



NEWS RELEASE

For Immediate Release

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NEW CENTURY ENERGY ANNOUNCES FIRST QUARTER 2006 RESULTS

HOUSTON, TX – May 24, 2006 – New Century Energy Corp. (OTCBB: NCEY) announced financial and operational results for the first quarter ending March 31, 2006.

- ❖ Oil & gas revenue grew to \$3.3 million in the first quarter of 2006, compared to \$239,000 in the first quarter of 2005.
- ❖ Net daily production equivalent for the first quarter of 2006 grew to 6.2 million cubic feet equivalent (MMcfe/d), compared to 1.1 MMcfe/d for the first quarter of 2005.
- ❖ Adjusted EBITDA for the first quarter of 2006 was \$2.5 million, compared to a loss of \$1.4 million reported in the same period last year. For additional information regarding EBITDA as a non-GAAP financial measure, please refer to the disclosures contained at the end of this release.
- ❖ Operating income totaled \$873,000 in the first quarter of 2006, compared to an operating loss of \$1.5 million in the first quarter of 2005.

Net loss for the three months ended March 31, 2006 was \$2.3 million resulting in a loss per share of (\$0.04), compared to net loss of \$1.5 million and loss per share of (\$0.03) for the first quarter of 2005. First quarter of 2006 results include a \$1.8 million non-cash charge that reflects the net increase in the fair value of derivative liabilities. Excluding this non-cash charge, the Company would have reported a net loss of \$0.5 million or loss per share of (\$0.01) for the first quarter of 2006. Net cash provided by operating activities totaled \$1.9 million in the first quarter of 2006 compared to approximately \$85,000 during the first quarter of the previous year.

Total production for the first quarter of 2006 was approximately 521 MMcf of natural gas at an average realized price of \$7.04 per Mcf and 6,138 barrels of crude oil at an average price of \$60.47 per barrel. This compares to production of 59 MMcf of natural gas at an average price of \$4.66 per Mcf and 6,536 barrels of crude oil at an average price of \$49.08 per barrel for the same period last year.

	Three Month Ended	
	2006	2005
Oil & Gas Production:		
Crude Oil & Condensates (barrel)	6,138	6,536
Natural Gas (Mcf)	521,183	58,820
Total Equivalent (Mcf)	558,011	98,036
Daily Equivalent (Mcf/d)	6,200	1,089
Average Realized Sales Price:		
Crude Oil (\$/bbl)	\$60.47	\$49.08
Natural Gas (\$/Mcf)	\$7.04	\$4.66

Lease operating expenses (LOE) for the first quarter of 2006 totaled \$222,295 compared to \$100,151 for the first quarter of 2005. Depreciation, depletion and amortization (DD&A) increased to \$1.6 million for the first quarter of 2006 compared to \$50,397 during the same period of 2005. The Company spent \$155,000 on exploration expenses in the first quarter versus \$15,000 in the first quarter of 2005. Interest expense rose to \$1.4 million in the first quarter of 2006 compared to \$33,189 during the same period of 2005. The rise in LOE, exploration, DD&A, and interest expense reflects the results of the acquisition of \$22.5 million in net assets in the Lindholm-Hanson gas unit in addition to a general increase in development and related production enhancement activities.

Edward DeStefano, the Company's CEO, stated, "We are pleased with our first quarter results. Furthermore, the initiatives that we have accomplished thus far in 2006 will continue our growth momentum that was established in 2005. Since the end of the first quarter, we have closed on the Manti property acquisition, which will significantly add to our production, reserve and cash flow base, as well as provide additional drilling and development opportunities. With the simultaneous closing of funding from Laurus, we will have adequate capital to aggressively pursue these opportunities."

ABOUT NEW CENTURY ENERGY

New Century Energy Corp. is an independent energy company engaged in oil and gas exploration, development and production. New Century Energy currently owns interests in over 15,000 acres throughout the State of Texas; including oil producing acreage in McMullen County, Wharton County, and Jim Hogg County, Texas. Natural gas producing fields include the operated Sargent South Field in Matagorda County, and non-operated acreage in the Wishbone Field in McMullen County, Texas. New Century Energy's mission is to increase shareholder value by acquiring producing properties, profit from current drilling and development activities, and engage in opportunistic joint ventures that can expand its development program and prospect base. Additional information is available at <http://www.newcenturyenergy.com>.

