

***For Release at 4:30 PM EDT on Tuesday, May 6, 2008***

## **Gasco Energy Announces First Quarter 2008 Financial and Operational Results**

- Record Cash Flow From Operations
- Record Oil & Gas Sales
- Mancos Shale Operations Update Provided

DENVER, May 6 /PRNewswire-FirstCall/ -- Gasco Energy (Amex: GSX - News) today reported its financial and operating results for the quarter ended March 31, 2008.

### **Financial Results**

For the first quarter 2008, Gasco reported a net loss attributable to common shareholders of \$4.4 million, or \$0.04 per share, as compared to \$0.2 million, or breakeven results of \$0.00 per share, for the same period in 2007. All per-share figures are basic and diluted. Included in the first quarter 2008 results are derivative losses of \$6.4 million attributed to hedge effect which is discussed below. Excluding the effect of unrealized derivative losses, a non-GAAP measure, Gasco would have posted net income of \$1.5 million or \$0.01 per share. The Company did not hedge its volumes in the comparable period in 2007.

The Company reported record oil and gas sales for the first quarter 2008 of \$8.5 million as compared to \$5.9 million for the same period in 2007. The increase in oil and gas sales during the first quarter 2008 is attributed to higher prices received for sales of the Company's natural gas and oil volumes and to greater oil and gas sales volumes during the quarter. Gathering revenues from Gasco's midstream assets were also a Company-record \$0.9 million for the first quarter 2008 as compared to \$0.5 million in the prior-year period. Greater throughput of third-party natural gas volumes contributed to the rise in gathering revenue. Total revenues for the first quarter were \$3.4 million, as compared to \$6.4 million in the first quarter 2007. The decrease in total revenues is attributed to the derivative loss.

Gasco's average realized gas price was \$7.19 per thousand cubic feet of natural gas (Mcf) for the first quarter of 2008, including the effect of hedges, compared to \$5.47 per Mcf for the first quarter of 2007. The Company's risk management activities decreased its average gas price by \$0.42 per Mcf during the first quarter of 2008. Prior to the impact of hedges, the Company's average price received for its natural gas production during the first quarter of 2008 was approximately \$7.61 per Mcf as compared to \$5.47 in the prior-year period. The Company did not hedge its volumes in the comparable period in 2007.

The average realized oil price was \$75.28 per barrel for the first quarter of 2008, up from \$45.38 per barrel for the first quarter of 2007. Gasco does not hedge its crude oil volumes.

### **Unit Cost Comparisons – LOE / DD&A / G&A**

Lease operating expense (LOE) for the first quarter increased to \$1.3 million from \$0.6 million in the same period in 2007. On a per-unit basis, LOE was at \$1.17 per thousand cubic feet of natural gas equivalent (Mcf) in the first quarter 2008, as compared to \$0.57 per Mcfe in the year-ago period. The increase in LOE quarter-over-quarter is attributed to increased operating expenses and production taxes primarily due to the increase in natural gas prices as well as an increase in the number of producing wells. Additionally, Gasco engineers are using a more active wellbore treatment program to inhibit scale build-up and improve rates, which contributed to LOE.

With unprecedented crude oil prices, Gasco recently embarked on a Green River oil producer workover program to help improve production from this inventory of wells which it acquired from Dominion in 2006. By comparison, LOE unit costs were down by \$0.19 per Mcfe in the first quarter of 2008, as compared to the fourth quarter of 2007.

Depletion, depreciation and amortization (DD&A) was \$2.4 million for the first quarter 2008, as compared to \$2.3 million for the same period in 2007. On a per-unit basis, DD&A for the first quarter 2008 was \$2.25 per Mcfe, as compared to \$2.22 in the 2007 period.

