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

FORM 10-QSB

(X) QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended September 30, 2002

OR

( ) TRANSITION REPORT UNDER SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from________ to________

Commission File Number 1-31398

NATURAL GAS SERVICES GROUP, INC.
(Exact name of small business issuer as specified in its charter)

Colorado	75-2811855
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

2911 SCR 1260
Midland, Texas 79706
(Address of principal executive offices)

(915) 563-3974
(Issuer's Telephone number)

N/A

(Former name, former address and former fiscal year, if changed since last report)

APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY
PROCEEDINGS DURING THE PRECEDING FIVE YEARS

Check whether the registrant filed all documents and reports required to be filed by Section 12, 13 or 15(d) of the Exchange Act after the distribution of securities under a plan confirmed by a court.

Yes ___ No ___

APPLICABLE ONLY TO CORPORATE ISSUERS

State the number of shares outstanding of each of the issuer's classes of common equity, as of the latest practicable date.

Class	Outstanding at October 31, 2002
Common Stock, $.001 par value	4,857,632

Transitional Small Business Disclosure Format (Check one): Yes ___ No X

NATURAL GAS SERVICES GROUP, INC.

Commission File Number: 1-31398

Quarter Ended September 30, 2002

FORM 10-QSB

Part I - FINANCIAL INFORMATION

Natural Gas Services Group, Inc.
Consolidated Balance Sheet
(unaudited)
September 30, 2002

ASSETS

Current Assets:	
Cash and cash equivalents	$ 687,651
Accounts receivable - trade	739,664
Lease receivable - net of unearned interest of $27,120	92,989
Inventory	1,807,121
Prepaid expenses	52,042
Total Current Assets	3,379,467
Property plant and equipment, net:	14,624,814
Goodwill, net of accumulated amortization of $325,192	2,589,655
Patents, net of accumulated amortization of $103,067	148,296
Lease receivable net of unearned interest of $13,487	139,888
Investments in joint venture	197,486
Deferred offering cost	360,747
Other assets	30,380
Total Assets	$21,470,733

LIABILITIES AND SHAREHOLDERS' EQUITY

Current Liabilities:	
Current portion of long term debt and capital lease	$ 9,509,466
Accounts payable	1,138,226
Unearned Income	257,503
Total Current Liabilities	10,905,195
Long term portion, less current portion and capital lease	1,706,042
Subordinated notes, net of discount of $216,526	1,322,735
Deferred income tax payable	1,100,000

SHAREHOLDERS' EQUITY

Preferred Stock, 5,000,000 shares authorized, par value $0.01: 10% convertible series A: 1,177,000 shares authorized: 381,654 shares Outstanding; 10% cumulative liquidation preference of $1,240,376	3,817
Common Stock, 30,000,000 shares authorized, par value $0.01: 3,357,632 shares issued and outstanding	33,576
Paid in Capital	4,497,563
Retained Earnings	1,901,805
Shareholders' Equity	6,436,761
Total Liabilities and Shareholders' Equity	$21,470,733

The accompanying notes are an integral part of the consolidated balance sheet.

Natural Gas Services Group, Inc.
Consolidated Income Statements
(unaudited)

