May 9, 2007

Basic Energy Services Announces First Quarter Results

Revenues up 29% to $199 Million; Net income up 12% to $22 million

MIDLAND, Texas, May 9 /PRNewswire-FirstCall/ -- Basic Energy Services, Inc. (NYSE: BAS) ("Basic") today announced its financial and operating results for the first quarter ended March 31, 2007.

Basic reported net income of $22.1 million, or $0.56 per diluted share, for the first quarter of 2007, compared to $19.7 million, or $0.53 per diluted share, in the same period in 2006. Revenues increased 29% to $198.9 million compared to $154.3 million in the same period last year. EBITDA (defined as net income before interest, taxes, depreciation and amortization) for the first quarter of 2007 was $59.6 million, or 30% of revenue, compared to $47.1 million, or 31% of revenue, in the same period in 2006. 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.

The first quarter of 2007 results include a charge of $230,000 associated with the write-off of a portion of unamortized debt issuance costs in connection with amending and restating Basic's Credit Facility and $400,000 of non-tax deductible interest expense related to an underpayment of estimated 2006 federal income taxes.

Ken Huseman, Basic's President and Chief Executive Officer, stated, "Our financial performance for the quarter was impacted by several factors which were not indicative of the underlying demand for our services. Sporadic severe weather in our larger market areas hampered operations, particularly in our well servicing segment, causing our rig utilization rate to be trimmed by two to three percentage points. We continue to see strong demand for all our services except when unusually wet weather conditions prevent us from getting into the field.

"In the first quarter of 2007, we encountered several start-up issues on two newbuild drilling rigs compounded by escalating labor and support costs in our Rocky Mountain drilling operations, which reduced our well servicing segment profit by approximately $1 million. As a result of the deteriorating operating conditions in that market, we have cancelled the contracts on three of our drilling rigs and will convert the fourth rig to heavy workover service. We are redeploying those three rigs to the Permian Basin in May, to expand the six rig fleet acquired in the Sledge Drilling acquisition.

"In addition to those operating issues, we increased our reserve for group health insurance by $1.2 million in the first quarter of 2007 to match the projected reserve requirements calculated by our advisors. We had mentioned last quarter that we have been experiencing substantial increases in our group health costs beyond what we had expected due to the rapid increase in plan participants from our recent acquisitions. We are analyzing the increase with our advisors to determine the long-term impact to our cost structure.

"Our well servicing segment continues to benefit from the 120 newbuild rig program commenced in 2004 which is allowing us to modernize and expand our fleet. In the first quarter, we added nine newbuild rigs and retired seven rigs. We continue to evaluate the operational efficiency of our older rigs and selectively retire those rigs that do not meet our standards for providing the best service to our customers and safety to our employees. We have 45 remaining newbuilds to be delivered through the end of 2007 and expect to retire six to eight existing rigs during that period.

"We closed the previously announced acquisition of JetStar in the first quarter of 2007 along with two smaller deals and fully integrated each into our existing operations. Although early in the process, performance is ahead of our projections.

"While we are off to a bit of a slow start compared to 2006, we believe the market for our services will improve through the remainder of 2007 and into 2008. We will continue pursuing our strategy of adding size and scope to our operations to meet market opportunities through a balance of internal capital projects and selective acquisitions."

Business Segment Results

Well Servicing

Well servicing revenues increased approximately 21% to $88.6 million during the first quarter of 2007 compared to $73.5 million in the same period last year. During the first quarter of 2007, The Company added 11 rigs, including two barge-mounted workover rigs and nine newbuild rigs, and retired seven rigs, bringing its well servicing rig count to 369 as of March 31, 2007. Revenue per rig hour increased 17% to $412 during the first quarter of 2007 compared to $352 in the same period in 2006. The full-fleet rig utilization rate declined to 81.9% in the first quarter of 2007 compared to 89.4% in the same period in 2006. Icy and snowy conditions in some of the Company's operating areas negatively impacted activity levels in the first quarter of 2007. Moderating oil and gas prices and a return to more typical first quarter seasonal activity in the first quarter of 2007 compared to the same period in 2006 also attributed to the decrease in rig utilization.

Operating segment profit in the first quarter of 2007 was $35.7 million, or 40% of revenue, compared to $31.9 million, or 43% of revenue, in the same period in 2006. The decline in operating segment profit margin from the first quarter of 2006 mainly reflects the effects of lower utilization in the first quarter of 2007. Additionally, personnel related and maintenance expenses as a percent of revenue were higher in the first quarter of 2007 relative to recent quarters. Rig crews were assigned to perform maintenance tasks during periods of lower utilization to ensure retention of trained personnel.

Fluid Services

Fluid services revenues in the first quarter of 2007 increased 20% to $51.6 million compared to $43.1 million in the same period in 2006. During the first quarter of 2007, Basic added a net of 10 fluid services trucks, bringing the total number of fluid services trucks to 656 as of March 31, 2007. Average revenue per fluid services truck decreased by 4% to $79,000 in the first quarter of 2007 compared to $82,000 in the same period in 2006. Operating segment profit in the first quarter of 2007 was $19.8 million, or 38% of revenue, compared to $16.8 million, or 39% of revenue, in the same period in 2006, reflecting the modest decline in year-over-year average revenue per fluid services truck.

Drilling & Completion Services

Drilling and completion services revenues during the first quarter of 2007 increased 68% to $46.1 million compared to $27.5 million in the same period in 2006. Operating segment profit in the first quarter of 2007 was $23.0 million, or 50% of revenue, compared to $13.6 million, or 50% of revenue, in the same period in 2006. The increase in revenue and profitability in this segment was the result of several acquisitions in 2006 and the acquisition of JetStar in the latter part of the first quarter of 2007 as well as improved utilization and pricing.

