March 12, 2007

Basic Energy Services Announces Strong Fourth Quarter Results

Revenues Up 46% to $197 Million; Diluted EPS Up 52% to $0.70

MIDLAND, Texas, March 12 /PRNewswire-FirstCall/ -- Basic Energy Services, Inc. (NYSE: BAS) ("Basic") today announced its financial and operating results for the fourth quarter and year ended December 31, 2006.

Basic reported net income of $27.3 million, or $0.70 per diluted share, for the fourth quarter of 2006, compared to $15.9 million, or $0.46 per diluted share, in the same period in 2005. During the fourth quarter of 2006, revenues increased 46% to $197.5 million compared to $135.4 million in the same period last year. The effective tax rate of 32.2% in the fourth quarter of 2006 was lower than expected because of the annualized benefit of lower state effective tax rates. EBITDA (defined as net income before interest, taxes, depreciation and amortization) for the fourth quarter of 2006 was $62.2 million, or 32% of revenue, compared to $39.7 million, or 29% of revenue, in the same period in 2005. EBITDA, which is not a measure determined in accordance with generally accepted accounting principles ("GAAP"), is defined and reconciled in note 2 under the accompanying financial tables.

For the year, Basic reported net income of $98.8 million in 2006, or $2.56 per diluted share, compared to $44.8 million, or $1.35 per diluted share, in the same period in 2005. Net income in 2006 included an after-tax loss of $1.7 million, or $0.05 per diluted share, associated with the early extinguishment of debt. Revenues increased 59% to $730.1 million in 2006, compared to $459.8 million in the same period in 2005. EBITDA rose to $231.2 million in 2006, or 32% of revenue, compared to $121.3 million, or 26% of revenue, during the same period in 2005.

Ken Huseman, Basic's President and Chief Executive Officer, stated, "Our solid results for the fourth quarter capped an exceptional year for the company. Strong demand for our services allowed us to improve margins over the prior year while we added substantial size and scope to the company through a combination of internally generated capital projects and acquisitions.

"During the year, we invested approximately $86 million in expansion capital projects and completed ten acquisitions for total consideration of approximately $136 million. The largest and most important single expenditure in 2006 was the asset purchase of G&L Tools, Ltd. in February which established our presence in the rental and fishing tool business. The rental and fishing tool business provides an opportunity for additional growth as we expand this service into our other established markets.

"While we did not grow our pressure pumping and wireline operations at the same rate as our other operations, we continue to like our position in this market. We recently announced plans to substantially increase our market presence with the JetStar acquisition which is discussed later under Recent Events. This acquisition increases our combined pressure pumping fleet to 95,000 horsepower with an additional 10,000 horsepower to be delivered later in 2007.

"In our well servicing segment, we added 31 newbuild well servicing rigs to our fleet during the year and have now received 55% of our planned 120-rig newbuild program. The flow of new rigs into our fleet has allowed us to expand our market share, enter new markets and replace some of the oldest rigs we kept in service during the exceptionally strong market conditions experienced over the last several years. The newbuild rigs combined with our internal refurbishment program is equipping the company with one of the most modern fleets among the larger competitors in the industry, providing a tool for retaining customers and employees while supporting strong operating margins.

"Although currently included in our well servicing segment, we invested approximately $18 million in 2006 to add two newbuild shallow drilling rigs bringing our drilling rig count to four at the end of the year. We believe the continuing demand for drilling to maintain production and develop reserves provides an opportunity to expand our drilling operations in several markets.

"The growth in our fluid services segment in 2006 was the result of expansion capital expenditures of approximately $17 million as well as two sizable acquisitions which filled gaps in our markets in east Texas and the Permian Basin. This business segment continues to show steady margins but experienced competitive pressures in our east and south Texas markets as new entrants drove wages up in an effort to gain market positions.

"We are proud of the work performed at all levels of our organization as we completed our first full-year as a public company, integrated ten acquisitions and absorbed substantial amounts of new equipment. Our management team and employees have done an outstanding job of managing that growth while producing strong operating, safety and financial performance. Basic begins 2007 with the organization and financial position to support continued growth in each of our segments."