	Three months ended September 30		Nine months ended September 30	
	2002	2001	2002	2001
Revenue:				
Sales	$ 1,877,591	$ 1,325,297	$ 4,940,880	$ 3,946,875
Leasing income	1,203,793	1,006,009	3,260,060	2,282,413
	3,081,384	2,331,306	8,200,940	6,229,288
Cost of revenue:				
Cost of sales	1,336,629	983,483	3,556,130	2,737,803
Cost of leasing	329,850	290,563	916,149	651,230
Total cost of revenue	1,666,479	1,274,046	4,472,279	3,389,033
Gross Margin	1,414,905	1,057,260	3,728,661	2,840,255
Selling expense	134,786	135,674	378,456	441,513
General and Administrative expense	276,523	320,891	877,010	844,395
Amortization & depreciation	301,493	268,407	839,093	624,164
Operating income	702,103	332,288	1,634,102	930,183
Interest expense	(273,568)	(280,670)	(796,408)	(652,481)
Earnings from minority interest	132,081	70,703	339,684	138,055
Other income	15,316	1,439	17,226	82,571
Income before income taxes	575,932	123,760	1,194,604	498,328
Income tax expense	207,000	76,885	486,563	278,363
Net income	$ 368,932	$ 46,875	$ 708,041	$ 219,965
Preferred dividends	31,009	3,186	106,624	3,186
Net income available to common shareholders	$ 337,923	$ 43,689	$ 601,417	$ 216,779
Earnings per share:				
Basic	$ 0.10	$ 0.01	$ 0.18	$ 0.06
Diluted	$ 0.08	$ 0.01	$ 0.15	$ 0.06
Weighted average Shares:				
Basic	3,357,632	3,357,632	3,357,632	3,357,632
Diluted	4,091,862	3,455,600	4,136,709	3,455,600

The accompanying notes are an integral part of the consolidated income statements.

Natural Gas Services Group, Inc.
Consolidated Statements of Cash Flows
(unaudited)

	Nine Months Ended September 30, 2002	Nine Months Ended September 30, 2001
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Income	$ 708,041	$ 219,965
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	839,093	624,164
Deferred taxes	486,563	278,363
Amortization of debt issuance costs	48,717	37,891
Gain on disposal of assets	(15,066)	(71,964)
Warrants issued for debt guarantee	42,025	23,137
Earning from minority interest	(339,684)	(138,055)
Changes in current assets and liabilities:		
Trade and other receivables	246,047	(383,889)
Inventory	(191,713)	(437,981)
Prepaid expenses and other	(85,097)	(199,945)
Accounts payable and accrued liabilities	157,906	708,597
Deferred income	74,129	(10,108)
Other	(26,209)	(2,554)
NET CASH PROVIDED BY OPERATING ACTIVITIES	1,944,752	647,621
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	(3,025,780)	(1,887,171)
Proceeds from sale of property and equipment	40,000	179,923
Acquisition of compression related assets of Great Lakes Compression	--	(1,295,180)
Decrease in lease receivable	62,543	54,296
Minority interest investment	260,868	77,592
NET CASH USED IN INVESTING ACTIVITIES	(2,662,369)	(2,870,540)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net proceeds from bank loans	1,853,386	926,759
Repayments of long term debt	(647,004)	(506,892)
Dividends paid on preferred stock	(75,613)	(3,186)
Proceeds from note offering, net of offering cost	--	1,372,196
Deferred offering cost	(250,937)	--
Proceeds from warrants	43	--
Proceeds from sale of preferred stock	12,724	407,485
NET CASH PROVIDED BY INVESTING ACTIVITIES	892,599	2,196,362
NET INCREASE (DECREASE) IN CASH	174,982	(26,557)
CASH AT BEGINNING OF PERIOD	512,669	142,906
CASH AT END OF PERIOD	$ 687,651	$ 116,349

The accompanying notes are an integral part of the consolidated statements of cash flow.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(1) Organization

Natural Gas Services Group, Inc. (the "Company" or "NGSG") (a Colorado corporation) was formed on December 18, 1998 for the purposes of combining the operations of certain manufacturing, service and leasing entities providing services to a customer base of oil and gas exploration and production companies operating primarily in California, Colorado, Kansas, Louisiana, Michigan, New Mexico, Oklahoma, Texas and Wyoming.

