

**Natural Gas Services Group, Inc.**  
**Stock Ownership Guidelines Policy**  
**(As of April 2016)**

**Purpose**

The Board of Directors (“Board”) of Natural Gas Services Group, Inc. (the “Company”) believes that it is in the best interest of the Company and its shareholders to align the financial interests of the Company executives and non-employee members of the Board (“Directors”) with those of the Company’s shareholders. In this regard, the Corporate Governance Committee of the Board has adopted minimum stock ownership guidelines.

The Corporate Governance Committee may modify this Policy in its discretion.

**Applicability**

The Policy is applicable to all non-employee Directors and the Company's executive officers. For purposes of this policy, "executive officers" are those persons who are deemed to be executive officers under Item 401 of Securities and Exchange Commission Regulation S-K (together, executive officers and non-employee Directors are referred to as “Participants”).

**Minimum Ownership Requirements**

Participants must own shares of common stock of the Company in accordance with the following schedule:

<b>Position</b>	<b>Value of Shares</b>
CEO	3x base salary
Executive Officers other than CEO	2x base salary
Non-Employee Member of the Board of Directors	1x annual cash retainer

**Satisfaction of Guidelines**

Participants may satisfy their ownership guidelines with common stock in these categories:

- Shares owned directly;
- Shares owned indirectly (*e.g.*, by a spouse or a trust);
- Shares represented by amounts invested in a 401(k) plan or deferred compensation plan maintained by the Company; and
- Time-vested restricted stock or restricted stock units.

Unexercised options and unearned performance shares are not counted toward meeting the guidelines.

**Valuation Methodology**

The value of a Participant’s stock ownership requirement is based on his or her then current

retainer or base salary and the value of the Participant's holdings is based on the average closing price of a share of the Company's stock for the previous calendar year.

### **Retention Ratio**

While the Participant is not in compliance with his or her ownership requirement, the Participant must retain 50% of his or her vested long-term incentive plan shares or annual equity retainer (after-tax).

### **Holding Period**

In addition, each executive officer of the Company is prohibited from selling Company stock acquired by exercising stock options until such executive officer is in compliance with his or her ownership requirement. Notwithstanding the preceding sentence, executive officers may immediately sell Company stock acquired by exercising stock options for the limited purposes of paying the exercise price of the stock option and any applicable tax liability.

Directors are required to achieve the share ownership requirement within five years of election to the Board, or, in the case of Directors serving at the time the ownership requirements were adopted, within five years of the date of adoption. Likewise, newly elected or promoted executive officers will have up to five years to meet the applicable ownership requirements after their election or promotion, or in the case of executive officers in office at the time the ownership requirements were adopted or revised, within five years of the date of adoption.

### **Compliance**

The Corporate Governance Committee has the discretion to enforce the stock ownership guidelines on a case-by-case basis. Violations of this Policy may result in the Participant not receiving future grants of long-term incentive plan awards or annual equity retainer.

### **Exceptions**

In the event an executive officer or director has not yet met their minimum stock ownership requirement, or is in danger of falling below the minimum guidelines, due to a 'hardship' the Corporate Governance Committee shall have the authority to suspend compliance to the minimum amounts noted herein until the 'hardship' has been reasonably resolved in a timely manner.

In the event that market dislocations or variability or excess volatility, e.g., financial crisis, severe oil price contraction, cause the dollar amount of an executive officer's or director's minimum holdings to fall below the minimum requirement and the officer or director held an adequate number of shares to meet the minimum before the market changes, then that officer or director may be granted a waiver of a reasonable time period over which the share price may recover and therefore automatically restore them to compliance.

### **Administration**

The Corporate Governance Committee of the Board shall be responsible for monitoring the application of these stock ownership guidelines.