

FORM 8-K

Current Report Pursuant to Section 13 or 15(d) of
the Securities Exchange Act of 1934

Date of Report: May 3, 2006
Date of Earliest Event Reported: April 28, 2006

NATURAL GAS SYSTEMS, INC.

(Exact Name of Registrant as Specified in its Charter)

Nevada

(State or Other Jurisdiction of Incorporation)

0-27862

(Commission File Number)

41-1781991

(I.R.S. Employer Identification No.)

820 Gessner, Suite 1340, Houston, Texas

(Address of Principal Executive Offices)

77024

(Zip Code)

(713) 935-0122

(Registrant's Telephone Number, Including Area Code)

(Former Name or Former Address, if Changed Since Last Report)

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Item 5.05 Amendments to the Registrant's Code of Ethics, or Waiver of a
Provision of the Code of Ethics.

On April, 28 2006, the Board of Directors (the "Board") of Natural Gas Systems, Inc. (the "Company") adopted a new Code of Ethics that applies to the Company's officers, directors and employees. The Board's adoption of the new code of ethics policies effectively amends the Company's previous unwritten code of ethics policies. However, the adoption of the new code of ethics policies did not result in any waiver, explicit or implicit, of any provision of the Company's previous code of ethics policies.

A copy of the Code of Ethics is attached to this Current Report on Form 8-K as Exhibit 14.1, and is incorporated by reference into this Item 5.05.

Item 8.01 Other Events.

On April 28, 2006, the Board of the Company also approved the charters for each of the Audit Committee, the Compensation and the Nominating Committees of the Board. The committee charters will be posted on the Company's website at www.natgas.us as soon as practicable.

A copy of the Audit Committee Charter, the Compensation Committee Charter and the Nominating Committee Charter, are attached to this Current Report on Form 8-K as Exhibits 99.1, 99.2 and 99.3, respectively, and are incorporated by reference into this Item 8.01

Item 9.01 Financial Statements and Exhibits

Exhibits.

The following exhibit is filed as an exhibit to this Current Report on Form 8-K:

Exhibit No.	Description
14.1	Code of Ethics for Natural Gas Systems, Inc.
99.1	Audit Committee Charter of the Board of Directors of Natural Gas Systems, Inc.
99.2	Compensation Committee Charter of the Board of Directors of Natural Gas Systems, Inc.
99.3	Nominating Committee Charter of the Board of Directors of Natural Gas Systems, Inc.

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 SYSTEMS, INC.

Date: May 3, 2006

By: /s/ Robert Herlin

Robert Herlin, Chief Executive Officer

NATURAL GAS SYSTEMS, INC.

CODE OF BUSINESS CONDUCT AND ETHICS

Introduction.

Natural Gas Systems, Inc. (the "Company") will conduct its business honestly and ethically wherever we operate. We will constantly attempt to improve the quality of our services, products and operations and will maintain a reputation for honesty, fairness, respect, responsibility, integrity, trust and sound business judgment. No illegal or unethical conduct on the part of our directors, officers or employees or their affiliates is in the Company's best interest. The Company will not compromise its principles for short-term advantage. The honest and ethical performance of the Company is the sum of the ethics of the men and women who work here. Therefore, we are all expected to adhere to high standards of personal integrity.

This Code of Business Conduct and Ethics (this "Code") covers a wide range of business practices and procedures. It does not cover every issue that may arise, but it sets out basic principles to guide all directors, officers and employees of the Company. All of our directors, officers and employees must conduct themselves accordingly. This Code should also be provided to and followed by the Company's other agents and representatives, including consultants.

In accordance with applicable law, this Code will be filed with the Securities and Exchange Commission (the "SEC"), posted on the Company's website and/or otherwise made available for examination by our stockholders.

1. Compliance with Applicable Laws, Rules and Regulations.

Obedying the law, both in letter and in spirit, is the foundation on which the Company's ethical standards are built. All directors, officers and employees must respect and obey the laws of the United States and of the cities, states and countries in which we operate. In particular, all directors, officers and employees must comply with federal securities laws, rules and regulations that govern the Company.

2. Avoidance of Conflicts of Interest.

The Company's directors, officers and employees must not permit their personal interests to conflict with the interests of the Company. A "conflict of interest" exists when an officer, director or employee of the Company directly or indirectly participates in, or owns any interest in any business that (i) Directly Competes with the Company or any of its subsidiaries, or (ii) provides material amounts of services or products to the Company, provided, however, that this definition shall not prohibit officers directors or employees' ownership of not more than five (5) percent of the voting stock of any publicly held corporation. For purposes of this Code of Ethics, "Directly Compete" means to engage in the same activities of the Company, or otherwise inhibit the activities of the Company, in an oil or gas field in which the Company owns an interest or in which the Company is actively seeking to own an interest. For clarification, officers, directors and employees can engage in activities in the same line of business as the Company and its subsidiaries, including working in the same state, provided that such activities do not Directly Compete with the Company.