The Company reported general and administrative expense (G&A) of \$2.2 million in the first quarter 2008 versus \$2.3 million in the same period in 2007. On a per-unit basis, total G&A for first quarter 2008 was \$2.02 per Mcfe, as compared to \$2.21 per Mcfe for the same period in 2007. G&A expense for the first quarter 2008 includes \$0.7 million of non-cash, stock-based compensation expense, or, on a per-unit basis, \$0.67 per Mcfe, as compared to the prior-period total of \$1.0 million, or \$0.91 per Mcfe. Gathering operations expense increased to \$0.7 million from \$0.4 million in the first quarter 2007.

Gasco's total assets at March 31, 2008 were \$125.6 million, as compared to \$122.5 million at year-end 2007. Net cash provided by operating activities for the first quarter 2008 was a Company-record \$5.9 million, as compared to \$1.7 million in the same period in 2007. Cash and investments were \$2.4 million at March 31, 2008. Also at March 31, 2008, the Company had \$12 million drawn on its \$250 million reserve-based revolving line of credit with JPMorgan, of which \$45 million is currently available for borrowing.

### **Quarterly Production**

Cumulative net production for the quarter ended March 31, 2008 was 1,085 MMcf, an increase of 3% from the prior-year net production of 1,051 MMcf.

### **Operations Update & Subsequent Events**

#### **Mancos Update**

In its Mancos program, Gasco has one Full Mancos producer and has drilled 10 wells to the Upper Mancos. Of these 10 wells, four are currently producing, two are flowing back frac fluid, and four are awaiting completion. Gasco is currently drilling an additional Upper Mancos well and a Mancos/Dakota deep test.

<b>Gasco Energy Mancos Shale Well Data</b>			
<b>Well</b>	<b>Initiated Completion</b>	<b>24-hour Initial Flow Rate</b>	<b>Comment</b>
Federal 14-31	6/25/07	1.132 MMcf	Full Mancos; added BH and Mv on 2/11/08, commingled production
Federal 21-19	10/23/07	1.764 MMcf	Upper Mancos
Federal 32-20	10/23/07	0.200 MMcf	Only 300' of Upper Mancos drilled
State 21-32b	3/25/08	0.934 MMcf	Upper Mancos
SW Federal 12-25	4/7/08	1.495 MMcf	Upper Mancos
State 21-32a	4/15/08	Cleaning up	Upper Mancos / BH commingled
SW Federal 32-25	4/22/08	Cleaning up	Upper Mancos / Spring Canyon commingled
Federal 34-30	Awaiting completion	--	Upper Mancos
Lamb Trust 12-23	Awaiting completion	--	Upper Mancos
SW Federal 23-26	Awaiting completion	--	Upper Mancos
Federal 14-19	Awaiting completion	--	Recently reached TD in Upper Mancos
Federal 32-19	Drilling	--	Drilling ahead to Upper Mancos
GC State 23-16	Drilling	--	Rig on down time; Mancos / Dakota test

### **Riverbend Area**

The Company is currently drilling below 9,500 feet in the Federal 32-19 (GSX-operated – 33.33% WI) and recently reached total depth of 14,960 feet on the Federal 14-19 (GSX-operated – 33.33% WI).

### **Gate Canyon Area**

The Gate Canyon State 23-16 (GSX-operated – 25% WI), a Mancos/Dakota deep test, is currently 2,000 feet below the top of the Mancos Formation, at a depth of approximately 13,550 feet. The drilling rig is on “down time” while the drilling contractor addresses mechanical issues with the rig. Gasco is not responsible for the day-rate charges until the mechanical issues are resolved. Gasco has not received an estimated time at which drilling will recommence. The well was drilled with numerous gas shows and associated flares in the target intervals. The well’s proposed total depth is 16,500 feet.

Gasco originally estimated that the well would reach total depth in early May, which it believes it would have achieved were not for the rig problems.

### **Other**

The Company is currently documenting a commitment for a financial partner to take 25% of Gasco’s working interest in a 10-well Mancos shale drilling program. Gasco continues to work with its partner NFR Energy to take up to 41.7% of Gasco’s working interest in the program.