Business Segment Results

Well Servicing

Well servicing revenues increased 37% to $87.9 million during the fourth quarter of 2006 compared to $64.1 million in the same period last year. During the fourth quarter of 2006, Basic added 11 newbuild rigs and retired three rigs, bringing its well servicing rig count to 365 as of December 31, 2006. Revenue per rig hour increased 22% to $401 during the fourth quarter of 2006 compared to $329 in the same period in 2005. The full-fleet rig utilization rate declined slightly to 84.6% in the fourth quarter of 2006 compared to 86.3% in the same period in 2005. Rising oil and gas prices and mild weather conditions in the fourth quarter of 2005 resulted in higher than normal seasonal demand for the Company's services during that period. During the fourth quarter of 2006, the utilization rate was more indicative of typical seasonal fourth quarter activity levels. Operating segment profit in the fourth quarter of 2006 was $37.0 million, or 42% of revenue, compared to $26.1 million, or 41% of revenue, in the same period in 2005. The slight decline in operating segment profit margin from the third quarter of 2006 mainly reflects the effects of lower utilization in the fourth quarter of 2006.

Fluid Services

Fluid services revenues in the fourth quarter of 2006 increased 40% to $51.9 million compared to $37.1 million in the same period in 2005. During the fourth quarter of 2006, Basic added a net of 11 fluid services trucks, bringing the total number of fluid services trucks to 646 as of December 31, 2006. Average revenue per fluid services truck increased by 3% to $81,000 in the fourth quarter of 2006 compared to $79,000 in the same period in 2005. Operating segment profit in the fourth quarter of 2006 was $20.4 million, or 39% of revenue, compared to $14.8 million, or 40% of revenue, in the same period in 2005.

Drilling & Completion Services

Drilling and completion services revenues during the fourth quarter of 2006 increased 123% to $43.9 million compared to $19.7 million in the same period in 2005. Operating segment profit in the fourth quarter of 2006 was $22.5 million, or 51% of revenue, compared to $9.7 million, or 50% of revenue, in the same period in 2005. The year-over-year improvement was the result of several acquisitions in 2006 as well as improved utilization and pricing of our services.

Well Site Construction Services

Well site construction services revenues in the fourth quarter of 2006 declined 5% to $13.7 million compared to $14.4 million in the same period in 2005. Operating segment profit in the fourth quarter of 2006 was $4.6 million, or 33% of revenue, compared to $4.8 million, or 34% of revenue, in the same period in 2005.

Capital Expenditures

During 2006, Basic invested $131.0 million for capital expenditures, including capital leases and excluding acquisitions. This amount included $85.6 million for expansion capital expenditures, including $56.3 million for the well servicing segment, $16.8 million for the fluid services segment and $11.1 million for the drilling and completion services segment. Maintenance capital expenditures amounted to approximately $45.4 million, or 6% of revenues, for 2006.

Recent Events

* January 3, 2007 - Basic acquired two barge-mounted workover rigs and related equipment from Parker Drilling Company ("Parker Barge Rigs") for total consideration of $20.5 million in cash. The acquired rigs will operate in the inland waters of Louisiana and Texas as part of Basic Marine Services.

* January 17, 2007 - Basic acquired substantially all of the operating assets of Davis Tool Company, Inc. ("Davis Tool") for total consideration of $4.9 million in cash.

* February 6, 2007 - We amended and restated our existing credit agreement by entering into a Fourth Amended and Restated Credit Agreement with a syndicate of lenders (the "2007 Credit Facility"). The amendments included increasing the total revolving commitments from $150 million to $225 million, improving the applicable margins and amending certain covenants that will allow us additional

flexibility. We will record a charge of approximately $0.9 million in the first quarter of 2007 to write-off a portion of unamortized debt issuance costs in connection with the 2007 Credit Facility.

* March 6, 2007 - Basic acquired all of the outstanding capital stock of JetStar Consolidated Holdings, Inc. ("JetStar") for a total acquisition price, net of estimated working capital, of approximately $118 million. The total acquisition price is comprised of approximately 1.9 million shares of Basic common stock, $45 million in cash to JetStar's shareholders, and $38 million for repayment of JetStar's outstanding debt.

2007 Outlook

We plan to provide 2007 full-year operating guidance in May in connection with our first quarter 2007 earnings release.

Moderating oil and gas prices reduced the demand for our services in the fourth quarter of 2006 as compared to the same period in 2005. In addition, harsher weather in the fourth quarter of 2006 hampered our ability to mobilize our people and equipment in several markets. The above factors continue to play a role thus far in the first quarter of 2007. As oil and gas prices stabilize and we move into warmer weather and longer days, we expect utilization to move up to levels experienced over the last several years. Please refer to the monthly operating data information that the Company publicly releases.

