The WAY FORWARD
ANNUAL REPORT
2014
Our Life's Work Is The Life Of The Well™
ABOUT BASIC

Basic Energy Services provides a wide range of services to America’s oil and gas producers. With a footprint that spans the heartland of domestic onshore production, Basic supports seven geomarkets conducting operations in the Texas Gulf Coast region, the Ark-La-Tex region, the Permian Basin of West Texas, California, the Mid-Continent, the Appalachian region and the Rocky Mountains.

2014 FINANCIAL HIGHLIGHTS

<table>
<thead>
<tr>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>REVENUE (Millions)</td>
<td>$1,500</td>
<td>$1,250</td>
<td>$1,000</td>
<td>$750</td>
</tr>
<tr>
<td>SEGMENT PROFIT (Millions)</td>
<td>$500</td>
<td>$400</td>
<td>$300</td>
<td>$200</td>
</tr>
<tr>
<td>ADJUSTED EBITDA* (Millions)</td>
<td>$114</td>
<td>$335</td>
<td>$308</td>
<td>$235</td>
</tr>
</tbody>
</table>

* Net income before interest, taxes, depreciation and amortization

- Contract Drilling
- Completion & Remedial Services
- Fluid Services
- Well Servicing
I am pleased to say that throughout 2014, these strengths, on which our company was founded, provided the means to reach our goals for the year and prepare for the challenges of 2015.

PRUDENTLY EXPANDING OUR CAPACITY
With high customer activity at the beginning of 2014, we embarked on a growth program to meet those needs. We expanded capacity and front-loaded our investment early in the year while demand was at its greatest.

Our expansion capital spending included $119.5 million for the Completion and Remedial Services segment $16.6 million for the Fluid Services segment, $10.7 million for the Well Servicing segment, and $1.7 million for the Contract Drilling segment. This included increasing our Pumping Services hydraulic horsepower from 297,000 HHP to a total of 443,000 HHP and expanding our Saltwater Disposal network from 81 to 85.

Other capital expenditures were mainly for facilities and IT infrastructure. Most assets purchased were in the field by the end of the third quarter, allowing us to benefit from these investments for a large portion of the year. We continued to increase our footprint and service offerings, expanding into the California market and initiating our tubular rental business.

POSITIVE PERFORMANCE
Basic’s business segments performed admirably throughout 2014. Our Completion and Remedial Services segment, led by its frac services, showed the strongest performance over the course of the year, operating at near record utilization rates. Our Fluid Services and Well Servicing segments showed steady utilization and margins even in oily markets, which were crowded by numerous competitors who had migrated from relatively flat natural gas markets.

Throughout the year, we benefited from the growing number of horizontal wells and pad drilling across our footprint. New well drilling and completion activity in oily markets continued to be the focus for many of our customers. With our equipment allocated in the right geography, we were able to take advantage of this environment. We also benefited from recompletions, workovers and an increasing number of maintenance projects,
Basic’s modern well servicing fleet is matched to the needs of the local markets.

as several customers also dedicated capital to development and production programs. Expanded horizontal drilling programs combined with legacy vertical drilling programs made the Permian Basin the busiest drilling market in the U.S. The Permian Basin is our largest operating market; therefore, this region led our company’s growth in 2014.

LOCAL LEADERSHIP DELIVERS RESULTS
Basic is unique in that our operations are decentralized. Our field leadership has a great deal of input into decisions that drive our business. This past year was no different. Our local leadership enabled us to be nimble, keeping our fingers on the pulse of our customers’ needs and challenges, at all times. In addition, our strategy of making equipment available to all customers, regardless of the size of their operation, has created strong customer loyalty, which is especially important when markets are competitive.

A YEAR OF SOLID GROWTH
All told, 2014 was an outstanding year for Basic. We reached record revenues of approximately $1.5 billion up 18% from 2013. We had our best safety performance ever in the company’s history. We maintained a significant cash position. And we strengthened our capabilities and market share.

PROACTIVELY PLANNING FOR 2015
By the end of the fourth quarter of the year, when commodity prices dropped worldwide, pressure was put on margins. However, Basic is well positioned for the downturn. We have initiated plans to deal with an environment of diminished customer activity. We will maximize utilization and protect market share using competitive rate reductions where needed. Our business segments are scalable, and we are quick to reduce input costs and shrink capital spending to match cash flow.

