

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 12, 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 2.02. Results of Operations and Financial Condition.

On May 12, 2005, Natural Gas Services Group, Inc. issued a news release announcing the registrant's results of operations for its first quarter ended March 31, 2005. The news release issued on May 12, 2005 is furnished as Exhibit No. 99 to this Current Report on Form 8-K. Natural Gas Services Group's reports on Forms 10-KSB, 10-QSB and 8-K and other publicly available information should be consulted for other important information about the registrant.

The information in this Current Report on Form 8-K, including Exhibit No. 99 hereto, shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to liability of that section. The information in this Current Report shall not be incorporated by reference into any filing or other document pursuant to the Securities Act of 1933, as amended, except as shall be expressly set forth by specific reference in such filing or document.

Item 9.01. Financial Statements and Exhibits.

(c) Exhibits

The Exhibit listed below is furnished as an Exhibit to this Current Report on Form 8-K.

Exhibit No.

Description of Exhibit

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99

News release issued May 12, 2005 (furnished pursuant to Item 2.02)

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 12, 2005

EXHIBIT INDEX

Exhibit No. -----	Description -----
99	News release issued May 12, 2005 (furnished pursuant to Item 2.02)

## NATURAL GAS SERVICES GROUP, INC.

FOR IMMEDIATE RELEASE  
May 12, 2005

NEWS  
Amex - NGS, NGS.WS

NATURAL GAS SERVICES GROUP ANNOUNCES  
FIRST QUARTER 2005 FINANCIAL RESULTS

- o 209% Increase In Total Revenue To \$11 Million For The Three Months Compared To \$3.6 Million For The Same Period In 2004.
- o 121% Increase In Income Before Tax For The Three Months To \$1.4 Million Compared To \$645,000 For The Same Period In 2004 After Excluding a Non-recurring Item\*

MIDLAND, Texas, May 12, 2005 - Natural Gas Services Group, Inc. (AMEX:NGS), a leading provider of gas compression, flare equipment and services to the natural gas and oil industry, announces its financial results for the first quarter ended March 31, 2005.

Natural Gas Services Group, Inc.

	First Quarter 2005	First Quarter 2004	Change
Revenues	11,041,235	3,568,351	209%
Net Income - After Tax	898,360	393,739*	128%
EPS (Basic)	\$0.13	\$.08*	63%
EPS (Diluted)	\$0.11	\$.08*	38%
Gross Profit	3,921,211	2,017,298	94%
EBITDA	\$2,798,555	\$1,352,730*	107%
Weighted avg. shares outstanding:			
Basic	6,728,095	5,065,327	33%
Diluted	7,827,206	5,221,441	49%

\*Excludes non-recurring proceeds attributable to life insurance payment in the amount of \$1,500,000 in the first quarter of 2004.

Revenue: Total Revenue for the first quarter ended March 31, 2005, increased 209% to \$11,041,235 as compared to \$3,568,351 for the same period in 2004. This reflects an increase in revenue from the rental of natural gas compressor units and the operations of Screw Compressor Systems, Inc. (SCS) which was acquired on January 3, 2005. The revenue attributed to SCS during the quarter was \$6,798,267.

Income: Net income for the first quarter ended March 31, 2005 increased 128% to \$898,360 (\$0.11 per diluted share) as compared to the same period in 2004 of \$393,739 (\$0.08 per diluted share) after excluding non-recurring proceeds from life insurance policies.

Rental Fleet: NGS's gas compressor rental fleet grew by 12.8% during the first quarter 2005. At March 31, 2005 we had 661 rental units, an increase of 76 units from the 585 units at December 31, 2004. We are on plan to add the 250-300 units projected earlier this year, which will give a rental fleet growth this year of 42% to 50%.