For the acquisitions that we completed in the first quarter 2007, we project additional full-quarter revenues of $16.0 million from JetStar, $3.5 million from the Parker Barge Rigs purchase and $400,000 from the Davis Tool purchase. We expect that each of these transactions will be accretive to our 2007 earnings per share. JetStar and Davis Tool will operate in the drilling and completion line of business and the Parker Barge Rigs will be included in the well servicing line of business.

We expect that the effective tax rate for 2007 will be between 37% and 38%.

Basic Energy Services provides well site services essential to maintaining production from the oil and gas wells within its operating area. The company employs approximately 4,100 employees in more than 100 service points throughout the major oil and gas producing regions in Texas, Louisiana, Oklahoma, New Mexico, Arkansas, Kansas and the Rocky Mountain states.

For more information, please visit Basic's website at http://www.basicenergyservices.com .

Conference Call

Basic will host a conference call to discuss its 2006 fourth quarter and year end results on Tuesday, March 13, 2007, at 10:00 a.m. Eastern Time (9:00 a.m. Central). To access the call, please dial (303) 262-2211 and ask for the "Basic Energy Services" call at least 10 minutes prior to the start time. The conference call will also be broadcast live via the Internet and can be accessed through the investor relations section of Basic's corporate website, http://www.basicenergyservices.com .

A telephonic replay of the conference call will be available until March 27, 2007 and may be accessed by calling (303) 590-3000 and using the pass code 11085168. A webcast archive will be available at http://www.basicenergyservices.com shortly after the call and will be accessible for approximately 30 days. For more information, please contact Donna Washburn at DRG&E at (713) 529-6000 or email at dmw@drg-e.com.

Safe Harbor Statement

This release includes forward-looking statements and projections, made in reliance on the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Basic has made every reasonable effort to ensure that the information and assumptions on which these statements and projections are based are current, reasonable, and complete. However, a variety of factors could cause actual results to differ materially from the projections, anticipated results or other expectations expressed in this release, including (i) Basic's ability to successfully execute, manage and integrate acquisitions, (ii) changes in demand for services and any related material impact on our pricing and utilizations rates and (iii) changes in our expenses, including labor or fuel costs. While Basic makes these statements and projections in good faith, neither Basic nor its management can guarantee that the transactions will be consummated or that anticipated future results will be achieved. Basic assumes no obligation to publicly update or revise any forward-looking statements made herein or any other forward-looking statements made by Basic, whether as a result of new information, future events, or otherwise.

-Tables to Follow-

Basic Energy Services, Inc.
Consolidated Statements of Operations and Comprehensive Income
(Dollars in thousands, except per share amounts)

	Three Months Ended Dec. 31,		Year Ended Dec. 31,	
	2006	2005	2006	2005
	(Unaudited)		(Unaudited)	
Revenues:				
Well servicing	$87,885	$64,130	$330,725	$221,993
Fluid services	51,912	37,133	194,636	132,280
Drilling and completion services	43,909	19,673	154,412	59,832
Well site construction services	13,748	14,414	50,375	45,647
Total revenues	197,454	135,350	730,148	459,752
Expenses:				
Well servicing	50,898	38,027	186,428	137,392
Fluid services	31,499	22,351	118,378	82,551
Drilling and completion services	21,425	9,943	74,981	30,900
Well site construction services	9,190	9,565	35,067	32,000
General and administrative (1)	22,262	15,004	81,318	55,411
Depreciation and amortization	17,422	10,867	62,087	37,072
(Gain) loss on disposal of assets	(30)	179	277	(222)
Total expenses	152,666	105,936	558,536	375,104

Operating income	44,788	29,414	171,612	84,648
Other income (expense):				
Interest expense	(4,947)	(3,707)	(17,466)	(13,065)
Interest income	445	126	1,962	405
Loss on early extinguishment of debt	---	(627)	(2,705)	(627)
Other income	39	72	169	220
Income from continuing operations before income taxes	40,325	25,278	153,572	71,581
Income tax expense	(12,991)	(9,380)	(54,742)	(26,800)
Net income	$27,334	$15,898	$98,830	$44,781
Earnings per share of common stock:				
Basic	$0.73	$0.54	$2.87	$1.57
Diluted	$0.70	$0.46	$2.56	$1.35
Comprehensive Income:				
Net income	$27,334	$15,898	$98,830	$44,781
Unrealized gains (losses) on hedging activities	---	(181)	(236)	193
Comprehensive Income:	$27,334	$15,717	$98,594	$44,974
Other Financial Data:				
EBITDA (2)	$62,249	$39,726	$231,163	$121,313
Capital expenditures:				
Acquisitions, net of cash acquired	$2,715	$13,764	$135,568	$25,378
Property and equipment	$29,017	$25,267	$104,574	$83,095