The Riverbend Environmental Impact Statement (EIS) is progressing. The Draft EIS is anticipated to be available for public comment in the coming months and is a top priority for Gasco.

Gasco is currently in the process of completing an update of its 3P and Resource report. It expects the results to be available during the second quarter of 2008. Netherland Sewell & Associates, Inc., Gasco's independent reserve engineering firm, is preparing the evaluation.

### **Management Comment**

Commenting on the first quarter operations and results, Gasco President and CEO Mark Erickson said: "The first quarter was a great start for the year. We demonstrated record cash flow from operations. We are currently producing at record daily rates averaging 31.4 MMcf gross and 14.4 MMcf net production during April 2008. Rockies producers continue to enjoy robust commodity prices for this time of year.

"We are encouraged with the results from our Mancos completion program which have demonstrated high initial flow rates with strong flowing pressures. We have made important technological advances with our Mancos completion designs, although there is still much to learn on how to best stimulate the over-pressured interval. Early data, including mud log shows and flares from the Gate Canyon well, indicates potential in each of our historical producing uphole intervals in addition to the Mancos. We are looking forward to evaluating the deeper potential pay zones including the Dakota, which has proven successful for other Uinta operators.

"We are more firmly committed to the long-term potential of our large acreage position in the Uinta Basin. We are focused during the remainder of 2008 and beyond to best position the Company to define and capture its leasehold value as highlighted by recent Uinta Basin M&A activity."

### **Conference Call**

A conference call with investors, analysts and other interested parties is scheduled for 11:00 a.m. EDT on Wednesday, May 7, 2008 to discuss first quarter 2008 financial and operating results. You are invited to listen to the call which will be broadcast live over the Internet at [www.gascoenergy.com](http://www.gascoenergy.com).

- Date: Wednesday, May 7, 2008
- Time: 11:00 a.m. EDT  
10:00 a.m. CDT  
9:00 a.m. MDT  
8:00 a.m. PDT
- Call: (866) 392-4171 (US/Canada) and (706) 634-6345 (International),  
Passcode: 44571302
- Internet: Live and rebroadcast over the Internet: log on to  
<http://www.gascoenergy.com> or to <http://www.videonewswire.com/event.asp?id=47896>
- Replay: Available through Sunday, May 11, 2008 at (800) 642-1687  
(US/Canada) and (706) 645-9291 (International) using passcode  
44571302 and for 30 days at <http://www.gascoenergy.com>

### **About Gasco Energy**

Gasco Energy, Inc. is a Denver-based natural gas and oil exploitation and development company that focuses on natural-gas-rich prospects in the Rocky Mountain area of the United States. The Company currently is active in the Uinta Basin in Utah and controls acreage in the Greater Green River Basin of Wyoming. To learn more, visit <http://www.gascoenergy.com>.

SOURCE Gasco Energy, Inc.

Audio: <http://www.videonewswire.com/event.asp?id=47896>

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### **Forward-looking Statements**

Certain statements set forth in this press release relate to management's future plans, objectives and expectations. Such statements are forward-looking within the meanings of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. All statements other than statements of historical facts included in this press release, including, without limitation, statements regarding Gasco's future financial position, potential resources, business strategy, budgets, projected costs and plans and objectives of management for future operations, are forward-looking statements. In addition, forward-looking statements generally can be identified by the use of forward-looking terminology such as "may," "will," "expect," "intend," "project," "estimate," "anticipate," "believe," or "continue" or the negative thereof or similar terminology. Although any forward-looking statements contained in this press release are to the knowledge or in the judgment of the officers and directors of Gasco, believed to be reasonable, there can be no assurances that any of these expectations will prove correct or that any of the actions that are planned will be taken. Forward-looking statements involve known and unknown risks and uncertainties that may cause Gasco's actual performance and financial results in future periods to differ materially from any projection, estimate or forecasted result. Some of the key factors that may cause actual results to vary from those Gasco expects include inherent uncertainties in interpreting engineering and reserve or production data; operating hazards; delays or cancellations of drilling operations because of weather and other natural and economic forces; fluctuations in oil and natural gas prices in response to changes in supply; competition from other companies with greater resources; environmental and other government regulations; defects in title to properties; increases in the Company's cost of borrowing or inability or unavailability of capital resources to fund capital expenditures; and other risks described under "Risk Factors" in Item 1. of the Company's 2007 filing on Form 10-K filed with the Securities and Exchange Commission on March 4, 2008.