(2) Basis of Presentation

The accompanying unaudited financial statements present the consolidated results of the Company and its wholly-owned subsidiaries taken from the Company books and records. However, in the opinion of management, such information includes all adjustments, consisting of only normal recurring adjustments, which are necessary to make the Company's financial position at September 30, 2002 and the results of its operations for the three and nine month periods ended September 30, 2002 and 2001 not misleading. As permitted by the rules and regulations of the Securities and Exchange Commission (SEC) the accompanying financial statements do not include all disclosures normally required by generally accepted accounting principals. These financial statements should be read in conjunction with the financial statements included with the Company's Registration Statement on Form SB-2 on file with the SEC. Investments in joint ventures in which the Company does not have majority voting control are accounted for by the equity method. All intercompany balances and transactions have been eliminated in consolidation. In the opinion of management, the consolidated financial statements are a fair presentation of the financial position, results of operations and cash flows for the period presented.

The results of operations for the three and nine months ended September 30, 2002 are not necessarily indicative of the results of operations to be expected for the full fiscal year ending December 31, 2002

(3) Subsequent Events

Public Stock Offering - In October 2002, the Company completed an initial public stock offering of 1,500,000 shares of common stock and warrants to purchase 1,500,000 shares of common stock which provided gross proceeds to the Company of approximately $7,875,000.

Each warrant allows the holder to purchase one share of common stock at an exercise price of $6.25 for a period of 4 years after the date of the offering. The warrants are redeemable by the Company at $0.25 per warrant upon 30 days notice if the market price of the common stock for 20 consecutive trading days preceding the date the notice is given equals or exceeds 175% of the exercise price of the warrant or $10.94. The underwriters have a 60 day option (over-allotment option) to purchase up to 225,000 shares of common stock and 225,000 warrants at the respective offering prices.

The Company also issued the representative of the underwriters' options to purchase 150,000 shares of common stock and 150,000 warrants, that are exercisable beginning one year from the public offering date for a period of 5 years, at 125% of the Company's public offering price. The representative of the underwriters' options are exercisable at prices of $6.25 and $0.3125 per share and per warrant, respectively. Each warrant is exercisable at $7.8125.

Long Term Debt - In connection with completion of its initial public offering, the Company signed an amended credit agreement with its bank whereby it borrowed an additional $3,500,000, in the form of a term loan with monthly principal payments of $58,333 with interest at 1% over prime for 60 months. The proceeds from this loan as well as $3,452,464 of the proceeds from the public offering were used to retire the remaining $6,952,464 of debt due to Dominion Michigan Production Services, Inc (Dominion Michigan) for the purchase of its compression related assets that are operated by our subsidiary, Great Lakes Compression, Inc. (Great Lakes Compression).

(4) Goodwill- Adoption of Statement 142 (Unaudited)

The Company adopted FAS 142 on January 1, 2002, at which time it ceased the amortization of goodwill. At September 30, 2002, the Company's goodwill had a carrying value of $2,589,655. Pursuant to FAS 142, the Company completed its initial test for goodwill impairment and no impairment was indicated. The following table sets forth the effect of the adoption of FAS 142 for each period:

	FOR THE NINE MONTHS ENDED SEPTEMBER 30,		FOR THE THREE MONTHS ENDED SEPTEMBER 30,	
	2002	2001	2002	2001
Reported net income	$ 601,417	$ 216,779	$ 337,923	$ 43,689
Add back: Goodwill amortization, net of tax effect	--	75,303	--	25,101
Adjusted net income	$ 601,417	$ 292,082	$ 337,923	$ 68,790
Basic earnings per share:				
Reported net income	$ .18	$ .06	$ .10	$ .01
Goodwill amortization	--	.02	--	.01
Adjusted net income	$ .18	$ .08	$ .10	$ .02
Diluted earnings per share:				
Reported net income	$ .15	$ .06	$ .08	$ .01
Goodwill amortization	--	.02	--	.01
Adjusted net income	$ .15	$ .08	$ .08	$ .02

(5) Segment information

FAS No. 131, Disclosures about Segments of an Enterprise and Related Information, establishes standards for public companies relating to the reporting of information about their operating segments in financial statements. Operating segments are components of an enterprise about which separate financial information is available that is evaluated regularly by chief operating decision-makers in deciding how to allocate resources and in assessing performance.