With drilling activity slowing down over the coming months, customers will be focused on maximizing their production through maintenance and workover services. Our “Life of the Well” strategy enables us to shift with them and provide the necessary service assets. This strategy will also provide a steady base of business even in a slow drilling market. A downturn tends to put pressure on companies that can’t sustain themselves in a low margin environment. We will review the landscape at an appropriate time and actively seek acquisition opportunities for modern equipment and talented personnel.

In conclusion, I’d like to express my appreciation to our employees, the Board of Directors and the entire management team for their dedication in making 2014 a very good year for Basic. I would also like to thank our customers and shareholders for their steadfast loyalty. 2015 looks to be a difficult year for our industry, but our Mission will remain the same. We look forward to the challenge.

Sincerely,

T. M. “Roe” Patterson
President and Chief Executive Officer
Well Count

Recent Drilling Rig Count

Oil Well Count %
Gas Well Count %

Source: Baker Hughes Rig Count
Drilling Rig Count, 12/31/14

Extensive Footprint in Prolific Basins

Rocky Mountains

35% 65% 249

Well Servicing
Pumping Services
- Cementing
- Acidizing
- Fracturing
Wireline
Rental/Fishing Tools

Fluid Services
- Trucking
- Frac Tanks
- SWD Wells
Coil Tubing
Well Site Construction

Permian Basin

80% 20% 536

Well Servicing
Contract Drilling
Pumping Services
- Cementing
- Acidizing
- Fracturing
Wireline

Rental/Fishing Tools
Fluid Services
- Trucking
- Frac Tanks
- SWD Wells
Plug & Abandon

Gulf Coast

55% 45% 204

Well Servicing
Fluid Services
- Trucking
- Frac Tanks
- SWD Wells

Rental/Fishing Tools
Plug & Abandon

Appalachian

10% 90% 126

Well Servicing
Snubbing Services

Rental/Fishing Tools

Mid-Continent

70% 30% 207

Well Servicing
Snubbing Services
Pumping Services
Wireline

Rental/Fishing Tools
Fluid Services
- Trucking
- Frac Tanks
- SWD Wells

Ark-La-Tex

45% 55% 48

Well Servicing
Snubbing Services
Pumping Services
Wireline

Rental/Fishing Tools
Fluid Services
- Trucking
- Frac Tanks
- SWD Wells
Plug & Abandon

Source: Baker Hughes Rig Count
Drilling Rig Count, 12/31/14
Our decentralized management strategy allows Basic’s local leaders to be nimble and react quickly to market conditions.
NA NAVIGATING WITH A CLEAR DIRECTION

Since inception, Basic Energy Services has leveraged a proven strategy that has guided us through every cycle.

With a business model that is based on well counts in the nation’s most active oil and gas regions, we provide the right services and the right people in the right basins. We establish and maintain market leadership positions within our core operating areas by maintaining close customer relationships. We offer high quality services and modern equipment that meet the scope of customer specifications and requirements. And we ensure fast responsiveness by having our operations managed locally by experienced leaders with intimate knowledge of their customers’ specific needs.

With our diverse geographical footprint, technology and systems, and wide range of service offerings, our services are in demand across the life of the well, during any market cycle.

OPERATIONS DIRECTED AT THE MOST PROLIFIC BASINS
Basic holds a leading position in the nation’s most active energy-producing regions, including the Texas Gulf Coast, the Ark-La-Tex region, the Permian Basin, the Mid-Continent and the Rocky Mountain and Appalachian regions. Of these, the most significant is the Permian Basin, which represents more than 45% of Basic’s current revenue stream and is the region where more than 25% of the U.S. land drilling rigs are located.

BUSINESS SEGMENTS AND PERFORMANCE IN 2014

PERFORMANCE GUIDED BY OUR VISION AND VALUES
At Basic, we strive to be the oilfield services company of choice in all segments of our business. We work closely with our customers in customizing our services to meet their continually changing technical requirements and to improve performance. Everywhere we operate, our people work hard to deliver the performance, the safety and the integrity that our customers have come to expect from us.
COMPLETION AND REMEDIAL SERVICES

From our modern fleet of stimulation assets, coil tubing units and snubbing units to our rental and fishing tools, we have the equipment—and experienced employees with a vast knowledge of the region—necessary to meet our customers’ needs.

In 2014, our Completion and Remedial Services delivered the most impressive growth, led by our stimulation business. Completion-oriented demand for our services during the year was very strong, which drove our utilization rates higher and gave us a full calendar of activity. Pricing in our Pumping Services including frac work, went up during the year as we added new build capacity and increased horsepower from 297,000 HHP to a current total of 443,000 HHP, which we quickly put to work.