Steve Taylor, President and CEO of Natural Gas Services Group, Inc. said "NGS started this year with another record breaking quarter. We closed on our purchase of Screw Compression Systems in Tulsa, OK on January 3, 2005 which quadrupled our fabrication space to over 120,000 square feet. We have consolidated that operation into the company without missing a beat and will add over 60 units to the rental fleet this year from that location alone, in addition to serving their existing customer base with build-to-sale units. Our fabrication backlog in Tulsa is out to October while our rental fleet has grown from 585 units to 661 units this quarter. With this rate of growth we are gaining new customers in new markets as the strong demand for our equipment and services continues. We are well positioned for growth and strong commodity prices will enable us to continue to expand our presence throughout the year. As always, I want to relay my congratulations and thanks to our employees for a job well done. It is truly their hard work that enables the company to deliver superior results like these."

The Company has scheduled a conference call Thursday, May 12, 2005 at 3:15 PM Central Standard Time to discuss 2005 First Quarter Financial Results.

What: Natural Gas Services Group, Inc. 2005 First Quarter Financial Results Conference Call

When: Thursday, May 12, 2005 - 3:15 PM Central Standard Time

How: Live via phone by dialing 800-936-4602. Code: Natural Gas Services. Participants to the Conference call should call in at least 5 minutes prior to the start time.

NGS 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, Contact:

Wallace Sparkman, Chairman or  
Stephen Taylor, President/CEO  
800-580-1828  
Jim Drewitz, Investor Relations  
jdrewitz@comcast.net  
972-355-6070

"EBITDA" reflects net income or loss before interest, taxes, depreciation and amortization. EBITDA is a measure used by analysts and investors as an indicator of operating non-cash charges and financing costs. Therefore, EBITDA gives the investor information as to the cash generated from the operations of a business. However, EBITDA is not a measure of financial performance under accounting principles generally accepted in the United States of America ("GAAP"), and should not be considered a substitute for other financial measures of performance. EBITDA as calculated by NGS may not be comparable to EBITDA as calculated and reported by other companies. The most comparable GAAP measure to EBITDA is net income. The reconciliation of EBITDA to net income is as follows:

EBITDA CALCULATION		
Three Months Ended March 31, 2005		
	2005	2004
	-----	
EBITDA	2,798,555	1,352,730*
Adjustments to reconcile EBITDA to net income:		
Amortization and depreciation	(950,815)	(526,685)
Interest expense	(421,773)	(180,608)
Provision for income tax	(527,607)	(251,698)
	-----	
Net Income	\$ 898,360	\$ 393,739*
	=====	

\*Excludes non-recurring proceeds attributable to life insurance payment.

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 NGS'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 NGS's products and services; and new governmental safety, health and environmental regulations which could require NGS 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 NGS 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 Annual Report on Form 10-KSB filed with the Securities and Exchange Commission.

Natural Gas Services Group, Inc.  
Consolidated Balance Sheet  
(unaudited)  
March 31, 2005

ASSETS

Current Assets:	
Cash and cash equivalents	\$ 1,370,843
Accounts receivable - trade	3,494,876
Inventory	10,620,317
Prepaid expenses	218,955
	-----
Total current assets	15,704,991
Lease equipment, net of accumulated depreciation	31,150,928
Other property plant and equipment, net of accumulated depreciation	6,421,495
Goodwill, net of accumulated amortization	8,124,216
Intangible, net of accumulated amortization	4,219,767
Restricted cash	2,000,000
Other assets	137,403
	-----
Total Assets	\$67,758,800 =====

LIABILITIES AND SHAREHOLDERS' EQUITY

Current Liabilities:	
Current portion of long term debt	\$ 5,399,056
Bank line of credit	18,087
Accounts payable and accrued liabilities	5,429,194
Unearned Income	731,673
	-----
Total current liabilities	11,578,010
Long term debt, less current portion	18,998,407
Subordinated notes, net of discount	4,465,538
Deferred income tax payable	3,485,610
	-----
Total liabilities	38,527,565
SHAREHOLDERS' EQUITY	
Common Stock	67,825
Paid in Capital	21,778,261
Retained Earnings	7,385,149
	-----
Shareholders' Equity	29,231,235
	-----
Total Liabilities and Shareholders' Equity	\$67,758,800 =====