Contact for Gasco Energy, Inc.: Investor Relations: 303-483-0044

### **[Financial and Operational Tables Accompany this News Release]**

**The notes accompanying the financial statements are an integral part of the consolidated financial statements and can be found in Gasco's filing on Form 10-Q dated May 6, 2008.**

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**GASCO ENERGY, INC.**  
**CONSOLIDATED BALANCE SHEETS**  
**(Unaudited)**

	<b>March 31, 2008</b>	<b>December 31, 2007</b>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 2,412,332	\$ 1,843,425
Accounts receivable		
Joint interest billings	4,724,037	5,639,174
Revenue	4,552,178	3,872,959
Inventory	2,428,328	1,160,325
Prepaid expenses	219,099	327,030
Total	<u>14,335,974</u>	<u>12,842,913</u>
<b>PROPERTY, PLANT AND EQUIPMENT, at cost</b>		
Oil and gas properties (full cost method)		
Proved mineral interests	220,362,367	215,273,593
Unproved mineral interests	40,409,506	41,644,348
Wells in progress	1,202,792	1,058,727
Gathering assets	15,832,449	15,708,353
Facilities and equipment	9,739,600	9,680,010
Furniture, fixtures and other	295,264	284,791
Total	287,841,978	283,649,822
Less accumulated depletion, depreciation, amortization and impairment	<u>(178,453,713)</u>	<u>(175,973,720)</u>
Total	<u>109,388,265</u>	<u>107,676,102</u>
<b>OTHER ASSETS</b>		
Deposit	139,500	139,500
Deferred financing costs	1,723,716	1,853,274
Total	<u>1,863,216</u>	<u>1,992,774</u>
<b>TOTAL ASSETS</b>	<u>\$125,587,455</u>	<u>\$ 122,511,789</u>

The notes accompanying the financial statements are an integral part of the consolidated financial statements and can be found in Gasco's filing on Form 10-Q dated May 6, 2008.

**GASCO ENERGY, INC.**  
**CONSOLIDATED BALANCE SHEETS (continued)**  
**(Unaudited)**

	<b>March 31, 2008</b>	<b>December 31, 2007</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 7,700,952	\$ 13,206,767
Revenue payable	2,856,872	1,477,268
Advances from joint interest owners	6,770,930	5,718,234
Derivative instruments	4,571,404	343,759
Accrued interest	1,760,594	844,094
Accrued expenses	<u>487,000</u>	<u>583,000</u>
Total	<u>24,147,752</u>	<u>22,173,122</u>
<b>NONCURRENT LIABILITIES</b>		
5.5% Convertible Senior Notes	65,000,000	65,000,000
Long-term debt	12,000,000	9,000,000
Derivative instruments	1,705,537	-
Asset retirement obligation	1,053,739	1,030,283
Deferred rent expense	<u>56,838</u>	<u>60,593</u>
Total	<u>79,816,114</u>	<u>75,090,876</u>
<b>STOCKHOLDERS' EQUITY</b>		
Series B Convertible Preferred stock - \$0.001 par value; 20,000 shares authorized; zero shares outstanding	-	-
Common stock - \$.0001 par value; 300,000,000 shares authorized; 107,304,119 shares issued and 107,230,419 outstanding as of March 31, 2008 and 107,290,471 shares issued and 107,216,771 outstanding as of December 31, 2007	10,730	10,729
Additional paid-in capital	215,880,185	215,094,271
Accumulated deficit	(194,137,031)	(189,726,914)
Less cost of treasury stock of 73,700 common shares	<u>(130,295)</u>	<u>(130,295)</u>
Total	<u>21,623,589</u>	<u>25,247,791</u>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<u><b>\$ 125,587,455</b></u>	<u><b>\$ 122,511,789</b></u>