Well Site Construction Services

Well site construction services revenues in the first quarter of 2007 increased 22% to $12.5 million compared to $10.3 million in the same period in 2006. Operating segment profit in the first quarter of 2007 was $4.3 million, or 34% of revenue, compared to $2.6 million, or 26% of revenue, in the same period in 2006.

Capital Expenditures

During the first quarter of 2007, Basic invested $29.3 million for capital expenditures, including capital leases and excluding acquisitions. This amount included $18.0 million for expansion capital expenditures, including $12.4 million for the well servicing segment, $2.9 million for the fluid services segment and $2.6 million for the drilling and completion services segment. Maintenance capital expenditures amounted to approximately $8.7 million, or 4% of revenues, for the first quarter of 2007. Corporate capital expenditures of $2.6 million included the licensing of SAP ERP software that is currently in the implementation stage.

Recent Events

On April 2, 2007, Basic acquired all of the outstanding capital stock of Sledge Drilling Holding, Corp. ("Sledge") for a total acquisition price, net of estimated working capital, of approximately $56 million. The total acquisition price is comprised of approximately 430,000 shares of Basic common stock, $27 million in cash to Sledge's shareholders, and $19 million for repayment of Sledge outstanding debt.

2007 Outlook

The following statements are based on Basic's current expectations. These statements are forward-looking and actual results may differ materially. These statements do not include the potential impact of any future acquisitions other than those previously disclosed. Any material change in market conditions in any of Basic's business segments could affect its guidance.

Basic currently believes that demand for its services will remain strong in 2007 and provides the following guidance for key operating data for 2007:

	Annual Guidance for 2007
Well Servicing (excludes drilling rigs)	
Average revenue per rig hour	$416 - $418
Average number of rigs	378 - 380
Fluid Services	
Average revenue per fluid services truck	$320,000 - $328,000
Average number of fluid services trucks	660 - 665
Drilling Rigs	
Average day rate	$15,000 - $15,500
Average number of rigs	9
Total Company	
General and administrative expenses as a % of total revenue	10.0% - 11.0%
Depreciation and amortization	$90 - 92 million
Capital expenditures	$150 - $160 million
EBITDA as a percent of total revenue	31% - 34%
Effective tax rate	37% - 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 4,400 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 first quarter 2007 results on Thursday, May 10, 2007, at 10:00 a.m. Eastern Time (9:00 a.m. Central). To access the call, please dial (303) 262-2140 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 May 24, 2007 and may be accessed by calling (303) 590-3000 and using the pass code 11088728. 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. Additional important risk factors that could cause actual results to differ materially from expectations are disclosed in Item 1A of Basic's Form 10-K and Form 10-Q filed with the SEC. 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 March 31, 2007	2006
	(Unaudited)	
Revenues:		
Well servicing	$88,611	$73,465
Fluid services	51,634	43,121
Drilling and completion services	46,137	27,455
Well site construction services	12,548	10,265
Total revenues	198,930	154,306
Expenses:		
Well servicing	52,908	41,610
Fluid services	31,809	26,305
Drilling and completion services	23,135	13,854
Well site construction services	8,293	7,643
General and administrative (1)	22,649	18,005
Depreciation and amortization	19,225	12,837
(Gain) loss on disposal of assets	341	(200)
Total expenses	158,360	120,054
Operating income	40,570	34,252
Other income (expense):		
Interest expense	(5,594)	(3,138)
Interest income	470	359
Loss on early extinguishment of debt	(230)	---
Other income	61	27
Income from continuing operations before income taxes	35,277	31,500
Income tax expense	(13,204)	(11,819)
Net income	$22,073	$19,681
Earnings per share of common stock:		
Basic	$0.57	$0.59
Diluted	$0.56	$0.53

Comprehensive Income:		
Net income	$22,073	$19,681
Unrealized gains (losses) on hedging activities	---	(154)
Comprehensive Income:	$22,073	$19,527

Other Financial Data:		
EBITDA (2)	$59,626	$47,116
Capital expenditures:		
Acquisitions, net of cash acquired	$104,354	$87,520
Property and equipment	$23,783	$24,812

	As of	
	March 31, 2007	December 31, 2006
Balance Sheet Data:	(Unaudited)	
Cash and cash equivalents	$43,154	$51,365
Net property and equipment	549,134	475,431
Total assets	975,729	796,260
Total long-term debt	337,069	250,742
Total stockholders' equity	445,316	379,250

	Three months Ended March 31,	
Segment Data:	2007	2006
Well Servicing		
Weighted average number of rigs	367	327
Rig hours (000's)	215.0	209.0
Rig utilization rate	81.9%	89.4%
Revenue per rig hour	$412	$352
Segment profits per rig hour	$166	$152
Segment profits as a percent of revenue	40.3%	43.4%
Fluid Services		
Weighted average number of fluid services trucks	652	529
Revenue per fluid services truck (000's)	$79	$82
Segment profits per fluid services truck (000's)	$30	$32
Segment profits as a percent of revenue	38.4%	39.0%
Drilling and Completion Services		
Segment profits as a percent of revenue	49.9%	49.5%
Well Site Construction Services		
Segment profits as a percent of revenue	33.9%	25.5%

(1) Includes approximately $1,093,000 and 758,000 of non-cash compensation expense for the three months ended March 31, 2007 and 2006, 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 March 31,	
	2007	2006
Reconciliation of EBITDA to Net Income:	(unaudited)	(unaudited)
Net Income	$22,073	$19,681
Income taxes	13,204	11,819
Net interest expense	5,124	2,779
Depreciation and amortization	19,225	12,837
EBITDA	$59,626	$47,116

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.