FORWARD-LOOKING STATEMENTS: This press release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 (the "Act"). In particular, when used in the preceding discussion, the words "believes," "expects," "intends," "will," "anticipated," or "may," and similar conditional expressions are intended to identify forward-looking statements within the meaning of the Act, and are subject to the safe harbor created by the Act. The Securities and Exchange Commission has generally permitted oil and gas companies in their filings with the SEC to disclose only proved reserves that a company has demonstrated by actual production or conclusive formation tests to be economically and legally producible under existing economic and operating conditions. We use the terms probable and possible reserves, reserve potential or upside or other descriptions of volumes of reserves potentially recoverable through additional drilling or recovery techniques that the SEC's guidelines may prohibit us from including in filings with the SEC. These estimates are by their nature more speculative than estimates of proved reserves and accordingly are subject to substantially greater risk of being actually realized by the Company. Except for historical information, all of the statements, expectations and assumptions contained in the foregoing are forward-looking statements that involve a number of risks and uncertainties. The reserve data included herein represents only estimates. Reserve engineering is a subjective process of estimating underground accumulations of oil and natural gas that cannot be measured in an exact manner. As a result, estimates of different engineers often vary. The estimates of reserves, future cash flows and present value are based on various assumptions, including those prescribed by the SEC relating to oil and natural gas prices, and are inherently imprecise. Our reserves and future cash flows may be subject to revisions based on many factors. It is possible that the assumptions made by management are not necessarily the most likely, and may not materialize, including but not limited to the possible undeveloped gas reserve. In addition, other important factors that could cause actual results to differ materially include the following: business conditions and the amount of growth in the Company's industry and general economy; competitive factors; ability to attract and retain personnel; the price of the Company's stock; and the risk factors set forth from time to time in the Company's SEC reports, including but not limited to its annual report on Form 10-KSB; its quarterly reports on Forms 10-QSB; and any reports on Form 8-K. New Century Energy Corp. takes no obligation to update or correct forward-looking statements, and also takes no obligation to update or correct information prepared by third parties that are not paid for by the Company.

NEW CENTURY ENERGY CORP.
CONSOLIDATED STATEMENTS OF OPERATIONS
Three Months Ended March 31, 2006 and 2005
(unaudited)

	2006 -----	2005 -----
Revenues		
Oil and gas sales	\$ 3,346,683	\$ 239,395
	-----	-----
Expenses		
Exploration	155,458	15,037
Lease operating	222,295	100,151
Production taxes	175,760	7,659
General & administrative	295,014	1,581,130
Depreciation, depletion and amortization	1,625,551	50,397
	-----	-----
Total expenses	2,474,078	1,754,374
	-----	-----
Operating income (loss)	872,605	(1,514,979)
Other income (expense)		
Write down of Vertica liabilities	9,611	95,867
Interest expense	(1,374,903)	(33,189)
Increase in fair value of derivative liabilities	(1,803,182)	--
Other income	4,537	4,599
Other expenses	(1,266)	(10,000)
	-----	-----
Total other income (expense)	(3,165,203)	57,277
	-----	-----
Loss before income taxes	(2,292,598)	(1,457,702)
Income tax expense (benefit)	--	--
	-----	-----
NET LOSS	\$ (2,292,598)	\$ (1,457,702)
	=====	=====
Basic and diluted loss per share	\$ (.04)	\$ (.03)
	=====	=====
Weighted average common shares used in computing loss per share	55,727,279	46,568,101
	=====	=====

NEW CENTURY ENERGY CORP.
CONSOLIDATED BALANCE SHEET
March 31, 2006
(unaudited)

ASSETS

Current Assets

Cash	\$ 3,117,313
Accounts receivable-trade	1,699,428
Inventory	56,714
Other	124,462

Total Current Assets 4,997,917

Land	72,490
Office equipment, net of \$6,741 accumulated depreciation	61,927

Oil and gas properties, using successful efforts method of accounting	
Proved properties	24,790,609
Unproved properties	56,854
Wells and related equipment and facilities	2,697,413

27,544,876

Less accumulated depreciation, depletion, amortization and impairment (4,557,745)