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

	Three months ended March 31,			
	2005		2004	
	-----		-----	
Revenue:				
Sales	\$ 7,146,137	65%	\$ 889,965	25%
Service and maintenance income	463,781	4%	423,602	12%
Leasing income	3,431,317	31%	2,254,784	63%
	-----		-----	
	11,041,235	100%	3,568,351	100%
	-----		-----	
Cost of revenue:				
Cost of sales	5,622,167	51%	646,394	18%
Cost of service and maintenance	290,099	3%	336,250	9%
Cost of leasing	1,207,758	11%	568,409	16%
	-----		-----	
Total cost of revenue	7,120,024	64%	1,551,053	43%
	-----		-----	
Gross Margin	3,921,211	36%	2,017,298	57%
Operating Cost:				
Selling expense	229,691	2%	177,389	5%
General and administrative expense	903,800	8%	488,260	14%
Amortization & depreciation	950,815	9%	526,685	15%
	-----		-----	
	2,084,306	19%	1,192,334	33%
	-----		-----	
Operating income	1,836,905	17%	824,964	23%
Interest expense	(421,773)	-4%	(180,608)	-5%
Other income	10,835	0%	1,501,081	42%
	-----		-----	
Income before income taxes	1,425,967	13%	2,145,437	60%
Income tax expense	527,607	5%	251,698	7%
	-----		-----	
Net income	898,360	8%	1,893,739	53%
Preferred dividends	--	0%	27,922	1%
	-----		-----	
Net income available to common shareholders	\$ 898,360	8%	\$ 1,865,817	52%
	=====		=====	
Earnings per share:				
Basic	\$0.13		\$0.37	
Diluted	\$0.11		\$0.36	
Weighted average Shares:				
Basic	6,728,095		5,065,327	
Diluted	7,827,206		5,221,441	

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

	Three Months Ended March 31, 2005 -----	Three Months Ended March 31, 2004 -----
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net Income	\$ 898,360	\$ 1,893,739
Adjustments to reconcile net income to net cash used in operating activities:		
Depreciation and amortization	950,815	526,686
Deferred taxes	527,610	251,698
Amortization of debt issuance costs	16,239	16,239
Gain on disposal of assets	(45,846)	--
Changes in current assets and liabilities:		
Trade and other receivables	1,342,909	(1,732,493)
Inventory and work in progress	(1,596,502)	(709,403)
Prepaid expenses and other	(30,672)	(53,012)
Accounts payable and accrued liabilities	829,651	1,213,472
Deferred income	(226,640)	(204,104)
Other	297,858	3,273
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<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>2,963,782</b>	<b>1,206,095</b>
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<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of property and equipment	(4,667,716)	(2,530,447)
Assets acquired, net of cash received	(7,553,965)	--
Proceeds from sale of property and equipment	180,166	--
	-----	-----
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(12,041,515)</b>	<b>(2,530,447)</b>
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<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Net proceeds from bank loans	13,469,113	1,952,778
Repayments of long term debt	(4,014,839)	(604,143)
Dividends paid on preferred stock	--	(27,922)
Proceeds from exercised warrants and stock options	309,115	23,575
	-----	-----
<b>NET CASH PROVIDED BY FINANCING ACTIVITIES</b>	<b>9,763,389</b>	<b>1,344,288</b>
	-----	-----
<b>NET INCREASE CHANGE IN CASH</b>	<b>685,656</b>	<b>19,936</b>
<b>CASH AT BEGINNING OF PERIOD</b>	<b>685,187</b>	<b>176,202</b>
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<b>CASH AT END OF PERIOD</b>	<b>\$ 1,370,843</b>	<b>\$ 196,138</b>
	=====	=====
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:</b>		
Interest paid	\$ 378,027	\$ 180,608
<b>SUPPLEMENTAL DISCLOSURE OF NON-CASH INVESTING AND FINANCING ACTIVITIES:</b>		
Assets acquired for issuance of subordinated debt	\$ 3,000,000	
Assets acquired for issuance of common stock	\$ 5,120,438	