A "conflict of interest" also exists when a person's private interests interfere with the Company's interests. A conflict situation can arise when a director, officer or employee takes actions, or has interests, that may make it difficult to perform his or her Company work objectively and effectively. Conflicts of interest may also arise when a director, officer or employee, or a member of his or her family, receives improper personal benefits as a result of his or her position with the Company. Loans to, or guarantees of the obligations of, directors, officers and employees and their family members may create conflicts of interest. Conflicts of interest are prohibited under this Code except in limited cases under guidelines or exceptions specifically approved in advance by the Board of Directors.

Conflicts of interest may not always be clear-cut, so if you have a question, you should consult with our Chief Financial Officer, Mr. Sterling McDonald. Mr. McDonald's telephone number and address are set forth in Section 15 below. Any director, officer or employee who becomes aware of any transaction or relationship that is a conflict of interest or a potential conflict of interest should bring it to the attention of Mr. McDonald.

3. Bribes, Kickbacks and Gifts.

No bribes, kickbacks or other similar remuneration or consideration may be given to any person or organization in order to attract or influence business activity. The United States Foreign Corrupt Practices Act prohibits giving anything of value, directly or indirectly, to officials of foreign governments or foreign political candidates in order to obtain or retain business. Therefore, this Code strictly prohibits making illegal payments to government officials of any country.

The Company's directors, officers and employees are also prohibited from receiving or providing gifts, gratuities, fees or bonuses as an inducement to attract or influence business activity. No entertainment should ever be offered, given or accepted by any director, officer or employee (or any family member of any such person) in connection with our business activities unless it: (a) is consistent with customary business practices; (b) is not excessive in value; (c) cannot be construed as a bribe or payoff; and (d) does not violate any laws or regulations. Please discuss with your supervisor or our Chief Financial Officer any entertainment that you are not certain is appropriate.

4. Confidential Information.

Our directors, officers and employees will often come into contact with, or have possession of, confidential information about the Company or our operating or non-operating interest owners, suppliers, customers or affiliates, and they must take all appropriate steps to assure that the confidentiality of such information is maintained. Confidential information includes all material nonpublic information that might be of use to competitors or harmful to the Company if disclosed. It also includes material nonpublic information that our operating or non-operating interest owners, suppliers, customers or affiliates have entrusted to us.

Confidential information, whether it belongs to the Company or any of our operating or non-operating interest owners, suppliers, customers or affiliates, may include, among other things, oil & gas prospect information (including maps, technical data, interpretations, sensitive acreage positions and proprietary oil and gas information of every kind), strategic business plans, actual operating results, projections of future operating results, marketing strategies, customer lists, personnel records, proposed acquisitions and divestitures, new investments, changes in dividend policies, the proposed issuance of additional securities, management changes or manufacturing costs, processes and methods. Confidential information about our Company and other companies, individuals and entities must be treated with sensitivity and discretion and only be disclosed to persons within the Company whose positions require use of that information or if disclosure is required by applicable laws, rules and regulations. Confidential information may not be used on behalf of third parties to the detriment of the Company.

5. Insider Trading.

Trading in the Company's securities is covered by the Company's Insider Trading Policy previously distributed to all employees, which Policy is hereby incorporated in its entirety in this Code. If you would like to receive another copy of the Insider Trading Policy or have any questions regarding such Policy, please contact our Chief Financial Officer.

6. Public Disclosure of Information Required by the Securities Laws.

The Company is a public company that is required to file various reports and other documents with the SEC. An objective of this Code is to ensure full, fair, accurate, timely and understandable disclosure in the reports and other documents that we file with, or otherwise submit to, the SEC and in the press releases and other public communications that we distribute.

The federal securities laws, rules and regulations require the Company to maintain "disclosure controls and procedures," which are controls and other procedures that are designed to ensure that financial information and non-financial information that is required to be disclosed by us in the reports that we file with or otherwise submit to the SEC (i) is recorded, processed, summarized and reported within the time periods required by applicable federal securities laws, rules and regulations and (ii) is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, in a manner allowing timely decisions by them regarding required disclosure in the reports.