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**GASCO ENERGY, INC.**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**  
(Unaudited)

	<b>Three Months Ended</b>	
	<b>March 31,</b>	
	<b>2008</b>	<b>2007</b>
<b>REVENUES</b>		
Gas	\$ 7,897,480	\$ 5,471,938
Oil	587,637	380,767
Gathering	908,356	486,666
Rental income	362,250	-
Derivative losses	(6,372,452)	-
Interest income	<u>15,222</u>	<u>100,360</u>
Total	<u>3,398,493</u>	<u>6,439,731</u>
<b>OPERATING EXPENSES</b>		
Lease operating	1,266,727	596,262
Gathering operations	656,499	354,720
Depletion, depreciation, amortization and accretion	2,449,802	2,336,118
General and administrative	2,188,033	2,326,077
Interest expense	<u>1,247,549</u>	<u>1,002,728</u>
Total	<u>7,808,610</u>	<u>6,615,905</u>
<b>NET LOSS</b>	<u>\$ (4,410,117)</u>	<u>\$ (176,174)</u>
<b>NET LOSS PER COMMON SHARE – BASIC AND DILUTED</b>	<u>\$ (0.04)</u>	<u>\$ (0.00)</u>
<b>WEIGHTED AVERAGE COMMON SHARES OUTSTANDING BASIC AND DILUTED</b>	<u>106,903,548</u>	<u>85,734,095</u>

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**GASCO ENERGY, INC.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(Unaudited)

	<b>Three Months Ended</b>	
	<b>March 31,</b>	
	<b>2008</b>	<b>2007</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net loss	\$ (4,410,117)	\$ (176,174)
Adjustment to reconcile net loss to net cash provided by operating activities		
Depletion, depreciation, amortization and impairment expense	2,426,412	2,314,603
Accretion of asset retirement obligation	23,390	21,515
Stock-based compensation	721,260	957,344
Unrealized derivative loss	5,933,182	-
Amortization of deferred rent	(3,755)	(4,932)
Amortization of deferred financing costs	129,558	129,558
Changes in operating assets and liabilities:		
Accounts receivable	235,918	2,891,823
Inventory	(1,268,003)	(820,478)
Prepaid expenses	107,931	149,528
Accounts payable	(1,269,339)	(2,454,844)
Revenue payable	1,379,604	(164,665)
Advances from joint interest owners	1,052,696	(1,773,078)
Accrued interest	916,500	893,751
Accrued expenses	<u>(96,000)</u>	<u>(249,265)</u>
Net cash provided by operating activities	<u>5,879,237</u>	<u>1,714,686</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Cash paid for furniture, fixtures and other	(10,473)	(8,239)
Cash paid for acquisitions, development and exploration	(8,336,355)	(26,085,541)
Proceeds from sale of short-term investments	<u>-</u>	<u>6,000,000</u>
Net cash used in investing activities	<u>(8,346,828)</u>	<u>(20,093,780)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Borrowings under line of credit	12,000,000	12,000,000
Repayment of borrowings	(9,000,000)	-
Exercise of options to purchase common stock	<u>36,498</u>	<u>-</u>
Net cash provided by financing activities	<u>3,036,498</u>	<u>12,000,000</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>		
	568,907	(6,379,094)
<b>CASH AND CASH EQUIVALENTS:</b>		
<b>BEGINNING OF PERIOD</b>	<u>1,843,425</u>	<u>12,876,879</u>
<b>END OF PERIOD</b>	<u>\$ 2,412,332</u>	<u>\$ 6,497,785</u>

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