In hydraulic frac’ing, Basic works closely with operators to define the right solution.
Within our Completion and Remedial Services, the Coil Tubing business achieved the highest margins. Our coil tubing portfolio includes a full set of downhole tools, as well as body-load and trailer units supported by NOV CTES coil tubing modeling software and data acquisition system. With high market demand, we rightsized our coil tubing fleet to better serve our customers. Our Rental & Fishing Tools business experienced similar growth in terms of rates and CAPEX as our stimulation services. Throughout the year, our network of 23 Rental & Fishing Tools facilities provided customers with our extensive lineup of rental and fishing tools.

**FLUID SERVICES**

Our Fluid Services strategy is largely centered on leveraging the combination of our Salt Water Disposal (SWD) network and trucking capacities. Although competition was high, utilization was steady during the year as we maintained market share and added capacity. We made significant progress expanding our SWD network, adding four facilities for a total of 85 SWD sites, and also added 44 new vehicles to our Fluid Services truck fleet, to end the year at 1,047 vehicles.

The logistics of sourcing freshwater, transporting all types of water, recycling and, finally, managing the disposal of water is a growing business segment. Our strategy to meet this logistical demand has been to take an integrated business approach. We provide our customers with the best options to fit their individual needs by using our extensive footprint of assets and facilities in addition to maintaining experienced local operating teams to help customers manage the process.
Basic’s diverse “Life of the Well” services ensure we are active, regardless of the market cycle.
WELL SERVICING
Our Well Servicing fleet is versatile to meet customer challenges throughout the life cycle of a well, ranging from completion, routine well servicing and complex workovers, to plugging & abandonment. We operate a modern fleet that is well equipped to meet the needs of the growing number of horizontal wells. At our 44 Well Servicing locations nationwide, we bring together the best equipment and the best crews.

Competition was fierce in 2014 due to the limited number of natural gas related well servicing activities. In addition, labor costs have risen in the Permian Basin, which put downward pressure on margins. However, activity levels in busy markets like the Permian Basin ensured continued demand for our rigs in horizontal completions, workovers and routine maintenance activities.

CONTRACT DRILLING
Whether working on shallow wells or deeper, more complex horizontal wells, Basic’s drilling rig fleet was well utilized in 2014. Most of our vertical drilling operations active in the Permian Basin are involved in legacy drilling programs with some of our largest customers. With demand for horizontal drilling increasing, our 1200 horsepower electric drilling rigs are well equipped to participate in the newest fields emerging in the Permian Basin.

DRIVING TO SAFETY EXCELLENCE
Of all we strive for, the most important is the safety of our employees, our customers and our partners. Safety is an integral part of our Mission. Through our many safety initiatives, we are confident we will achieve increased worksite safety and continuing improvement of Basic’s safety performance.
NEW SAFETY MANAGEMENT SYSTEM

During the year, we charted a new direction to improve safety even more with our New Safety Management System. This behavior-based program empowers employees to take personal ownership of safety through proactive measures that include observation M.E.D.S. (Management and Employee Driven Safety) cards, which are completed if a potential hazard is observed.
In 2014, we achieved record revenues and geographic growth. While it was a successful year, by the fourth quarter the industry had witnessed a significant drop in commodity prices, which was accompanied by customers pulling back on activity. Regardless of market changes, Basic can be counted on to meet the challenges these market forces bring. We have a team of dedicated people, an extensive footprint, a diversified customer base and a wide range of service offerings that will remain in demand throughout any phase of the business cycle. As the months ahead unfold, we will continue to monitor market conditions closely and adapt with agility. As always, our people will continue to be at the core of our success as we define the way forward.

Basic performs in-field drilling and horizontal drilling for customers both large and small.
RECONCILIATION OF REPORTED DILUTED EARNINGS PER SHARE TO ADJUSTED DILUTED EARNINGS PER SHARE