Some of our directors, officers and employees will be asked to assist management in the preparation and review of the reports that we file with the SEC, including recording, processing, summarizing and reporting to management information for inclusion in these reports. If you are asked to assist in this process, you must comply with all disclosure controls and procedures that are communicated to you by management regarding the preparation of these reports. You must also perform with diligence any responsibilities that are assigned to you by management in connection with the preparation and review of these reports, and you may be asked to sign a certification to the effect that you have performed your assigned responsibilities.

SEC regulations impose upon our Chief Executive Officer and Chief Financial Officer various obligations in connection with annual and quarterly reports that we file with the SEC, including responsibility for:

- o Establishing and maintaining disclosure controls and procedures and internal control over financial reporting that, among other things, ensure that material information relating to the Company is made known to them on a timely basis;
- o Designing the Company's internal control over financial reporting to provide reasonable assurances that the Company's financial statements are fairly presented in conformity with generally accepted accounting principles;
- o Evaluating the effectiveness of the Company's disclosure controls and procedures and internal control over financial reporting;

- o Disclosing (i) specified deficiencies and weaknesses in the design or operation of the Company's internal control over financial reporting, (ii) fraud that involves management or other employees who have a significant role in the Company's internal control over financial reporting, and (iii) specified changes relating to the Company's internal control over financial reporting; and
- o Providing certifications in the Company's annual and quarterly reports regarding the above items and other specified matters.

This Code requires our Chief Executive Officer and Chief Financial Officer to carry out their designated responsibilities in connection with our annual and quarterly reports, and this Code requires you, if asked, to assist our executive officers in performing their responsibilities under these SEC regulations.

7. Record-Keeping.

The Company requires honest and accurate recording and reporting of information in order to make responsible business decisions. For example, only the true and actual number of hours worked should be reported. Also, business expense accounts must be documented and recorded accurately. If you are not sure whether a certain expense is legitimate, ask your supervisor or our Chief Executive Officer.

All of the Company's books, records, accounts and financial statements must be maintained in reasonable detail, must accurately and appropriately reflect the Company's transactions and must conform both to applicable legal requirements and to the Company's internal control over financial reporting and disclosure controls and procedures. All transactions must be recorded in a manner that will present accurately and fairly our financial condition, results of operations and cash flows and that will permit us to prepare financial statements that are accurate, complete and in full compliance with applicable laws, rules and regulations. Unrecorded or "off the books" funds or assets should not be maintained unless expressly permitted by applicable laws, rules and regulations.

Business records and communications often become public, and we should avoid exaggeration, derogatory remarks, guesswork or inappropriate characterizations of people and companies that can be misunderstood. This applies equally to e-mail, internal memoranda and formal reports.

Records should be retained in accordance with the Company's record retention policies, and records should be destroyed only if expressly permitted by our record retention policies and applicable laws, rules and regulations. If you become the subject of a subpoena, lawsuit or governmental investigation relating to your work at the Company, please contact our Chief Financial Officer immediately.

8. Corporate Opportunities.

Directors, officers and employees are prohibited from taking for themselves personally opportunities that are discovered through the use of the Company's property or confidential information or as a result of their position with the Company, except upon the prior written consent of the Board of Directors. No director, officer or employee may use corporate property, information or position for improper personal benefit; no director, officer or employee may use Company contacts to advance his or her private business or personal interests at the expense of the Company or its customers, suppliers or affiliates; and no director, officer or employee may Directly or indirectly Compete with the Company as defined in Section 2. Directors, officers and employees owe a duty to the Company to advance its legitimate interests when the opportunity to do so arises.

9. Competition and Fair Dealing.

We seek to outperform our competition fairly and honestly. We seek competitive advantages through superior performance, never through unethical or illegal business practices. Stealing proprietary information, possessing trade secret information that was obtained without the owner's consent, or inducing such disclosures by past or present employees of other companies is prohibited. No director, officer or employee should take unfair advantage of anyone through abuse of privileged information, misrepresentation of material facts or any other intentional unfair-dealing practice.

To maintain the Company's valuable reputation, compliance with our quality processes and safety requirements is essential. In the context of ethics, quality requires that our products and services be designed to meet our obligations to customers. All inspection and testing documents must be handled in accordance with all applicable laws, rules and regulations.

10. Protection and Proper Use of Company Assets.

Directors, officers and employees should endeavor to protect the Company's assets and ensure their efficient use. Theft, carelessness and waste have a direct impact on the Company's profitability. Any suspected incident of fraud or theft should be immediately reported for investigation. Company equipment should not be used for material non-Company business, though incidental personal use of items such as telephones and computers is permitted.