The Company identifies its segments based on its subsidiary entities.

(in thousands) Nine Months Ended September 30, 2002	Rotary Gas	NGE Leasing	Great Lakes Compression	Natural Gas Services Group	Total
Revenue	$ 2,856	$ 1,684	$ 3,661	$ --	$ 8,201
Inter-segment revenue	4,064			(4,064)	--
Net Income	504	850	252	(898)	708
Segment Assets	4,064	7,360	9,165	882	21,471

(in thousands) Three Months Ended September 30, 2002	Rotary Gas	NGE Leasing	Great Lakes Compression	Natural Gas Services Group	Total
Revenue	$ 1,285	$ 625	$ 1,171	$ --	$ 3,081
Inter-segment revenue	980			(980)	--
Net Income	274	335	97	(338)	368
Segment Assets	4,064	7,360	9,165	882	21,471

(in thousands) Nine Months Ended September 30, 2001	Rotary Gas	NGE Leasing	Great Lakes Compression	Natural Gas Services Group	Total
Revenue	$ 3,039	$ 1,086	$ 2,104	$ --	$ 6,229
Inter-segment revenue	1,869			(1,869)	--
Net Income	198	390	239	(607)	220
Segment Assets	2,259	4,618	9,007	2,529	18,413

(in thousands) Three Months Ended September 30, 2001	Rotary Gas	NGE Leasing	Great Lakes Compression	Natural Gas Services Group	Total
Revenue	$ 869	$ 391	$ 1,071	$ --	$ 2,331
Inter-segment revenue	733			(733)	--
Net Income	(52)	140	156	(197)	47
Segment Assets	2,259	4,618	9,007	2,529	18,413

Management's Discussion and Analysis of Financial Condition and Results of Operation

Overview

We include the operations of Rotary Gas Systems, NGE Leasing and Great Lakes Compression. These entities provide products and services to the oil and gas industry and are engaged in (1) the manufacture, service, sale, and rental of natural gas compressors to enhance the productivity of oil and gas wells, and (2) the manufacture, sale and rental of flares and flare ignition systems for plant and production facilities. We are the parent company and provide administrative and management support and, therefore, have expenses associated with that activity.

We acquired the compression related assets of Great Lakes Compression from Dominion Michigan on March 29, 2001. This acquisition significantly increased the number of compressor units that we own and service and thereby increased our revenue and operating income beginning April 1, 2001.

Results of Operations

Nine Months Ended September 30, 2002 Compared to the Nine Months Ended September 30, 2001

(in thousands)	Rotary Gas	NGE Leasing	Great Lakes Compression (1)	Natural Gas Services Group	Total
Nine Months Ended September 30, 2002					
Revenue	$ 2,856	$ 1,684	$ 3,661	$ --	$ 8,201
Inter-segment revenue	4,064			(4,064)	--
Gross margin	1,198	1,209	1,322	--	3,729
Selling, general and administrative expense	600	120	188	347	1,255
Depreciation and amortization expense	90	303	412	34	839
Interest expense	6	291	470	30	797
Other income	2	15			17
Equity in earnings from joint venture		340			340
Income tax				487	487
Net Income	$ 504	$ 850	$ 252	$ (898)	$ 708
Nine Months Ended September 30, 2001					
Revenue	$ 3,039	$ 1,086	$ 2,104	$ --	$ 6,229
Inter-segment revenue	1,869			(1,869)	--
Gross margin	1,051	763	1,026	--	2,840
Selling, general and administrative expense	774	108	185	219	1,286
Depreciation and amortization expense	78	180	280	86	624
Interest expense	3	303	322	24	652
Other income	2	80			82
Equity in earnings from joint venture		138			138
Income tax				278	278
Net income	$ 198	$ 390	$ 239	$ (607)	$ 220

(1) We purchased the compression related assets of Great Lakes Compression from Dominion Michigan on March 29, 2001. Therefore, the information of Great Lakes Compression for the period ending March 31, 2001, is not included.

