



NATURAL GAS SERVICES GROUP, INC.



NGSG Overview

○ General

- 4th largest rental fleet in US by unit count (per GCA)
- Primarily focused on North American non-conventional gas regions
- Founded in 1998/IPO in 2002/NYSE in 2008
- Midland, TX headquarters

○ Business units

- Gas compressor rentals (50-500 HP)
- Sales of engineered compression packages (50-2500 HP)
- Proprietary CiP reciprocating compressor
- Sales/Rentals of natural gas flare and ignition systems



Natural Gas Market Outlook

- Industry Perspective
 - \$5.00 to \$7.50 average for 2010

- NGS Perspective (2010)
 - Q1 bottom/Q2 transition/Q3-Q4 increasing activity

- Conclusion
 - Cautiously optimistic that the worst is behind us
 - Equipment supply constraints in 6-12 months?

Supply Chain Challenges

- Labor
 - Availability for Fabrication and Field Operations
- Suppliers
 - Raw materials and components
- Fabrication Capacity
 - Ramp-Up
 - Re-open
- Costs
 - Parts, pieces and compliance

What's Changing?

Is Conventional Wisdom giving way to Unconventional Thinking?

- **Conventional Wisdom**
 - Compression service companies build or rent the total spectrum of all brands/makes/models and all HP ranges in all operating areas
- **Unconventional Thinking**
 - Horizontal HP segregation
 - Fit-for-Purpose Equipment
 - Homogenous, user-friendly fleets
 - Driven by specific operating requirements

Going Forward

- Evaluate Suppliers
 - Strategy
 - Supply Chain
 - Financial wherewithal

- Evaluate Equipment
 - Design/Fit for Purpose
 - Availability
 - Alternatives
 - US Content

Recommendations

- Communications between Compression Providers and End Users can mitigate constraints
- Anticipate Needs in Advance
- Understand that the compression service company landscape is changing
 - Its not a 'one size fits all' world anymore



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