	As of	
	December 31, 2006	December 31, 2005
Balance Sheet Data:	(Unaudited)	
Cash and cash equivalents	$51,365	$32,845
Net property and equipment	475,431	309,075
Total assets	795,693	496,957
Total long-term debt	250,742	119,241
Total stockholders' equity	379,250	258,575

	Three months Ended December 31,		Year Ended December 31,	
Segment Data:	2006	2005	2006	2005
Well Servicing				
Weighted average number of rigs	362	316	346	305
Rig hours (000's)	218.9	195.0	879.8	760.7
Rig utilization rate	84.6%	86.3%	88.9%	87.1%
Revenue per rig hour	$401	$329	$376	$292
Segment profits per rig hour	$169	$134	$164	$111

Segment profits as a percent of revenue	42.1%	40.7%	43.6%	38.1%
Fluid Services				
Weighted average number of fluid services trucks	640	472	588	455
Revenue per fluid services truck (000's)	$81	$79	$332	$291
Segment profits per fluid services truck (000's)	$32	$31	$130	$109
Segment profits as a percent of revenue	39.3%	39.8%	39.2%	37.6%
Drilling and Completion Services				
Segment profits as a percent of revenue	51.2%	49.5%	51.5%	48.4%
Well Site Construction Services				
Segment profits as a percent of revenue	33.1%	33.6%	30.5%	29.9%

(1) Includes approximately $954,000 and $759,000 of non-cash compensation expense for the three months ended December 31, 2006 and 2005, respectively. For the twelve months ended December 31, 2006 and 2005, it includes approximately $3.4 million and $2.9 million of non-cash compensation expense, respectively.

(2) This earnings release contains references to the non-GAAP financial measure of earnings (net income) before interest, taxes, depreciation and amortization or EBITDA. EBITDA 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, Basic believes EBITDA is a useful supplemental financial measure used by its management and directors and by external users of its financial statements, such as investors, to assess:

- The financial performance of its assets without regard to financing methods, capital structure or historical cost basis;
- The ability of its assets to generate cash sufficient to pay interest on our indebtedness; and
- Its operating performance and return on invested capital as compared to those of other companies in the well servicing industry, without regard to financing methods and capital structure.

EBITDA has limitations as an analytical tool and should not be considered an alternative to net income, operating income, cash flow from operating activities or any other measure of financial performance or liquidity presented in accordance with GAAP. EBITDA excludes some, but not all, items that affect net income and operating income, and these measures may vary among other companies. Limitations to using EBITDA as an analytical tool include:

- EBITDA does not reflect its current or future requirements for capital expenditures or capital commitments;
- EBITDA does not reflect changes in, or cash requirements necessary to service interest or principal payments on, its debt;
- EBITDA does not reflect income taxes;
- Although depreciation and amortization are non-cash charges, the assets being depreciated and amortized will often have to be replaced in the future, and EBITDA does not reflect any cash

requirements for such replacements; and

- Other companies in its industry may calculate EBITDA differently than Basic does, limiting its usefulness as a comparative measure.

The following table presents a reconciliation of EBITDA to net income, which is the most comparable GAAP performance measure, for each of the periods indicated:

	Three months Ended December 31,		Year Ended December 31,	
	2006	2005	2006	2005
Reconciliation of EBITDA to Net Income:	(unaudited)	(unaudited)	(unaudited)	
Net Income	$27,334	$15,898	$98,830	$44,781
Income taxes	12,991	9,380	54,742	26,800
Net interest expense	4,502	3,581	15,504	12,660
Depreciation and amortization	17,422	10,867	62,087	37,072
EBITDA	$62,249	$39,726	$231,163	$121,313

Contacts: Alan Krenek, Chief Financial Officer
Basic Energy Services, Inc.
432-620-5510

Jack Lascar/Sheila Stuewe
DRG&E / 713-529-6600

SOURCE Basic Energy Services, Inc.