Rotary Gas Systems Operations

Revenue from outside sources decreased approximately $183,000 or approximately 6% for the nine months ended September 30, 2002 compared to the same period ended September 30, 2001. Because our products are custom-built, fluctuations in revenue from outside sources are expected. Our main focus is to build our rental fleet and associated lease revenue in NGE Leasing, which in the long term is more profitable and has a more stable cash flow. For the nine months ended September 30, 2001, approximately 58% of our plant output was used to build gas compressors for NGE Leasing as opposed to approximately 80% for the same period in 2002.

The gross margin percentage increased from 35% for the nine months ended September 30, 2001, to 42% for the same period ended September 30, 2002. The slight increase resulted mainly from some change in the sales product mix.

Selling, general and administrative expense decreased from $774,000, to $600,000 or 22% for the nine months ended September 30, 2001, as compared to the same period ended September 30, 2002. This was mainly the result of the reduction of selling expenses related to the decision to discontinue the air compressor line. We discontinued this line of product in the development stage so that we could concentrate on our main product, gas compression.

Depreciation expense increased 15% from $78,000 to $90,000 for the nine months ended September 30, 2001, compared to the same period ended September 30, 2002. This increase was mainly due to the purchase of additional vehicles, shop and office equipment.

There was a $3,000 increase in interest expense for the nine months ended September 30, 2002 compared to the same period ended September 30, 2001, mainly due to financing the purchase of additional service vehicles.

NGE Leasing Operations

Revenue from rental of natural gas compressors increased 55% for the nine months ended September 30, 2002, compared to the same period in 2001. This increase is the result of the increase in our rental fleet of which 66 new compressors were added during the nine months ended September 30, 2002, as compared to the addition of 30 during the 2001 period. These compressors were manufactured by Rotary Gas Systems.

The gross margin percentage increased 2% from 70% for the period ending September 30, 2001 to 72% for the same period in 2002. The cost of revenue is comprised mainly of expenses associated with the maintenance of the gas compressor rental activity. This increase resulted from the fact that of the 66 new compressors added to our rental fleet in the nine months ended September 30, 2002, 48 were the new GS 10 model which have a lower percentage maintenance cost than other models in our fleet. Normally the cost of equipment maintenance will naturally increase over time as the equipment ages, thereby reducing the gross margin. The expected life of a gas compressor unit will exceed 15 years with routine maintenance and a major overhaul every three to four years.

Selling, general and administrative expense increased from $108,000 to $120,000 or 11% for the nine months ended September 30, 2002, as compared to the same period in 2001. This was mainly the result of an increase in commission expense.

Depreciation expense increased 68% from $180,000 to $303,000 for the nine months ended September 30, 2001, compared to the same period ended September 30, 2002. This increase was the result of new gas compressor rental units being added to the rental fleet during the period.

There was a decrease in interest expense from $303,000 to $291,000 for the nine months ended September 30, 2001 as compared to the same period ended September 30, 2002. .This is mainly a result of a reduction in bank debt.

Equity in earnings from a joint venture increased 146% from $138,000 to $340,000 during the nine months ended September 30, 2001, compared to the same period ended September 30, 2002. This is a joint venture, called Hy-Bon Rotary Compression, LLC that serves a mutual area of interest in which we contribute gas compressor units for rental. The increase is due to net profits associated with the additional units leased in 2002 as compared to those in 2001.

Great Lakes Compression

We acquired the compression related assets of Great Lakes Compression from Dominion Michigan as of March 29, 2001. Therefore, there is no historical comparative data for the nine months ended September 30, 2001.