The obligation of directors, officers and employees to protect the Company's assets includes its proprietary information. Proprietary information includes intellectual property such as trade secrets, patents, trademarks and copyrights, as well as business, marketing and service plans, engineering and manufacturing ideas, designs, databases, records, salary information and any unpublished financial data and reports. Unauthorized use or distribution of this information would violate Company policy. It could also be illegal and result in civil or even criminal penalties.

11. Discrimination and Harassment.

We are firmly committed to providing equal opportunity in all aspects of employment and will not tolerate any illegal discrimination or harassment of any kind. Examples include derogatory comments based on racial or ethnic characteristics and unwelcome sexual advances.

12. Health and Safety.

The Company strives to provide each director, officer and employee with a safe and healthful work environment. Each director, officer and employee has responsibility for maintaining a safe and healthy workplace for all other persons by following safety and health rules and practices and reporting accidents, injuries and unsafe equipment, practices or conditions.

Violence and threatening behavior are not permitted. Directors, officers and employees should report to work in condition to perform their duties, free from the influence of illegal drugs or alcohol. The use of illegal drugs or alcohol in the workplace will not be tolerated.

13. Waivers and Amendments of the Code of Business Conduct and Ethics.

A waiver of any provision of this Code may be granted to any director, officer or employee only by the Company's Board of Directors, and any such waiver promptly will be publicly disclosed to the extent required by law.

This Code can be amended only by the Board of Directors, and any such amendment promptly will be publicly disclosed as required by law.

14. Enforcement of the Code of Business Conduct and Ethics.

A violation of this Code by any director, officer or employee will be subject to disciplinary action, including possible termination of employment. The degree of discipline imposed by the Company may be influenced by whether the person who violated this Code voluntarily disclosed the violation to the Company and cooperated with the Company in any subsequent investigation. In some cases, a violation of this Code may constitute a criminal offense that is subject to prosecution by federal or state authorities.

15. Compliance Procedures; Reporting Misconduct or Other Ethical Violations.

Directors, officers and employees should promptly report any unethical, dishonest or illegal behavior, or any other violation of this Code or of other Company policies and procedures, to Mr. McDonald, our Chief Financial Officer. Mr. McDonald's telephone number is (713) 935-0122, and his address is c/o Natural Gas Systems, Inc., 820 Gessner, Suite 1340, Houston, Texas 77024. If you ever have any doubt about whether your conduct or that of another person violates this Code or compromises the Company's reputation, please discuss the issue with your supervisor or with our Chief Financial Officer.

The Company's policy is not to allow retaliation for a report of unethical, dishonest or illegal behavior, or of any other violation of this Code or of other Company policies and procedures, if the report about another person's conduct is made in good faith by a director, officer or employee. Directors, officers and employees are expected to cooperate in internal investigations regarding possible unethical, dishonest or illegal behavior or any other possible violation of this Code or of other Company policies and procedures.

ACKNOWLEDGMENT AND CERTIFICATION

The undersigned hereby acknowledges and certifies that the undersigned:

- (a) has read and understands the Natural Gas Systems, Inc. Code of Business Conduct and Ethics (the "Code of Ethics");
- (b) understands that the Chief Financial Officer is available to answer any questions the undersigned has regarding the Code of Ethics; and
- (c) will continue to comply with the Code of Ethics for as long as the undersigned is subject thereto.

Signature: _____

Date: _____

Print Name: _____

EXHIBIT B

NATURAL GAS SYSTEMS, INC.

AUDIT COMMITTEE OF THE BOARD OF DIRECTORS

CHARTER

I. PURPOSE

The primary function of the Audit Committee (the "Committee") is to assist the Board of Directors ("Board") in fulfilling its oversight responsibilities relating to (1) the quality and integrity of the financial reports of the Company, (2) the independent auditor's qualifications and independence, (3) the performance of the Company's internal audit function, and (4) the compliance by the Company with legal and regulatory requirements. Consistent with these functions, the Committee should encourage continuous improvement of, and should foster adherence to, the Company's policies, procedures and practices at all levels.