Net oil and gas properties 22,987,131

\$28,119,465

LIABILITIES AND STOCKHOLDERS' EQUITY

Current Liabilities

Accounts payable	\$ 311,426
Liabilities related to purchase of Vertica shell	110,463
Accrued liabilities	456,369
Derivative Liability for Laurus Warrant	1,364,581
Derivative Liability for Laurus Stock Option	1,767,189
Derivative Liability for Laurus December Option	1,366,025
Single Compound Embedded Derivative - Convertible Note	664,134
Current portion of notes payable	11,750,000

Total Current Liabilities 17,790,187

Asset retirement obligation 311,087

Notes payable, less current portion
(net of unamortized discounts of \$2,811,858) 9,938,142

Total Liabilities 28,039,416

Contingencies (Note 7) -

Stockholders' Equity

Common stock, \$.001 par value, 100,000,000 shares authorized, 55,810,612 shares issued and outstanding	55,811
Additional paid in capital	9,902,943
Retained deficit	(9,878,705)

Total Stockholders' Equity 80,049

\$28,119,465

NEW CENTURY ENERGY CORP.
CONSOLIDATED STATEMENTS OF CASH FLOW
Three Months Ended March 31, 2006 and 2005
(unaudited)

	2006	2005
	-----	-----
Cash flow provided by operating activities		
Net loss	\$ (2,292,598)	\$ (1,457,702)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation, depletion and amortization	1,625,551	50,397
Write-off of liabilities on Vertica reverse merger	(9,611)	(95,867)
Stock for services	--	1,435,000
Amortization of deferred loan costs	88,483	--
Change in fair value of derivatives	1,803,182	--
Accretion of discounts on notes payable	457,982	--
Settlement with former employee	(25,483)	--
Changes in:		
Accounts receivable	687,576	(77,508)
Inventory	(8,924)	10,305
Other assets	17,567	53,584
Accounts payable	(379,064)	46,209
Accrued liabilities	(90,447)	114,126
Asset retirement obligation	6,015	6,294
	-----	-----
Net cash provided by operating activities	1,880,229	84,838
	-----	-----
Cash flows used in investing activities		
Drilling advances	170,413	--
Third Acquisition of Lindholm-Hanson Gas Unit and Wells, net of cash acquired	(1,530,874)	--
Capital expenditures on oil and gas properties	(712,217)	(199,510)
Purchase of office equipment	(1,903)	(2,255)
	-----	-----
Net cash used in investing activities	(2,074,581)	(201,765)
	-----	-----
Cash flows from financing activities		
Proceeds from the sale of common stock	--	57,240
Proceeds from the sale of subscribed common stock	--	195,619
Payments to reduce long-term debt	--	(92,208)
	-----	-----
Net cash provided by financing activities	--	160,651
	-----	-----
Net increase (decrease) in cash	(194,352)	43,724
Cash at beginning of the period	3,311,665	452,781
	-----	-----
Cash at end of the period	\$ 3,117,313	\$ 496,505
	=====	=====
Supplemental Cash flow Information:		
Interest	\$ 823,542	\$ 33,189
Income taxes	--	--

We define EBITDA, as adjusted, as income before accounting changes, adjusted to exclude (1) interest and other financing costs, net of capitalized interest, (2) income taxes, (3) depreciation, depletion, and amortization, and (4) changes in the fair value of derivative liabilities. The Company believes EBITDA is a useful measure of evaluating its financial performance. Because EBITDA is not a measure of financial performance calculated in accordance with GAAP, it should not be considered in isolation or as a substitute for operating income, net income or loss, cash flows provided by operating, investing and financing activities, or other income or cash flow statement data prepared in accordance with GAAP. However, EBITDA is a common alternative measure of operating performance used by investors, financial analysts and rating agencies. A reconciliation of EBITDA to net earnings is included below. EBITDA as presented may not be comparable to other similarly titled measures reported by other companies.

	Three Month Ended	
	2006	2005
	<u> </u>	<u> </u>
Calculation of Adjusted EBITDA:		
Net income (loss)	\$ (2,292,598)	\$ (1,457,702)
Interest expense	1,374,903	33,189
Income tax (benefit) expense	-	-
Depreciation expense	1,625,551	50,397
Increase in fair value of derivative liabilities	\$ 1,803,182	\$ -
Adjusted EBITDA	<u>\$ 2,511,038</u>	<u>\$ (1,374,116)</u>

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