Natural Gas Services Group

Selling, general and administrative expense increased from $219,000 to $347,000 or 58% for the nine months ended September 30, 2001, as compared to the same period ended September 30, 2002. This was mainly the result of an added expense for warrants valued at $42,000 granted to certain officers and directors as consideration for their guarantee of restructured corporate bank debt and an increase in accrual for officer bonuses normally paid at year end.

Amortization and depreciation expense decreased from $86,000 to $34,000 or 60% for the nine months ended September 30, 2001 compared to the same period ended September 30, 2002. This decrease was mainly the result of changes in the accounting method for amortizing goodwill.

Interest expense increased from $24,000 to $30,000 or 25% for the nine months ended September 30, 2001 compared to the same period ended September 30, 2002. This increase was the result of financing the purchase on three new service vehicles.

Income tax expense is accounted for on a consolidated basis. Therefore, the tax for all companies is included in the tax expense for Natural Gas Services Group. Income tax expense increased 75% from $278,000 to $487,000 for the nine months ended September 30, 2001 compared to same period ended September 30, 2002. This increase is mainly due to an increase in income before taxes.

Three Months Ended September 30, 2002 Compared to the Three Months Ended September 30, 2001

(in thousands)	Rotary Gas	NGE Leasing	Great Lakes Compression	Natural Gas Services Group	Total
Three Months Ended September 30, 2002					
Revenue	$ 1,285	$ 625	$ 1,171	$	$ 3,081
Inter-segment revenue	980			(980)	--
Gross margin	509	448	458		1,415
Selling, general and administrative expense	203	40	62	107	412
Depreciation and amortization expense	31	114	143	13	301
Interest expense	2	105	156	11	274
Other income	1	14			15
Equity in earnings from joint venture		132			132
Income tax				207	207
Net Income	$ 274	$ 335	$ 97	$ (338)	$ 368
Three Months Ended September 30, 2001					
Revenue	$ 869	$ 391	$ 1,071	$	$ 2,331
Inter-segment revenue	733			(733)	--
Gross margin	243	267	547		1,057
Selling, general and administrative expense	269	22	86	80	457
Depreciation and amortization expense	27	68	142	31	268
Interest expense	1	108	163	9	281
Other income	2				2
Equity in earnings from joint venture		71			71
Income tax				77	77
	$ (52)	$ 140	$ 156	$ (197)	$ 47

Rotary Gas Systems Operations

Revenue from outside sources increased $416,000 or 48% for the three months ended September 30, 2002 compared to the same period ended September 30, 2001. Because our products are custom-built, fluctuations in revenue from outside sources are expected. This increase was mainly the result of the additional number of gas compressor units sold during the period. We sold 10 compressor units in the three months ended September 30, 2002 as compared to only 6 units in the same period ended September 30, 2001.

The gross margin percentage increased from 28% for the three months ended September 30, 2001, to 40% for the same period ended September 30, 2002. This increase resulted mainly from a change in the sales product mix.

Selling, general and administrative expense decreased from $269,000 to $203,000 or 25% for the three months ended September 30, 2001, as compared to the same period ended September 30, 2002. This was mainly the result of the reduction of selling expenses related to the decision to discontinue the air compressor line. We discontinued this line of product in the development stage so that we could concentrate on our main product, gas compression.

Depreciation expense increased 15% from $27,000 to $31,000 for the three months ended September 30, 2001, compared to the same period ended September 30, 2002. This increase was mainly due to the purchase of additional service vehicles, shop and office equipment.

There was a $1,000 increase in interest expense for the three months ended September 30, 2002 compared to the same period ended September 30, 2001, mainly due to financing the purchase of additional service vehicles.

NGE Leasing Operations

Revenue from rental of natural gas compressors increased 60% for the three months ended September 30, 2002, compared to the same period in 2001. This increase is the result of the increase in the number of units added to our rental fleet.

The gross margin percentage increased 4% from 68% for the three months ending September 30, 2001 to 72% for the same period in 2002. The cost of revenue is comprised mainly of expenses associated with the maintenance of the gas compressor rental activity. This increase mainly resulted from change in the rental fleet makeup to include the GS-10 model compressor, which has a lower percentage of maintenance cost.