II. STATEMENT OF POLICY

In carrying out its responsibilities, the Committee's policies and procedures should remain flexible, in order to best react to changing circumstances. The Committee shall provide assistance to the Board in fulfilling its oversight responsibility to the stockholders, potential stockholders, the investment community, and others relating to the Company's financial statements and the financial reporting process, the systems of internal accounting and financial controls, the internal audit function, the annual independent audit of the Company's financial statements and the legal compliance and ethics programs as established by management and the Board. In so doing, it is the responsibility of the Committee to maintain free and open communication between the Committee, the independent auditors and the management of the Company. In discharging its oversight role, the Committee is empowered to investigate any matter brought to its attention with full access to all books, records, facilities and personnel of the Company and the power to retain outside counsel, or other experts for this purpose.

The Committee will fulfill these responsibilities by carrying out the activities enumerated in Part V of this Charter.

III. COMPOSITION

The Committee shall be comprised of no fewer than three Directors as determined by the Board, each of whom shall meet the independence and experience requirements as defined in the applicable rules for AMEX-listed issuers, as well the Securities Exchange Act of 1934, as amended, and the rules and regulations of the Securities and Exchange Commission (the "SEC").

At least one member of the Committee shall be an "audit committee financial expert" as defined by the SEC.

The members of the Committee shall be appointed by the full Board. The Board may replace Committee members. Unless a Chair is elected by the full Board, the members of the Committee may designate a Chair by majority vote of the full Committee membership.

IV. MEETINGS

The Committee shall meet at least four times annually, or more frequently as circumstances dictate. As part of its job to foster open communication, the Committee shall meet periodically with management and the independent auditors in separate executive sessions to discuss any matters that the Committee or either of these groups believes should be discussed privately. The Committee may request any officer or employee of the Company or the Company's outside counsel or independent auditors to attend a meeting of the Committee or meet with any members of, or consultants to, the Committee.

V. AUDIT COMMITTEE AUTHORITY and RESPONSIBILITIES

The Committee shall:

1. Make regular reports to the Board.

2. Have the authority, to the extent it deems necessary or appropriate, to retain and determine funding for independent legal,

accounting or other advisors and administrative expenses.

3. Review and update this Charter periodically, at least annually, as conditions dictate.

4. Prepare an annual report to the Company's shareholders as required by the SEC. The report should be included in the Company's annual proxy statement.

Authority Over and Oversight of Relationship with the Independent Auditors

5. Have the sole authority to appoint or replace, determine funding for, and oversee the independent auditors (subject, if applicable, to shareholder ratification). The independent auditors shall report directly to the Committee.

6. Pre-approve all audit services and permitted non-audit services (including the fees and terms thereof) to be performed for the Company by its independent auditors, subject to the de minimis exceptions for non-audit services described in Section 10A(i)(1)(B) of the Securities Exchange Act of 1934 which are approved by the Committee prior to completion of the audit. The Committee may form and delegate authority to subcommittees consisting of one or more members when appropriate, including the authority to grant pre-approvals of audit and permitted non-audit services, provided that decisions of such subcommittees to grant pre-approvals shall be presented to the full Committee at its next scheduled meeting.

7. Be directly responsible for the compensation and oversight of the work of the independent auditors (including resolution of disagreements between management and the independent auditors regarding financial reporting) for the purpose of preparing or issuing an audit report or related work.

8. Review and evaluate the lead partner of the independent auditor team.

9. Obtain and review a report from the independent auditors at least annually regarding (a) the independent auditors' internal quality-control procedures, (b) any material issues raised by the most recent internal quality control review, or peer review, of the firm, or by any inquiry or investigation by governmental or professional authorities within the preceding five years respecting one or more independent audits carried out by the firm, (c) any steps taken to deal with any such issues, and (d) all relationships between the independent auditors and the Company.

10. Evaluate the qualifications, performance and independence of the independent auditors, including considering whether the auditors' quality controls are adequate and the provision of permitted non-audit services is compatible with maintaining the auditors' independence, taking into account the opinions of management. The Committee shall present its conclusions with respect to the selection or change of independent auditors to the Board.

11. Ensure the rotation of the audit partners as required by law.

12. Meet with the independent auditors prior to the audit to discuss the overall planning and staffing of the audit.

13. Recommend to the Board policies for the Company's hiring of employees or former employees of the independent auditors who participated in any capacity in the audit of the Company.

Financial Statement and Disclosure Matters

14. Review and discuss with management and the independent auditors the Company's annual financial statements, including management's discussion and analysis, and any reports or other financial information submitted to any governmental body, or the public, including any certification, report, opinion or review rendered by the independent auditors, and recommend to the Board whether the audited financial statements should be included in the Company's Form 10-KSB.

15. Review and discuss with management and the independent auditors the Company's quarterly financial statements prior to filing of its Form 10-QSB, or prior to the release of earnings.