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
<th>2012</th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reported Diluted EPS</td>
<td>$(0.20)</td>
<td>$(0.89)</td>
<td>$0.51</td>
<td>$1.14</td>
<td>$(1.10)</td>
</tr>
<tr>
<td>Impact of Executive Severance &amp; Non-Compete Benefits, After Tax</td>
<td>-</td>
<td>0.01</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Impact of Non-Cash Goodwill Impairment Charge, After Tax</td>
<td>0.56</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Impact of Early Extinguishment of Debt, After Tax</td>
<td>-</td>
<td>-</td>
<td>0.12</td>
<td>0.77</td>
<td>-</td>
</tr>
<tr>
<td>Impact of Reserve for Legal Settlement, After Tax</td>
<td>0.07</td>
<td>0.13</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Impact of Gain on Bargain Purchase, After Tax</td>
<td>-</td>
<td>-</td>
<td>(0.01)</td>
<td>-</td>
<td>(0.04)</td>
</tr>
<tr>
<td>Impact of Sale of Office Complex, After Tax</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(0.04)</td>
<td>-</td>
</tr>
<tr>
<td>Impact of Relocation Liability, After Tax</td>
<td>-</td>
<td>-</td>
<td>0.12</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Impact of Sales and Use Tax Audit, After Tax</td>
<td>-</td>
<td>0.04</td>
<td>0.09</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Impact of Texas Margin Tax Refund, After Tax</td>
<td>-</td>
<td>-</td>
<td>(0.03)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Adjusted Diluted EPS</td>
<td>$0.43</td>
<td>$(0.71)</td>
<td>$0.80</td>
<td>$1.87</td>
<td>$(1.14)</td>
</tr>
</tbody>
</table>
BOARD OF DIRECTORS
Steven A. Webster
Chairman of the Board

T.M. "Roe" Patterson
President, Chief Executive Officer and Director

Ken V. Huseman
Director (former President and Chief Executive Officer of Basic Energy Services)

James S. D’Agostino, Jr. \( ^1,^3 \)
Director

William E. Chiles \( ^1,^3 \)
Director

Robert F. Fulton
Director

Sylvester P. Johnson, IV \( ^2 \)
Director

Antonio O. Garza, Jr. \( ^3 \)
Director

Thomas P. Moore, Jr. \( ^1,^2 \)
Director

1 Audit Committee
2 Nominating and Corporate Governance Committee
3 Compensation Committee

EXECUTIVE MANAGEMENT
T. M. “Roe” Patterson
President and Chief Executive Officer

Alan Krenek
Senior Vice President, Chief Financial Officer, Treasurer and Secretary

James F. Newman
Senior Vice President, Region Operations

Tim Dame
Vice President, Pumping Services Division

Doug Rogers
Vice President, Corporate Marketing

Jim Tyner
Vice President, Human Resources

Trampas Poldrack
Vice President, Safety and Operations Support

Cody Bissett
Vice President, Controller and Chief Accounting Officer

Brett Taylor
Vice President, Manufacturing and Equipment

SENIOR MANAGEMENT
Roger Massey
Vice President, Ark-La-Tex Region

Lynn Wigington
Vice President, Permian Business Unit

Brandon McGuire
Vice President, Gulf Coast Region

Jerry Tufy
Vice President, Rocky Mountain Region

Lance Green
Vice President, Mid-Continent Region

Ron Scandolari
Vice President, Drilling

Mark Rankin
Vice President, Risk Management

Barbara S. Wood
Vice President, Information Systems and Technology

Jeff Stewart
Vice President, Safety and Training

Mike Dye
Vice President, Financial Services and Assistant Treasurer

Richard Robertson
Vice President, Mid-Continent District, Pumping Services Division

Dan Klaus
Vice President, Rocky Mountain District, Pumping Services Division

Steve Newman
Vice President, Permian Basin District, Pumping Services Division

Mohit Punj
Vice President, Corporate Development

Kevin Northcutt
Vice President, Permian Business Unit, Rig & Truck Operations

Cheryl Majors
Vice President, Taylor Operations

CORPORATE OFFICE
Basic Energy Services, LP
801 Cherry Street, Suite 2100
Fort Worth, TX 76102
817.334.4100

MAILING ADDRESS
801 Cherry Street
Suite 2100, Unit #21
Fort Worth, TX 76102

INVESTOR RELATIONS
Jack Lascar
Stephanie Smith
Dennard-Lascar Associates, LLC
Houston, TX
713.529.6600
jlascar@dennardlascar.com
ssmith@dennardlascar.com

Alan Krenek
Senior Vice President and Chief Financial Officer
Basic Energy Services, Inc.
Fort Worth, TX
817.334.4100
alan.krenek@basicenergyservices.com

TRANSFER AGENT
American Stock Transfer & Trust Company
New York, New York

INDEPENDENT ACCOUNTANTS
KPMG LLP
Dallas, Texas

COUNSEL
Andrews Kurth LLP
Houston, Texas