Selling, general and administrative expense increased from $22,000 to $40,000 for the three months ended September 30, 2002, as compared to the same period in 2001. This was mainly the result of an increase in sales commissions from increased rental revenue.

Depreciation expense increased 68% from $68,000 to $114,000 for the three months ended September 30, 2001, compared to the same period ended September 30, 2002. This increase was the result of new gas compressor rental units being added to the rental fleet during the period.

There was a decrease in interest expense from $108,000 to $105,000 for the three months ended September 30, 2002 as compared to the same period ended September 30, 2001. This is mainly as a result of a reduction in bank debt.

Equity in earnings from a joint venture increased 86% from $71,000 to $132,000 during the three months ended September 30, 2001, compared to the same period ended September 30, 2002. This is a joint venture, called Hy-Bon Rotary Compression, LLC that serves a mutual area of interest in which we contribute gas compressor units for rental. The increase is due to net profits associated with the additional units leased in 2002 as compared to those in 2001.

Great Lakes Compression

Revenue from rental of natural gas compressors increased 9% for the three months ended September 30, 2002, compared to the same period in 2001. This increase is the result of the increase in the number of units added to our rental fleet offset by an increase in idle units.

The gross margin percentage decreased 12% from 51% for the three months ending September 30, 2001 to 39% for the same period in 2002. The cost of revenue is comprised of expenses associated with the maintenance of the gas compressor rental activity, service, parts and manufacturing expenses. This decrease mainly resulted from a reduced margin on parts sold during the period.

Selling, general and administrative expense decreased from $86,000 to $62,000 for the three months ended September 30, 2002, as compared to the same period in 2001. This was mainly the result of a decrease in insurance, legal and telephone expense.

Depreciation expense increased only slightly from $142,000 to $143,000 for the three months ended September 30, 2001, compared to the same period ended September 30, 2002.

There was a slight decrease in interest expense from $163,000 to $156,000 for the three months ended September 30, 2002 as compared to the same period ended September 30, 2001.

Natural Gas Services Group

Selling, general and administrative expense increased from $80,000 to $107,000 or 34% for the three months ended September 30, 2001, as compared to the same period ended September 30, 2002. This was mainly the result of an added expense for accrual of officer bonuses.

Amortization and depreciation expense decreased from $31,000 to $13,000 or 58% for the three months ended September 30, 2001 compared to the same period ended September 30, 2002. This decrease was mainly the result of changes in the accounting method for amortizing goodwill.

Interest expense increased from $9,000 to $11,000 or 22% for the three months ended September 30, 2001 compared to the same period ended September 30, 2002. This increase was the result of financing the purchase on three new service vehicles.

Income tax expense is accounted for on a consolidated basis. Therefore, the tax for all companies is included in the tax expense for Natural Gas Services Group. Income tax expense increased 169% from $77,000 to $207,000 for the three months ended September 30, 2001 compared to same period ended September 30, 2002. This increase is mainly due to an increase in income before taxes.

Liquidity and Capital Resources

We have funded our operations through private offerings of our common and preferred stock, subordinated debt and bank debt. Proceeds were primarily used to fund the manufacture and fabrication of additional units for our rental fleet of gas compressors.

At September 30, 2002, we had cash and cash equivalents of $688,000, a working capital deficit of $7,526,000 and non-subordinated debt of $11,216,000 of which approximately $9,509,000 was classified as current. We had $1,945,000 of net cash flow from operating activities during the first nine months of 2002. This was primarily from net income of $708,000 plus depreciation and amortization of $839,000, an increase in deferred taxes of $487,000 and an increase in deferred income of $74,000 offset by an increase in inventory and prepaid expense.