16. Discuss with management and the independent auditors, together and in separate executive sessions, significant financial reporting issues and judgments made in connection with the preparation of the Company's financial statements, including any significant changes in the Company's selection or application of accounting principles, any major issues as to the adequacy of the Company's internal controls, financial reporting process and any special steps adopted in light of material deficiencies.

17. Review and discuss quarterly reports from the independent auditors on:

- a. All critical accounting policies and practices to be used;
- b. All alternative treatments of financial information within generally accepted accounting principles ("GAAP") that have been discussed with management, ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the independent auditors; and
- c. Other material written communications between the independent auditors and management, such as any management letter or schedules of unadjusted differences.

18. Discuss with management the Company's earnings press releases, including the use of "pro forma" non-GAAP information, as well as financial information and earnings guidance provided to analysts and rating agencies. Such discussion may be done generally (consisting of the types of information to be disclosed and the types of presentations to be made).

19. Discuss with management and the independent auditors the effect of regulatory and accounting initiatives as well as off-balance sheet structures on the Company's financial statements.

20. Discuss with the independent auditors matters (required by Statement on Auditing Standard No. 61) relating to the conduct of the audit, including any difficulties encountered in the course of the audit work, any restrictions on the scope of the activities or access to requested information, and any significant disagreements with management.

21. Review with the independent auditors and financial and accounting personnel, the adequacy and effectiveness of the accounting and financial controls of the Company and related disclosure controls, and elicit any recommendations offered for the improvement of such internal control and disclosure control procedures or particular areas where new or more detailed controls or procedures are desirable. Particular emphasis should be given to the adequacy of such internal controls to expose any payments, transactions or procedures that might be deemed illegal or otherwise improper. Further, the Committee periodically should review Company policy statements to determine their adherence to the Company's Code of Ethics.

22. Discuss with management and the independent auditors the Company's major financial risk exposures (including potential or pending litigation) and steps management has taken to monitor and control such exposures, including the Company's risk assessment and risk management policies.

Compliance Oversight Responsibilities

23. Obtain from the independent auditors assurance that Section 10A(b) of the Exchange Act has not been implicated.

24. Discuss with or obtain reports from management and the independent auditors that the Company and its affiliated entities are in conformity with applicable legal requirements and the Company's Code of Ethics. Review reports and disclosures on insider and affiliated party transactions. Advise the Board with respect to the Company's policies and procedures regarding compliance with applicable laws and regulations and with the Company's Code of Ethics.

25. Investigate any matter brought to its attention within the scope of its duties, with the power to retain outside counsel for this purpose without seeking Board approval if, in its judgment, that is appropriate.

26. Establish procedures for receiving, retaining and addressing complaints concerning accounting, internal audit controls and other audit matters.

27. Establish procedures for the confidential, anonymous submission of employee concerns regarding questionable accounting or auditing matters.

28. Discuss with the Company's general counsel legal matters that may have material impact on the financial statements or the Company's compliance policies.

29. Review and oversee the Company's related party transactions.

30. Submit the minutes of all meetings of the Committee to the Board and discuss, through its Chairman, the matters discussed at each Committee meeting with the Board.

VI. LIMITATION OF THE AUDIT COMMITTEE'S ROLE

While the Committee has the responsibilities and powers set forth in this Charter, it is not the duty of the Committee to plan or conduct audits or to determine that the Company's financial statements and disclosures are complete and accurate and are in accordance with GAAP and applicable rules and regulations. These are the responsibilities of management and the independent auditors.

EXHIBIT A
NATURAL GAS SYSTEMS, INC.
COMPENSATION COMMITTEE BOARD OF DIRECTORS
CHARTER

Purpose

The purpose of the Compensation Committee of Natural Gas Systems, Inc. (the "Corporation") is to aid the Board of Directors in meeting its responsibilities with regard to oversight and determination of executive compensation. Among other things, the Committee reviews, recommends and approves salaries and other compensation of Corporation's executive officers, and administers the Corporation's 2004 Stock Plan (including reviewing, recommending and approving stock grants, option grants or other forms of equity compensation to executive officers).

Membership and Structure

The Compensation Committee shall consist of independent directors (as defined in the applicable rules for AMEX-listed issuers as well as applicable federal law. Appointment to the Committee, including designation of the Chair of the Committee, shall be made on an annual basis by the full Board. Meetings of the Compensation Committee shall be held at such times and places as the Compensation Committee shall determine, including by written consent. When necessary, the Committee shall meet in executive session outside of the presence of any senior executive officer of the Corporation. The Chair of the Compensation Committee shall report on activities of the Committee to the full Board. In fulfilling its responsibilities, as set forth below, the Compensation Committee shall have authority to delegate its authority to subcommittees, including subcommittees consisting solely of one or more of the Corporation's employees, in each case to the extent permitted by applicable law.

