term Note  
dated January 3, 2005

#### MODIFICATION AGREEMENT

This Modification Agreement ("Modification Agreement") is effective as of May 1, 2005. The parties to the Modification Agreement are Screw Compression Systems, Inc. ("Borrower") and Western National Bank ("Lender").

#### RECITALS

On January 3, 2005, Borrower executed and delivered to Lender that certain Term Promissory Note in the original principal sum of \$1,415,836.00, bearing interest at the rate stated therein, with a stated final maturity date of January 1, 2010 (the "Note"), pursuant to that certain Third Amended and Restated Loan Agreement dated January 3, 2005 (the "Prior Loan Agreement"), as amended and restated in that certain Fourth Amended and Restated Loan Agreement dated March 15, 2005 (the "Loan Agreement"). All liens, security interests and assignments securing the Note are collectively called the "Liens". Terms defined in the Note or the Loan Agreement and not otherwise defined herein shall have the same meanings here as in those documents.

At Borrower's request, Borrower and Lender have agreed to enter into this Modification Agreement to modify the interest provisions of the Note and to ratify the Liens. Said modified interest provisions shall be effective as of May 1, 2005.

#### AGREEMENT

1. Modification of Interest Provisions of the Note. In lieu of the following provisions which were contained in the first paragraph of the Note:

"...at a rate per annum which shall from day to day be equal to the lesser of (a) a rate per annum (the "Established Rate") equal to the greater of (i) one percent (1%) over the Prime Rate in effect from day to day, or (ii) six percent (6.0%), or (b) the Highest Lawful Rate, in each case calculated on the basis of actual days elapsed, but computed as if each calendar year consisted of 360 days."

such provisions of the Note are changed to read in their entirety as follows:

"...at a rate per annum which shall from day to day be equal to the lesser of (a) a rate per annum (the "Established Rate") equal to the greater of (i) one-half percent (0.5%) over the Prime Rate in effect from day to day, or (ii) six percent (6.0%), or (b) the Highest Lawful Rate, in each case calculated on the basis of actual days elapsed, but computed as if each calendar year consisted of 360 days."

1

3. Ratification of Liens. Borrower and Lender further agree that all Liens securing the Note shall continue and carry forward until the Note and all indebtedness evidenced thereby is paid in full. Borrower further agrees that such liens are hereby ratified and affirmed as valid and subsisting against the collateral described therein, and that this Modification Agreement shall in no manner vitiate, affect or impair the Note or the Liens (except as expressly modified in this Modification Agreement) and that such Liens shall not in any manner be waived, released, altered or modified.

4. Miscellaneous.

(a) As modified hereby, the provisions of the Note and the Liens shall continue in full force and effect, and Borrower acknowledges and affirms its liability to Lender thereunder. In the event of an inconsistency between this Modification Agreement and the terms of the Note or of the Liens, this Modification Agreement shall govern.

(b) Borrower hereby agrees to pay all costs and expenses incurred by Lender in connection with the execution and administration

of this Modification Agreement.

- (c) Any default by Borrower in the performance of its obligations herein contained shall constitute a default under the Note and the Liens and shall allow Lender to exercise any or all of its remedies set forth in such Note and Liens or at law or in equity.
- (d) Lender does not, by its execution of this Modification Agreement, waive any rights it may have against any person not a party hereto.
- (e) All terms, provisions, covenants, agreements, and conditions of the Note and the Liens are unchanged, except as provided herein. Borrower agrees that this Modification Agreement and all of the covenants and agreements contained herein shall be binding upon Borrower and shall inure to the benefit of Lender and each of their respective heirs, executors, legal representatives, successors, and permitted assigns.

THIS MODIFICATION AGREEMENT REPRESENTS THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES.

Borrower:  
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Screw Compression Systems, Inc.

By: /s/ Paul D. Hensley  
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Paul D. Hensley, President

Lender:  
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Western National Bank

By /s/ Scott A. Lovett  
-----  
Scott A. Lovett, Executive Vice President

STATE OF OKLAHOMA    ss.  
                          ss.  
COUNTY OF ROGERS    ss.

This instrument was acknowledged before me on May 10, 2005, by Paul D. Hensley, President of Screw Compression Systems, Inc., a Texas corporation, on behalf of said corporation.

Notary Public, State of Oklahoma  
Printed Name: Deborah K. Tullos  
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Commission Expires: August 17, 2005  
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STATE OF TEXAS        ss.  
                          ss.  
COUNTY OF MIDLAND   ss.

This instrument was acknowledged before me on May 11, 2005, by Scott A. Lovett, Executive Vice President of Western National Bank, a national banking association, on behalf of said association.

/s/ Deborah K. Tullos  
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Notary Public, State of Texas