On October 24, 2002 we paid off the note of $6,952,464 payable to Dominion Michigan , used for the acquisition of the compression related assets of Great Lakes Compression. $3,452,464 of the funds to pay the note came from the proceeds of our initial public offering, and $3,500,000 came from additional bank financing to be amortized over 60 months at prime plus 1%.

Funds from the initial public offering, which closed on October 24, 2002, will permit us to actively pursue adding gas compressors to our rental fleet. We expect to fund additional rental units though the use of the offering proceeds and cash flow from operations. We believe that the revenue generated by our operations and the proceeds from our offering will be adequate to meet our anticipated cash, capital and debt service requirements.

Item 3. Controls and Procedures

(a) Evaluation of disclosure controls and procedures.

Under the supervision and with the participation of our management, including our chief executive officer and chief financial officer, we evaluated the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rule 13a-14(c) under the Securities Exchange Act of 1934) as of a date (the "Evaluation Date") within 90 days prior to the filing date of this report. Based upon that evaluation, our chief executive officer and chief financial officer concluded that, as of the Evaluation Date, our disclosure controls and procedures are effective in timely alerting them to the material information relating to us and our consolidated subsidiaries required to be included in our periodic filings with the SEC.

(b) Changes in internal controls.

There were no significant changes made in our internal controls during the period covered by this report or, to our knowledge, in other factors that could significantly affect these controls subsequent to the date of their evaluation.

Commission File Number: 1-31398
Quarter Ended September 30, 2002
Form 10-QSB

PART II - OTHER INFORMATION

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits

99.1 Certification of Chief Executive Officer Pursuant to 18 U.S.C. Section 1350

99.2 Certification of Chief Financial Officer Pursuant to 18 U.S.C. Section 1350

(b) Reports on Form 8-K

None.

SIGNATURES

In accordance with the requirements of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

NATURAL GAS SERVICES GROUP, INC.

By: /s/ Wayne L. Vinson

Wayne L. Vinson
President and Chief Executive Officer

By: /s/ Earl R. Wait

Earl R. Wait
Chief Financial Officer and Treasurer

November 12, 2002

NATURAL GAS SERVICES GROUP, INC.

CERTIFICATION

I, Wayne L. Vinson, certify that:

1. I have reviewed this quarterly report on Form 10-QSB of Natural Gas Services Group, Inc.;

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and have:

(a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

(b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and

(c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

(a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

(b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officers and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

	/s/ Wayne L. Vinson
Date: November 12, 2002	--------------------------------
	Wayne L. Vinson
	Title: Chief Executive Officer

NATURAL GAS SERVICES GROUP, INC.

CERTIFICATION

I, Earl R. Wait, certify that:

1. I have reviewed this quarterly report on Form 10-QSB of Natural Gas Services Group, Inc.;

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and have:

(a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

(b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and

(c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

(a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

(b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officers and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: November 12, 2002

/s/ Earl R. Wait

Earl R. Wait
Title: Chief Financial Officer

EXHIBIT INDEX

Exhibit 99.1	Certification of Chief Executive Officer Pursuant to 18 U.S.C. Section 1350
Exhibit 99.2	Certification of Chief Financial Officer Pursuant to 18 U.S.C. Section 1350

EXHIBIT 99.1

CERTIFICATION PURSUANT TO
18 U.S.C. ss.1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Natural Gas Services Group, Inc. (the "Company") on Form 10-QSB for the period ended September 30, 2002, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Wayne L. Vinson, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. ss.1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirement so Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Wayne L. Vinson

Wayne L. Vinson
Chief Executive Officer

November 12, 2002

NATURAL GAS SERVICES GROUP, INC.

EXHIBIT 99.2

CERTIFICATION PURSUANT TO
18 U.S.C. ss.1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Natural Gas Services Group, Inc. (the "Company") on Form 10-QSB for the period ended September 30, 2002, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Earl R. Wait, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. ss.1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirement so Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Earl R. Wait

Earl R. Wait
Chief Financial Officer

November 12, 2002