Responsibilities The Compensation Committee shall:

1. Meet in executive session to determine the compensation of the Chief Executive Officer of the Corporation. In determining the amount, form, and terms of such compensation, the Compensation Committee shall consider the annual performance evaluation of the CEO conducted by the Board of Directors in light of corporate goals and objectives relevant to CEO compensation, competitive market data pertaining to CEO compensation at comparable companies, and such other factors as it shall deem relevant, and shall be guided by, and seek to promote, the best interests of the Corporation and its shareholders.
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2. Determine salaries, bonuses, and other matters relating to compensation of the executive officers of the Corporation. In determining the amount, form, and terms of such compensation, the Committee shall consider the officer's performance in light of corporate goals and objectives relevant to executive compensation, competitive market data pertaining to executive compensation at comparable companies, and such other factors as it shall deem relevant, and shall be guided by, and seek to promote, the best interests of the Corporation and its shareholders. The CEO of the Corporation may be present at meetings during which such compensation is under review and consideration but may not vote,
 3. Review and make recommendations with respect to stockholder proposals related to compensation matters.
 4. Review and make recommendations from time to time on the adequacy and effectiveness of Board compensation in relation to other similar companies.
 5. Review and make recommendations to the Board regarding executive compensation and benefit plans and programs.
 6. As requested by the Corporation's management, review, consult and make recommendations and/or determinations regarding employee and/or advisor compensation and benefit plans and programs generally, including employee bonus and retirement plans and programs (except to the extent specifically delegated to a Board appointed committee with authority to administer a particular plan).
 7. Administer the Corporation's stock option or other equity-based plans, including the review and grant of stock options to all eligible employees under the Corporation's existing stock option plans.

8. Review and approve the Report of the Compensation Committee on Executive Compensation to be included in the Corporation's annual proxy statement.
9. When appropriate, be authorized to designate one or more of its members to perform certain of its duties on its behalf, subject to such reporting to or ratification by the Committee as the Committee shall direct.
10. Annually review and reassess the adequacy of its charter and recommend any changes to the full Board,

In fulfilling its responsibilities, the Compensation Committee shall have the authority, and shall be afforded resources sufficient, to engage independent compensation consultants or legal advisers when determined by the Committee to be necessary or appropriate. The Compensation Committee shall have sole authority to retain and terminate any such consultant or legal adviser, including sole authority to approve the fees and other retention terms.

NATURAL GAS SYSTEMS, INC.
CHARTER OF THE NOMINATING COMMITTEE
OF THE BOARD OF DIRECTORS

The Board of Directors of Natural Gas Systems, Inc., a Nevada corporation (the "Corporation"), has constituted and established a Nominating Committee (the "Committee") with authority, responsibility and specific duties as described herein. This Charter and the composition of the Committee are intended to comply with the rules of the American Stock Exchange ("AMEX").

I. Purpose

The Committee is appointed by the Board of Directors to assist the Board in fulfilling its responsibilities relating to (i) identification of individuals qualified to become Board members and recommendation of director nominees to the Board of Directors prior to each annual meeting of shareholders; and (ii) recommendation of nominees for any committee of the Board.

II. Committee Composition

The Committee shall consist of no fewer than two members of the Corporation's Board of Directors. The members of the Committee shall be non-employee Directors who meet the independence requirements of the AMEX rules and any applicable SEC rules and regulations. The Board of Directors will assess and determine such qualifications of the Committee members.

The members of the Committee shall be annually appointed by the Board of Directors. The Board of Directors may also select a Chair of the Committee. If the Chair is not designated or present, the members of the Committee may designate a Chair by majority vote of the Committee membership. Committee members are subject to removal by the Board of Directors in its discretion.

III. Committee Authority and Responsibilities

The Committee shall meet as often as it determines is appropriate. Such meetings may be held in person or telephonically and may be held at such times and places as the Committee determines. The Chair of the Committee should prepare and/or approve an agenda in advance of each meeting. The Committee may form and delegate authority to subcommittees when appropriate.

This Charter is intended to be flexible so that the Committee is able to meet changing conditions. The Committee is authorized to take such further actions as are consistent with its responsibilities and to perform such other actions as applicable law, AMEX and the Corporation's Bylaws or the Board of Directors may require.

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The Committee shall perform the following duties:

A. General

1. Obtain, as deemed necessary or appropriate, advice and assistance from internal or external legal, accounting and other advisers. The Committee shall have the sole authority to select any such advisors and approve the fees paid to such advisors and other retention terms.
2. Make regular reports to the Board of Directors.
3. Annually review the adequacy of this Charter and recommend any proposed changes to the Board of Directors for approval.

B. Nominating

1. Determine desired board skills and attributes.
2. Actively seek individuals whose skills and attributes reflect those desired.
3. Evaluate and propose nominees for election to the Board of Directors.
4. Review the slate of directors who are to be re-nominated to determine whether they are meeting the Board's expectations of them.
5. Annually review committee chairs and membership and recommend any

changes to the full Board.

6. Periodically consider and make recommendations to the Board regarding what experience, talents, skills and other characteristics the Board as a whole should possess in order to maintain its effectiveness.

IV. Desired Standards for Board Members

The Committee has established the following general guidelines for outside Board members.

Directors should possess the highest personal and professional ethics, integrity and values, and be committed to representing the long-term interests of the Corporation's stockholders. They must also have an inquisitive and objective perspective, practical wisdom and mature judgment. The Corporation endeavors to have a Board representing diverse experience in areas that are relevant to the Corporation's business activities.

Directors must be willing to devote sufficient time to carrying out their duties and responsibilities efficiently, and should be committed to serve on the Board for an extended period of time. Directors should offer their resignation in the event of any significant change in their personal circumstances, including a change in their principal job responsibilities.

A Director should disclose the Director's consideration of new directorships with other organizations so that the Board can consider and express its views regarding the impact on the Director's service to the Corporation. The Committee and the Board will consider service on other boards in considering potential candidates for nomination to stand for election or re-election to the Corporation's Board. Current positions held by Directors may be maintained unless the Board determines that doing so would impair the Director's service to the Corporation's Board.

V. Nomination Process

The Committee will take the following actions in connection with the nomination or renomination of individuals for election as Directors at meetings of stockholders of the Corporation:

A. In determining whether to nominate an incumbent Director for reelection, the Committee will evaluate each incumbent's continued service, in light of the Board's collective requirements, at the time such Director's class comes up for reelection.

B. When the need for a new Director arises (whether because of a newly created Board seat or vacancy), the Committee will proceed by whatever means it deems appropriate to identify a qualified candidate or candidates. The Committee will review the qualifications of each candidate. The Committee anticipates that final candidates will be interviewed by the Corporation's Chairman of the Board and one or more other Board members. The Committee will then make a recommendation to the Board based on its review, the results of interviews with the candidate and all other available information. The Board will make the final decision on whether to invite the candidate to join the Board.

C. Any stockholder may nominate a person for election as a Director at a meeting of stockholders at which the nominating stockholder is entitled to vote by following certain procedures. These procedures generally require that written information about the nominee and nominating stockholder be delivered or mailed and received at the Corporation's principal executive offices, to the attention of the Corporation's corporate secretary, not less than 120 calendar days in advance of the date of the notice of annual meeting released to stockholders in connection with the previous year's annual meeting of stockholders.

D. In addition, the Committee will consider for inclusion in the Board's annual slate of Director nominees candidates recommended by significant, long-term stockholders. A significant long-term stockholder is a stockholder, or group of stockholders, that

beneficially owned more than 5% of the Corporation's voting stock for at least two years as of the date the recommendation was made and at the record date for the stockholder meeting. In order for such a nominee to be considered for inclusion with the Board's slate, the nominating stockholder shall submit a timely nomination notice in accordance with the procedures above. The nominating stockholder should expressly indicate in the notice that such stockholder desires that the Board and Committee consider the stockholder's nominee for inclusion with the Board's slate of nominees for the meeting. The nominating stockholder and stockholder's nominee should undertake to provide, or consent to the Corporation's obtaining, all other information the Board and Committee request in connection with their evaluation of the nominee.

E. A stockholder nominee submitted for inclusion in the Board's slate of nominees pursuant to paragraph B or C above should meet the criteria for a Director described in Section IV of this Charter. In addition, in evaluating stockholder nominees for inclusion with the Board's slate of nominees, the Board and Committee may consider all information relevant in their business judgment to the decision of whether to nominate a particular candidate for a particular Board seat, taking into account the then current composition of the Corporation's Board.

F. The Committee intends to continue to evaluate its policies and procedures regarding stockholder nominations in light of changing industry practices and regulation. The policies and procedures described in this Section V are subject to change.